


MEMORANDUM

TO: Council, SSC, and AP members

FROM: Jim H. Branson
Executive Director 

DATE: December 4, 1987

SUBJECT: Foreign Allocations Requests

ACTION REQUIRED

Review foreign allocations requests for 1988.

BACKGROUND

Foreign requests for directed fisheries are listed in Table 1 and total 340,370 mt. There are no requests from Iceland, Taiwan, or the USSR. Historical TALFF and joint venture apportionments and harvests are presented in Tables 2 and 3.

Though preliminary estimates of DAP and JVP indicate that the foreign fishery will probably be small or nonexistent in 1988, the Council may want to recommend the share that each country should receive if any TALFF becomes available in 1988. To provide an historical perspective, the percentages below are based on allocations (not actual catch) averaged for 1981-87 and are compared with the Council's recommendations for 1987:

<u>Country</u>	<u>Foreign Allocation 1981-87 (%)</u>	<u>Council Recommendation (%)</u>
Japan	76.2	77
Korea	19.5	2
Poland	2.2	0
Taiwan	0.5	0
USSR	0.4	0
PRC	0.3	1
Other	<u>1.0</u>	<u>0</u>
Total	100.0	100

The Council should decide if these percentages need adjustment for 1988 based on the country's contributions to the U.S. fishing industry, research and enforcement. Each country has been asked to provide written testimony responding to the areas of concern listed in item C-11(a)(1). The detailed responses of each country were mailed to you on October 22 with the exception of Iceland [(item C-11(a)(2))]. An overview of each country is presented in item C-11(a)(2). The data contained therein are summarized from the country responses and a NMFS overview [item C-11(a)(3)].

A summarization of 1987 enforcement actions is presented in Table 4. U.S. comments on the TALFF are included as a supplement. The request emphasized that trade relations and foreign investment in U.S. industry will be priority considerations.

The Council should review the contributions of each country and then develop recommended percentages of allocations for 1988. These recommendations will be presented to the NOAA/NMFS allocations board when it meets in December. Their policy for reviewing allocations is under item C-10.

FOREIGN ALLOCATIONS GUIDELINES FOR 1988:
AREAS OF CONCERN

1. Domestic Processing
 - a. Trade (imports, exports, purchases of U.S.-processed groundfish, tariff and non-tariff trade barriers, etc.).
 - b. Investment in U.S. industry.
 - c. Transfer of technology and other forms of assistance to U.S. seafood production.
2. Joint Ventures
 - a. Performance.
 - b. Problems on the fishing grounds.
3. Species Protection
 - a. High seas salmon interception.
 - b. Bycatches in the groundfish fisheries including prohibited species such as crabs, halibut, and salmon, and U.S. fully-utilized species such as sablefish, rockfish and Pacific ocean perch.
 - c. Discards of plastics and net fragments that incidentally capture fish, birds and marine mammals.
4. Enforcement
 - a. Serious violations in 1987 in Alaska FCZ (penalties of \$10,000 or more).
 - b. Vessel seizures in past five years.
5. Research
 - a. Status of groundfish stocks off Alaska.
 - b. Information on catches in international waters of Bering Sea.
 - c. High seas salmon research.

North Pacific Fishery Management Council

James O. Campbell, Chairman
Jim H. Branson, Executive Director



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October 22, 1987

TO: Representatives of Foreign Nations Requesting Directed or Joint Venture Fishing Privileges off Alaska in 1988

The North Pacific Fishery Management Council will determine the total allowable level of foreign fishing (TALFF) for 1988 when it meets the week of December 7, 1987, in Anchorage, Alaska. The Council will also develop recommendations to the U.S. Secretary of Commerce on how much TALFF should be allocated to each nation requesting directed fishing privileges off Alaska. These recommendations will be based on a thorough review of each nation's contributions in five areas of concern:

1. Domestic Processing
2. Joint Ventures
3. Species Protection
4. Enforcement
5. Research

The Council requests your comments on each of these major areas so they will have a full and accurate understanding of your country's contributions. Attachment 1 expands on each topic and highlights items of particular concern.

Trade relations and foreign investment in U.S. industry will again be emphasized this year in recommending allocations. In discussing trade barriers, please indicate whether they are amenable to short-term solution or will need longer than a year to resolve.

Catches of pollock and other species of fish in the international waters of the Bering Sea are also of great concern, especially the impacts on overall stock abundance and the setting of harvest quotas in the U.S. Exclusive Economic Zone. Each nation should provide accurate and verifiable data on their past, present, and projected catches of pollock and other species from the international waters in question, and cooperate whenever possible in international research programs on those stocks. These concerns have been incorporated in the Council's Policy on Joint Ventures and Allocations (Attachment 2).

Control of bycatches of halibut and crab by individual joint venture companies fishing for yellowfin sole and other flounders in the Bering Sea is a third major area of concern. The Council's policy on joint ventures now has voluntary guidelines on bycatch by individual companies, calling on them to modify their operations as necessary to avoid reaching their limits. An industry working group has proposed to the Council that in 1988, joint venture

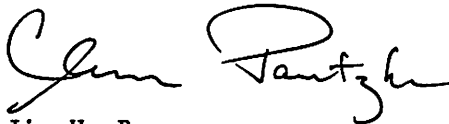
companies monitor their bycatch rates and take progressively more stringent actions to curtail fishing operations with excessive bycatch. Permit conditions and restrictions on the foreign processor or U.S. fishing vessel may be used by the Council to control operations with high bycatch. The proposal will be the subject of a public hearing at 9:00 a.m. on October 27 in the auditorium at the Northwest and Alaska Fisheries Center's Montlake Lab in Seattle. Each joint venture company's plan to control bycatch will be carefully considered when the Permit Review Committee develops its recommendations on joint venture applications for 1988.

Attachment 3 is the overview developed for your country last year. It will be revised with performance data for 1987. Please use the list of information requirements and the overview as guidelines to describe your country's contributions, paying particular attention to the Alaska area and the three main concerns noted above. Your written responses should be received in the Council office by 5:00 p.m., Monday, November 23. Copies of foreign vessel permit applications are also required by then. The vessel applications are expected to be complete and have been published in the Federal Register by Friday, December 4. The Council will not consider applications published later than Monday, December 7.

Each country is strongly encouraged to be represented at the Permit Review Committee which will start at 2:30 p.m., December 6, 1987, at the Hilton Hotel in Anchorage. The Council will begin meeting Tuesday, December 8. After setting TALFF for 1988 the Council will develop final recommendations on foreign allocations based on the report of the Permit Review Committee.

If you have any questions about the information requested or the upcoming meetings, please call Clarence Pautzke at (907) 274-4563.

Sincerely,



5- Jim H. Branson
Executive Director

Attachments

TABLE 1. DIRECTED FISHING ALLOCATION REQUESTS IN THE ALASKA EEZ FOR 1988 (ALL IN METRIC TONS)

Gulf of Alaska

	<u>Japan</u>	<u>S.Korea</u>	<u>China</u>	<u>Poland</u>
Pollock	--	--	1,000	--
Pacific cod	--	--	500	--
Others	--	--	a/	--
GOA Subtotal	0	0	1,500	0

Bering Sea and Aleutian Islands

	<u>Japan</u>	<u>S.Korea</u>	<u>China</u>	<u>Poland</u>
Pollock	8,430	76,800	9,700	45,000
Pacific cod	72,225	6,300	1,500	--
Yellowfin sole	1,905	7,800	7,500	--
Turbot	9,344	200	--	--
Flatfish	66,900	4,000	700	--
Pacific ocean perch	25	200	--	--
Arrowtooth flounder	5,997	1,600	--	--
Rockfish	24	100	--	--
Sablefish	35	200	--	--
Atka mackerel	12	500	400	--
Squid	363	400	--	--
Snails	3,000	0	--	--
Others	5,810	1,900	a/	--
BSA Subtotal	174,070	100,000	19,800	45,000
TOTAL DIRECTED REQUESTS	174,070	100,000	21,300	45,000

a/ As allowed.

Note: Iceland and the USSR submitted only joint venture allocation requests.

Table 2.

TALFF Appointments and Harvests of Alaska, 1981-1987.

Appointments of TALFF, 1981-1987

All of Alaska in metric tons										
Year	Japan	Korea	Taiwan	Poland	USSR	PRC	Other (a)	Total		
1981	1,398,882	268,536	20,886	136,197	0	0	24,181	1,829,682		
1982	1,356,468	307,000	21,226	0	0	0	22,194	1,706,888		
1983	1,166,256	324,690	7,013	0	0	0	29,144	1,527,103		
1984	1,154,540	329,757	0	59,086	30,000	0	34,810	1,608,193		
1985	900,000	250,219	0	35,295	10,782	0	600	1,196,896		
1986	471,619	112,177	2,621	8,043	0	4,963	0	599,423		
1987	401,446	29,900	0	0	0	1,350	0	432,696		
Total	6,549,211	1,622,279	51,726	240,621	40,782	6,313	110,929	8,621,861		

All of Alaska in Percent of Annual Totals										
Year	Japan	Korea	Taiwan	Poland	USSR	PRC	Other (a)	Total		
1981	75.6	14.5	1.1	7.5	0	0	1.3	100		
1982	79.5	18.0	1.2	0	0	0	1.3	100		
1983	76.4	21.3	.5	0	0	0	1.9	100		
1984	71.8	20.5	0	3.7	1.9	0	2.2	100		
1985	75.2	20.9	0	2.9	.9	0	.1	100		
1986	78.7	18.7	.4	1.3	0	.8	0	100		
1987	76.4	22.5	0	0	0	1.0	0	100		
Total	76.2	19.5	.5	2.2	.4	.3	1.0	100		

TALFF Harvests, 1981-1987

All of Alaska in metric tons										
Year	Japan	Korea	Taiwan	Poland	USSR	PRC	Other (a)	Total		
1981	1,148,745	242,981	5,979	96,088	0	0	11,874	1,509,677		
1982	1,073,576	241,787	6,482	0	0	0	11,930	1,333,775		
1983	968,867	279,651	0	0	0	0	23,663	1,272,181		
1984	934,505	274,622	0	55,419	22,722	0	24,660	1,314,928		
1985	810,284	225,743	0	32,196	10,652	0	0	1,078,875		
1986	386,054	112,175	0	6,847	0	1,594	2,016	508,786		
1987	471,151	1,614	0	0	0	0	0	48,765		
Total	5,369,182	1,378,573	12,461	190,550	33,374	1,594	64,343	7,050,177		

All of Alaska in Percent of Annual Totals										
Year	Japan	Korea	Taiwan	Poland	USSR	PRC	Other (a)	Total		
1981	76.3	16.1	.4	6.4	0	0	.8	100		
1982	81.1	18.3	.5	0	0	0	.1	100		
1983	76.1	22.0	0	0	0	0	1.9	100		
1984	71.2	20.9	0	4.2	1.7	0	1.9	100		
1985	75.1	20.9	0	3.0	1.0	0	0	100		
1986	75.9	22.0	0	1.3	0	.3	.4	100		
1987	96.7	3.3	0	0	0	0	0	100		
Total	78.9	17.7	.1	2.1	.4	.0	.7	100		

Notes: 1987 data are through November 14.

(a) Includes Portugal and West Germany.

Source: NMFS-AKR.

Table 3.

Joint Venture Requests and Harvests
in the EEZ off Alaska, 1978-1987

Japan

<u>Year</u>	<u>Catch</u>	<u>Request</u>	<u>Catch/Request</u>
1978	0	0	.00
1979	0	0	.00
1980	0	0	.00
1981	11,445	14,000	.82
1982	66,596	70,000	.95
1983	213,923	161,000	1.33
1984	332,256	319,000	1.04
1985	457,777	464,235	.99
1986	607,462	590,510	1.03
1987 (a)	<u>740,139</u>	<u>916,636</u>	<u>.81</u>
Total	2,429,598	2,535,381	.96

Korea

<u>Year</u>	<u>Catch</u>	<u>Request</u>	<u>Catch/Request</u>
1978	45	unk	unk
1979	1,383	130,000	.01
1980	8,571	122,500	.07
1981	30,000	77,500	.39
1982	48,344	46,500	1.04
1983	59,276	58,600	1.01
1984	105,275	91,200	1.15
1985	176,442	177,400	.99
1986	399,728	341,720	1.17
1987 (a)	<u>451,950</u>	<u>762,740</u>	<u>.59</u>
Total	1,281,014	1,808,160	.71

Soviet Union

<u>Year</u>	<u>Catch</u>	<u>Request</u>	<u>Catch/Request</u>
1978	0	0	0
1979	123	10,000	.01
1980	24,859	31,500	.79
1981	48,020	72,500	.66
1982	53,216	96,000	.55
1983	71,750	104,000	.69
1984	92,310	92,300	1.00
1985	186,730	200,000	.93
1986	200,619	182,025	1.10
1987 (a)	<u>158,703</u>	<u>200,000</u>	<u>.79</u>
Total	836,330	988,325	.85

Poland

<u>Year</u>	<u>Catch</u>	<u>Request</u>	<u>Catch/Request</u>
1978	0	0	0
1979	0	0	0
1980	0	0	0
1981	2,220	18,430	.12
1982	7,000	24,300	.29
1983	0	0	0
1984	19,680	20,000	.98
1985	33,044	50,000	.66
1986	9,309	52,400	.18
1987 (a)	0	0	0
Total	71,253	165,130	.43

Taiwan

<u>Year</u>	<u>Catch</u>	<u>Request</u>	<u>Catch/Request</u>
1978	0	0	0
1979	0	0	0
1980	0	0	0
1981	0	0	0
1982	400	5,700	.07
1983	3,000	10,000	.30
1984	8,250	19,000	.43
1985	3,871	9,000	.43
1986	0	16,800	0
1987 (a)	0	0	0
Total	15,521	60,500	.26

Peoples Republic of China

<u>Year</u>	<u>Catch</u>	<u>Request</u>	<u>Catch/Request</u>
1978	0	0	0
1979	0	0	0
1980	0	0	0
1981	0	0	0
1982	0	0	0
1983	0	0	0
1984	0	0	0
1985	0	0	0
1986	13,283	35,000	.38
1987 (a)	20,843	37,000	.56
Total	34,126	72,000	.47

Note: (a) 1987 data are through November 7.

Sources: Documents submitted to NPFMC by countries.
NMFS-AKR.

Table 4. 1987 Coast Guard Enforcement Actions
in the EEZ off Alaska

<u>Nation</u>	<u>Boardings</u>	<u>Action taken</u>	<u>Report of violation</u>	<u>Written warning</u>
PRC	6	5	6	8
Japan	61	7	2	6
Korea	38	5	2	4
Poland	16	5	3	4
USSR	27	8	7	6
Total foreign	158	30	20	28
USA (a)	329	11	11	0

Vessels seized: Only one vessel, which was from the USA.

Notes: Includes all boardings and actions through
30 November, 1987.
Action taken denotes the number of boardings resulting
in a report of violation and/or a written warning.
(a) For comparative purposes, the domestic enforcement
action is also presented.

Source: US Coast Guard, 1987.

EMBASSY OF ICELAND
2022 CONNECTICUT AVENUE, N. W.
WASHINGTON, D. C. 20008

December 3, 1987

Mr. Clarence G. Pautzke
Deputy Director
North Pacific Fishery Management Council
P.O. Box 103138
Anchorage, Alaska 99510

Dear Mr. Pautzke:

Thank you for your letter dated November 23, 1987, concerning our application for the Icelandic factory/mothership OLAF I GARDASTOVU to operate in a joint venture for Pacific cod off Alaska in 1988. I am pleased that the North Pacific Council Permit Review Committee will consider our application on December 6th, and I am hopeful that its recommendation will be favorable and will be adopted by the full Council.

I can appreciate the interest of the Council in having as much information as possible concerning the contribution of Iceland to United States fisheries conservation, management, and development. As reflected in the attached memorandum, the proposed joint venture conforms with the "Policy on Joint Ventures and Allocations", by providing an opportunity for increased U.S. participation in the utilization of Pacific cod. The Government of Iceland hopes that the Committee and the Council, in appraising the relative merits of the Icelandic application, will note particularly the unique nature and extent of U.S. industry involvement contemplated by our proposal. We believe that no other nation offers the opportunity for United States citizens to participate in all phases of a fully integrated at-sea processing operation, which involves virtually total utilization of the harvested cod in fish meal and oil production, filleting, and roe processing. We are aware of no other proposal which would thoroughly familiarize U.S. industry with processes and technologies that are capable of achieving the maximum economic utilization of the valuable Pacific cod resource.

It is also important that our proposal contemplates the involvement of U.S. participants in marketing the products of the joint venture. The Icelandic partners would introduce the U.S.

Mr. Clarence G. Pautzke
December 3, 1987
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industry to channels of international commerce which represent important new opportunities for your industry.


Avoidance of economic waste would be a central feature of this joint venture. Bycatch would be minimized through the use of pots. Mortality among non-target species would also be kept to a minimum by frequent hauls of pots, prompt sorting on the decks of the harvesting vessels, and immediate release of prohibited species to the sea with every effort made to protect their viability. As further evidence of the commitment of this joint venture both to U.S. industry development and to effective conservation and management, the Icelandic partners would be prepared to make a commitment that their processing vessel would not operate in the "donut" fisheries, unless in partnership with U.S. fishermen and without objection from the Council.

In closing, the Government of Iceland understands that the rapid and full development of the United States fishing industry is an essential goal of the North Pacific Council and of the United States Government. Consequently, the Government of Iceland recognizes that the proposed joint venture would be transitional in nature and understands that the partners intend to establish, as soon as possible, a fully "Americanized" harvesting, processing, and marketing enterprise through technology transfer, investment, and other commercial cooperation.

It is our hope that this joint venture would lead to close cooperation between Icelanders and United States citizens. We very much appreciate consideration of our application by the Committee and Council.

With best regards.

Sincerely,


Hordur Bjarnason
Charge d'Affaires
ad interim of Iceland

100.001 005

ICELAND OVERVIEW

Domestic Industry Contributions

Trade:

- There are no U.S. seafood exports to Iceland, as it is itself a major seafood producer with a very small consuming population (approximately 225,000 people).
- Iceland exports to the United States frozen blocks and fillets composed of Atlantic cod valued at approximately \$180 million annually.
- Imports are processed in U.S. plants, employing approximately 1,000 American citizens.

Investment in U.S. Industry:

- Current estimated capital investment level by Iceland in the U.S. processing industry is in the area of \$40 million. There are at least four processing plants (East Coast) in which there is substantial Icelandic equity in the United States.

Transfer of Technology and Other Forms of Assistance to U.S. Industry:

Production:

- The joint venture proposes to train a substantial number of United States citizens aboard the Icelandic processing ship. Transfer of technology and knowhow will relate to filleting, fish meal and fish oil production, roe processing, and quality control, among other things. Particular emphasis will be placed upon efficiency and quality, with waste kept to an absolute minimum, and the highest quality standards observed.
- American citizens will benefit from Icelandic marketing expertise.
 - The joint venture will assist U.S. pot fishermen with the development of techniques utilizing their gear for the harvesting and transfer at sea of Pacific cod.
 - Joint ventures with Alaskan fishermen on such species as gray cod will be considered, and fresh fillets to be air shipped from Alaskan localities will be explored. A fish meal operation based in Kodiak, Alaska, will be considered.

Joint Ventures:

- Iceland has not been engaged in joint ventures to date.

Species Protection:

- The pot method of harvesting Pacific cod will absolutely minimize bycatch. Furthermore, pots will be set and hauled from the water approximately every 24 hours to keep mortality to a minimum, and fish will be sorted on harvesting vessels, with prohibited species returned to sea by water chutes within no more than five minutes of each pot coming aboard, and every other effort will be made to protect their viability.
- Icelandic partners are prepared to make a commitment not to operate in the "donut" fisheries, except with U.S. partners and without objection from the Council.

Enforcement:

- No enforcement actions against Icelandic vessels.
- The joint venture will fully cooperate with enforcement officials, as provided by United States law.

Research:

- The joint venture would be prepared to carry out, or provide facilities for, useful research activities.

Analysis of Foreign Performance
Under the Allocations Criteria
of the Magnuson Fishery Conservation and Management Act

Alaska
Winter 1987

National Marine Fisheries Service
Office of Trade and Industry Services
Trade Services Division
Trade Analysis Branch
December 4, 1987

Summary Overview of Foreign Performance
Winter 1987

	Japan	ROK	PRC	Soviet Union	Poland	Iceland
International Trade						
U.S. Exports						
Jan-Aug 87						
All Species	\$801M +21%	\$37.5M +44%	\$1.0M	Neglible	\$0	\$0.6M
TALFF Species	\$12.5M +01%	\$0.5M	\$0	\$0	\$0	\$0.6M
U.S. Imports						
TALFF/Competing	\$60.1M -31%	\$82.6M +110%	\$2.5M +150%	\$0	\$24.9M +147%	\$103.2M +12%
Joint Ventures						
Jan-Dec 87	\$94M +42%	\$63M +37%	***** +50%	***** -12%	**** -??%	N/A
Trade Liberalization Efforts	Relaxed IQ's	Instituted JV tariff	No Change	No Change	No Change	No Change
Technical Transfer -Marketing Asst	Natives Processors Aquaculture	Some	Alaska Cooper. Agrmt.	None	None	None
New Investments in U.S.	Yes	Yes	No	No	No	No
Research	\$1.0M	\$0.2M	Minor	\$0.9M	None	None
Donut Hole Coop.	Some	Some	Some	N/A	Some	N/A
Other Issues	Halibut PSC	JV Oper.		Unpaid Fees	JV Oper.	
	H-Seas Salmon	H-Seas Salmon				

Note: Percentages reflect change from last year (same period)

ICELAND OVERVIEW

Domestic Industry Contributions

Trade:

- U.S. imports of \$0.6 million through August consisting mostly of squid.
- Iceland exports to the U.S. through August were \$153.3 million. TALFF-like species totaled \$103.2 million of this, mostly fillets and blocks, although none were TALFF species from U.S. waters. Many of the Icelandic exports are processed in U.S. plants.

Investment in U.S. Industry:

- Equity holdings of approximately \$40 million in the U.S. seafood industry including investments in four east coast processing plants.

Transfer of Technology and Other Forms of Assistance to U.S. Industry:

- The joint venture will provide training in filleting, fish meal and fish oil production, roe processing, and quality control.
- Pot fishermen will be assisted in improving harvesting and at sea transfer techniques.

Joint Ventures

- No joint ventures to date in U.S. waters.

Species Protection

- Icelandic partners are ready to operate in the "donut hole" only with U.S. partners and Council approval.
- Bycatch in the pot fishery would be kept to a minimum by a five minute turnaround time on the processor.

Enforcement

- No enforcement actions in 1987.

Research

- The joint venture would be prepared to assist in useful research activities.

SOVIET UNION OVERVIEW

Domestic Industry Contributions

Trade:

- As of September, the U.S.S.R. imported only herring valued at \$4,000.
- U.S.S.R. exports to the U.S. through August totaled \$1.2 million consisting mostly of sturgeon roe and no TALFF species.
- The Soviet fleet purchased over \$0.7 million in supplies.

Investment in U.S. Industry:

- Participates in equity joint ventures via it's half ownership of MRCI.

Transfer of Technology and Other Forms of Assistance to U.S. Industry:

- As in previous years, JV fishermen gained in knowledge about trawling.

Reverse GIFA:

- Positive bilateral negotiations are underway.

Joint Ventures

- Ten years of participation with cumulative catch of 1.2 million mt.
- Catch in 1987 was only 74% of target due to early closure of BS JV flounder fishery.
- 1988 request is 230,000 mt using 30+ trawlers with projected payments to US fishermen of \$42 million.

Species Protection

- The joint venture took positive and effective steps towards reducing the bycatch problem in the yellowfin sole fishery.
- The U.S.S.R. does not fish in the "donut hole" and is concerned about the increasing take from that region.
- A bilateral agreement similar to one with the US exists between the U.S.S.R. and Japan concerning high seas salmon interception.

Enforcement

- No serious violations noted in 27 boardings in 1987.

Research

- Continued cooperative research on salmon, groundfish, and marine mammals and a joint U.S.-U.S.S.R. meeting in Seattle. The R/V Darwin surveyed pollock resources in the Aleutian Basin with an estimated research cost of \$0.9 million.

KOREA OVERVIEW

Domestic Industry Contributions

Trade:

- U.S. exports of fisheries products to Korea through August, 1987 amounted to \$37.5 million an increase of \$11.5 million (44%). This included \$0.5 million of TALFF species.
- U.S. imports of fishery products from Korea through August, 1987 amounted to \$171.5 million. Of this, \$82.6 million were TALFF or TALFF-like species, a 110% increase from 1986. U.S. trade statistics do not separate bottomfish fillets by species so an undetermined share of the \$23.7 million in fillets may be competing with U.S. production. Surimi based products accounted for \$6.6 million.
- In May the duty-free status of JV imports was eliminated and variable duties of 2 to 10% were instituted thereby making the trade laws more restrictive. The tariff rate applied to the U.S. quotas is 10% with an agreement with NMFS to adjust quotas if they become restrictive.

Investment in U.S. industry:

- Marine Enterprise joint venture with Cal-Alaska acquired a plant in Uyak Bay which is being converted for \$3-5 million and will employ 120 people to produce fillets and surimi for the Korean market. Two vessels purchased last year and converted for \$0.9 million began fishing in January.
- The Oyang Fisheries and Arctic Storm partnership expects to begin fishing it's surimi factory trawler in December. The conversion cost \$23 million and the vessel will employ 90 Americans.
- Korea Wonyang Fisheries and Sealaska Products have formed several subsidiaries and purchased five vessels which are being converted for the 1988 season. Total employment of 30-35 Americans is expected.
- The Daerim Fisheries Co. and Alaska Trawl Fisheries are converting a factory trawler with a surimi line. The \$10 million conversion is expected to be completed in April and employ 60 Americans.
- A vessel began fishing in February of 1987 and employs five Americans as a result of a \$0.4 million investment by Dongwon Industries and Bering Fishing Company.
- A vessel employing four Americans which began fishing in February of 1987 was the result of an investment by Korea Taewoong Deep Sea Fisheries and Alaska Taewoong Venture.

Transfer of technology and other forms of assistance to U.S. Industry:

- Equity joint ventures continue to transfer processing technology.

Joint Ventures

- The 1987 catches through October were 444,504 mt, an increase of 68,934 mt (18%) from 1986 and were valued at \$64.7 million, an increase of \$22.3 million (53%). The estimated year total is an additional 14,551 mt valued at \$1.4 million.

- The 1988 joint venture is expected to take 650,000 mt.

Species Protection

- In July of 1987, Korea joined with Japan and Taiwan in an industry agreement to avoid high seas interception of anadromous species and provide for joint efforts towards the protection of the environment. Korea hopes to reach agreement on this issue with the U.S. in 1988.
- Korean regulations prohibit the retention of high seas salmon.
- Korea is providing "donut hole" catch data.
- The Korean government sponsored industry training aimed at controlling the discard of debris.

Enforcement

- No serious violations noted in 38 boardings in 1987.

Research

- The Korean vessel Odaesan Ho conducted research in the North Pacific studying squid, salmon, and entanglement of marine mammals and seabirds, a venture with an estimated research cost of \$0.2 million.
- The industry provided "donut hole" catch and fleet size data.

PEOPLE'S REPUBLIC OF CHINA OVERVIEW

Domestic Industry Contributions

Trade:

- Agreement was signed with the Alaska State Fishery Delegation concerning possible purchase of pink salmon and other projects.
- Contracts were signed to import into China 50 salmon hatchery facilities and accessories.
- Through August, U.S. exports to PRC totaled \$1.0 million. During the same period, PRC imports to the U.S. totaled \$100.9 million of which \$2.5 million were TALFF or TALFF-like species.
- Through October of 1987 the Chinese spent over \$5.4 million on joint venture purchases (over \$3 million) and supplies.

Investment in the U.S. industry:

- None to date.

Transfer of Technology and Other Forms of Assistance to U.S. Industry:

- None to date.

Joint Ventures

- Four Chinese factory trawlers operated in the U.S. EEZ in conjunction with Alaska World Trade Corp. in a joint venture arrangement with two companies. Two to three American trawlers were hired in the Bering Sea. A total of 22,394 mt of pollock and other species was purchased over the side.
- Total joint venture sales represented a 50% increase in tonnage and a 100% increase in revenues compared to 1986.
- The Chinese report difficulty in finding adequate numbers of catcher boats and to look for surplus fish from other joint ventures.
- 1988 projections are for 87,000 mt of joint venture catch.

Enforcement

- No serious violations noted in 6 boardings in 1987.
- U.S. fisheries officers were invited to visit China to lecture on fishery regulations.

Research

- A Chinese scientist was aboard a NOAA vessel in the Gulf of Alaska.
- Chinese scientists participated in the PICES conference.
- China has provided samples and data from pollock in the "donut hole" and is prepared to cooperate with U.S. observers in that area if so requested.

POLAND OVERVIEW

Domestic Industry Contributions

Trade:

- No U.S. exports of processed in 1986 or through August 1987.
- Total Polish exports to the U.S. through August totaled \$25.6 million. TALFF species included were \$24.8 million of pollock blocks and \$0.1 million of cod of other flatfish blocks.
- A trade imbalance exists with Poland and talks to correct it have not yet been scheduled.

Investment in the U.S. industry:

- None to date.

Transfer of Technology and Other Forms of Assistance to U.S. Industry:

- None to date.

Joint Ventures

- Polish joint venture purchases are less than 1986 (9,309 mt).

Enforcement

- No serious violations noted in 16 boardings in 1987.

Research

- No contribution to NMFS research efforts in 1987.

JAPAN OVERVIEW

Domestic Industry Contributions

Trade:

- U.S. exports to Japan totaled \$811 million through August. Of these, \$12.5 million were TALFF species. Japan continues to be the largest importer of U.S. fishery products.
- Total U.S. fishery imports from Japan totaled \$197.4 million through August of which \$60.1 million were TALFF species (a 31% decrease from 1986). Surimi imports amounted to \$30.8 million, a 33% decrease from 1986.
- The industry-to-industry agreement almost doubled the amount of pollock processed products to be purchased by Japan. Japan seems to have fully met its commitments under this agreement in 1987.
- The 1988 GIFA negotiations are completed and await Congressional approval.
- Purchases of headed and gutted groundfish products were made from four processing plants around the Gulf of Alaska.
- Import quotas for herring and pollock were liberalized in 1987.
- The Japanese North Pacific Longline Association attempted to provide for free access to the Japanese market for US processed cod.

Investment in U.S. Industry:

- As of March, 1986 Japanese investments in US fisheries was conservatively estimated at \$36.9 million. This figure is felt to be conservative since over \$30 million is invested in two surimi plants in Dutch Harbor. Current investments are in three surimi plants, upgrades to a number of shoreside plants in Alaska and Washington, and intentions to build an analog plant in Washington in 1988.

Transfer of Technology and Other Forms of Assistance to U.S. Industry:

- Japanese technicians supplied by the Japanese fishing companies continue to assist in the development of many of the EEZ fisheries.
- A bottomfish development project was initiated off Kodiak which employs 16 small US catchers, one US processor, and 22 locals as staff.
- Continuing assistance was given to the town of Alakanuk on the Yukon River to more fully develop vertically integrated fisheries capability.
- Assisted in a test fishery and resource assessment survey around Atka Island.
- Provided low interest loans, processing workshops, and a resource assessment survey in order to help develop the groundfish fisheries in the Nelson and Nunivak Islands area.

- Efforts to develop US domestic fisheries in the Pribilof Islands continued by sending technicians, inviting local fishermen in Japan for training, and providing vessels and gear at no cost. Over \$756,000 has been spent to date.
- A flatfish project in conjunction with the Alaska Fisheries Development Foundation is scheduled to begin in January.
- A feasibility study for the mariculture of scallops and kelp is in progress on Kodiak Island.

Joint Ventures

- Joint ventures for pollock involved 50 US catcher boats landing over 687,000 mt with an exvessel value of \$90 million. Total JV purchases amounted to 740,000 mt valued at \$94 million.
- Herring joint ventures in the Togiak area involved 175 fishermen landing over 1,200 mt with an exvessel value of almost \$1.4 million.
- Salmon joint ventures in Norton Sound involved 75 fishermen landing 189 mt with an exvessel value of \$242,000. A pink salmon joint venture near Unalakleet was not completed due to failure of the run.

Species Protection

- Japan continued patrols to reduce high seas salmon interception as agreed to in the 1986 bilateral agreement.
- Discussions are continuing concerning the squid driftnet fisheries whaling issues.
- Japanese vessels continued to impose individual voluntary and overall fleet restrictions. They were notified on November 27 that the Bering Sea trawl fleet had exceeded their halibut bycatch limits and the longline fleet was to leave the "Halibut Saving Area" December 1.
- Japan enacted regulations and programs aimed at reducing marine debris.

Enforcement

- No serious violations noted in 61 boardings in 1987.

Research

- Two Japanese research vessels contributed 273 days to two projects. The U.S.-Japan cooperative trawl survey was continued in the Gulf of Alaska and the cooperative longline survey was continued in the Bering Sea.
- All catch and research data concerning pollock stocks in the "donut hole" have been submitted to the U.S.
- A total of ten Japanese research vessels were involved in high seas salmon research. U.S. scientists aboard some assisted in investigations of the origin of salmonids and the distribution, abundance, and entanglement of marine mammals. NMFS estimates the research contribution (minus landed catch) at \$1.9 million.

Analysis of Foreign Performance
Alaska 1987

The following is the result of industry surveys and other evaluations of foreign performance under the allocations criteria of the Magnuson Fishery Conservation and Management Act. Evaluations were conducted by officials of the National Marine Fisheries Service (NMFS) of the National Oceanic and Atmospheric Administration using available information through November 1987. (Additional information collected through NMFS Regional Offices that reflects the current status of the Alaska groundfish markets and concerns of the U.S. industry is summarized in Attachment One.)

The following countries received allocations from the 135,696 metric ton (t) total allowable level of foreign fishing (TALFF) or cooperated in joint ventures with U.S. fishermen in 1987. (For 1988, Iceland, a potential new entrant to the Alaska fisheries, has applied for permits to pursue Pacific cod joint ventures. Attachment Two summarizes available information on current trade with Iceland.)

		1987 Allocation (t)	Percentage of TALFF*
I.	Japan	104,446	77
II.	Republic of Korea (ROK)	29,900	22
III.	People's Republic of China (PRC)	1,350	1
IV.	Poland	0	0
V.	Union of Soviet Socialist Republics**	0	0
	Total	135,696	100

* Includes 3,000 t of snails. Detailed species allocations by country found in Attachment 3.

** Ineligible for allocations because of whaling practices.

I. JAPAN

A. CONTRIBUTIONS TO U.S. FISHING INDUSTRY DEVELOPMENT

1. International Trade

U.S. Exports of Processed Products (All Species)--Excluding sales through over-the-side joint ventures with U.S. fishermen, Japan's imports of edible and non-edible fish products from the United States totaled \$811.0 million in the period from January through August 1987 (as of December 1, August trade data were

the most recent data available). This represents a 21 percent increase over the \$669.3 million of imports in the corresponding January through August 1986 period. Virtually all of Japan's fish imports from the United States, or \$801.3 million, consisted of edible items. Japan imported almost three fourths of all U.S. exports of edible and non-edible fish products in the first eight months of 1987.

Approximately 70 percent of Japan's fishery imports from the United States in the period from January through August 1987, consisted of highly-valued species traditionally harvested by U.S. fishermen. The major category of fish exports to Japan for this period were fresh and frozen salmon, with a total of \$392.8 million of which 78 percent (\$305.7 million) was sockeye salmon. Other chief salmon exports included chum (\$21.5 million), silver (\$11.7 million), chinook (\$18.4 million), pink (\$22.1 million), and a basket category of fresh and frozen salmon amounting to \$13.4 million. Also, other forms of salmon were exported amounting to \$3.1 million, chiefly consisting of salmon fillets (\$2.4 million) and canned salmon (\$0.7 million). The second major category of fish exports to Japan was frozen crabs, totalling \$113.6 million, consisting mainly of snow crab--chiefly opilio (\$64.9 million), other snow crab--chiefly bairdi (\$30.7 million), other frozen crabs (\$10.3 million), king crab (\$7.2 million), and modest amounts of dungeness crabs (\$.5 million). In addition to crab and salmon, the U.S. exported several species of fresh and frozen fish, namely herring (\$58.9 million), sablefish (\$48.3 million), a basket category of other fresh and frozen fish (\$48.6 million), and fish and shellfish roes (\$69.4 million). The principal U.S. roe exports consisted of salmon roe (\$46.1 million), herring roe (\$19.4 million), and pollock roe (\$1.4 million). Several species of fish fillets and steaks (\$22.3 million) and fresh and frozen shrimp (\$8.8 million) were also exported to Japan during this period.

U.S. Exports (Underutilized TALFF Species)--Sales of underutilized TALFF species (See Attachment 4) accounted for a relatively small share (2 percent) of total exports. In the period from January through August 1987, exports of TALFF species included pollock roe (\$1.4 million), squid (\$1.6 million), fresh or frozen pollock (\$0.2 million), and cod fillets (\$9.3 million), for a total of \$12.5 million. Based on the same list of TALFF items, the amount of U.S. TALFF exports to Japan for the same period in 1986 was similar (\$12.4 million).

U.S. Joint Venture Sales--By the end of 1987, it is estimated that Japanese companies paid to U.S. companies over \$94 million for 740,000 t of joint venture harvested Alaska groundfish. In 1986 Japanese joint venture purchases of Alaska groundfish were approximately \$66 million for 610,000 t of fish. For both 1986 and 1987, over 89 percent of U.S. joint venture sales to Japan were Alaska pollock. Japanese foreign fishing applications

indicate that Japan intends to purchase over 880,000 t through joint ventures, if available through the "Olympic System."

U.S. Imports of TALFF or TALFF Competing Products--The continued inability of the U.S. industry to sell products made from TALFF species in the Japanese market is all the more discouraging when one realizes the success Japan has enjoyed in recent years in selling processed products to the United States. (These products may be derived from harvests in the U.S. or other EEZs or from international waters.) Total U.S. imports from Japan of TALFF species in the first eight months of 1987 were \$60.1 million, out of a total of \$197.4 million imports of edible and non-edible fish products. This, however, is a 31 percent decrease from last year's total TALFF species imports of \$86.7 million for the same period of consideration. Although Japanese firms export a number of items to the United States which are made from TALFF or similar species, the key product is surimi, including both the intermediary product (surimi block) and finished seafood analogs. Japan exported \$30.8 million of surimi and surimi-based end products to the United States in the period from January through August 1987. This is a 33 percent decrease from the corresponding January through August 1986 total of \$46.2 million.

1987 Industry-to-Industry Agreement--It appears that Japan has fully met its commitments under the 1987 industry-to-industry agreement. With TALFF almost gone, the two industry groups have agreed to terminate further joint fishing activities under the industry-to-industry agreement. Some of the U.S. industry representatives surveyed by the NMFS regional offices indicated that Japan should be given accolades for sitting down and negotiating with the U.S. industry, despite the fact that the annual agreements hastened the Americanization process.

Trade Liberalization Efforts--U.S.-Japan negotiations to improve access to Japan's market for processed pollock and roe herring were successfully concluded on March 20, 1987. At the end of the sixth round of consultations, a series of measures were announced which will have the practical effect of removing Japan's quota and licensing restrictions on imports of these two items from the United States.

Settlement was reached when both sides agreed to compromise on certain points. On the U.S. side, U.S. officials decided to suspend temporarily our request for GATT (General Agreement on Tariffs and Trade) panel review of Japanese restrictions. U.S. officials thereby agreed for the time being to work within the Japanese system of import quotas. In return, Japan indicated that it would administer the quotas in a way that would not impede sales between willing Japanese buyers and U.S. suppliers.

The Government of Japan issued announcements in late April and mid-May implementing the newly-established quota subsets for

processed pollock and Pacific herring. The procedures and amounts announced are basically consistent with the terms of the settlement. U.S. and Japanese officials will meet in mid-January 1988 to discuss the progress and performance of the recent modification in the herring and pollock import quota measures and make the necessary adjustments for next year's quota figures.

2. Other Contributions

Technical Transfer and Marketing--Of all of the foreign nations which have received directed fishing allocations over the years, Japan is the only significant contributor in development efforts. Japanese technicians continue to work with American crews in both the shoreside and shipboard processing of surimi. American Factory trawlers have also been working with Japanese companies and technicians to further develop the export offish for reprocessing in Japan and to produce consistent quality surimi for the Japanese market. Japan is actively working with the people on Nunivak and Nelson Islands trying to set up a small boat cod fishery. The Hokuten Trawlers have agreed to work with the Alaska Fishery Development Foundation flat fish project at Kodiak and they are working on setting up a small boat fishery and processing operation with the native organizations at Port Lyons and Ouzinkie on Kodiak Island.

The Japanese North Pacific Longline Association (NPL) conducted a test fishery and resource assessment survey in conjunction with the residents of Atka Island. The NPL has also provided assistance to U.S. exporters of Pacific cod to Japan by making 10,000 t of the Pacific cod import quota available. Ongoing development efforts with Norton Sound fishermen and with the fishermen of the Pribilof Islands were also continued.

Investments in the U.S. Industry--Japan has invested in the three surimi plants operating in Alaska as well as upgrading a number of shoreside plants to full groundfish production in Kodiak and Dutch Harbor. Japan has also invested in an analog plant in Anacortes, Washington, which opened in June of this year, and it is expected that a Japanese company will be building an analog plant in Fife, Washington in 1988. Japan has also invested in the conversion of the Artic Trawler (Artic King) to produce surimi.

Aquaculture--The State of Alaska indicated that joint efforts with Japan are continuing on the scallop aquaculture project at Kodiak and the giant kelp mariculture project in Southeastern Alaska. It is estimated that Japan will contribute nearly \$1.0 million to these last two projects in 1987 and 1988.

B. OPERATIONS AND ENFORCEMENT

Enforcement--There have been no enforcement problems with respect to Japanese vessels to warrant consideration in the allocation process. Earlier in the year we were concerned about

alleged illegal fishing in the EEZ by Japanese Hokuten trawlers. However, concerns were allayed by recent meetings between Japanese and NMFS officials where the Japanese demonstrated that they have taken steps to correct this situation and prevent recurrence.

Prohibited Species--On November 27, 1987, NMFS issued a closure notice for exceeding the prohibited species limit for halibut in the Bering Sea to the Japanese trawl fleet and requested the Japanese longline fleet to leave the "Halibut Saving Area," and fish other grounds as of December 1, 1987.

C. RESEARCH

The NMFS Northwest and Alaska Fisheries Center provides estimates of the monetary value of foreign research contributions. These estimates are based on the costs the United States would incur if NOAA/NMFS scientists and ships were to carry out the research conducted by foreign countries. The values of foreign ship time, equipment, scientist time, and laboratory analysis are estimated based on U.S. costs.

For all practical purposes, research contributions by Japan have not changed from 1986 to 1987. A large part of the Japanese research was a longline survey conducted in the Bering Sea-Aleutians and the Gulf of Alaska. In 1987, the United States chartered a domestic Japanese longliner to conduct a similar survey. Since the vessel was allowed to keep the catch, the survey cost NMFS nothing, except for personnel and travel. If it is assumed that part of the costs were defrayed by the sale of the catch and assuming that the survey did not impose a cost on the Japanese Government, than the estimated Japanese research contribution of \$1.86 million should be discounted to \$1.00 million to account for the sale of the catch. Last year, excluding revenues generated from the sale of the catch, the Japanese provided \$1.79 million in research contributions.

D. OTHER ISSUES

Pacific Squid Driftnet Fisheries--Legislation has been introduced in the U.S. Congress that would limit fisheries relations with countries that prove uncooperative on this issue. For example, H.R. 3584, introduced on October 29, 1987, by Congressman Studts, provides for: (1) denial of permits for directed fishing and joint ventures to nations that fail to enter into agreements for cooperative monitoring of driftnet fisheries; and (2) certification under the Pelly Amendment of those countries that fail to enter into cooperative enforcement agreements relating to locations, seasons, and other operational aspects of the driftnet fisheries.

Recent discussions with Japan indicate their insistence to continue unilateral management of the high seas squid fishery, although the Japanese have offered to review its unilateral measures with the United States. The Government of Japan will

enforce area/seasonal limits on its squid driftnet fishery in 1988 that are comparable to those proposed by the United States. During these discussions, Japan noted its earlier commitment to accept U.S. scientific observers on commercial squid vessels in 1988-89 in connection with the U.S.-Japan Memorandum of Understanding on Dall's Porpoise, signed June 8, 1987.

Bering Sea "Donut Hole" Fishery--The United States has asked Japan to agree to provide data on their Bering Sea fishery harvests beyond 200-mile zones in the "Donut Hole." Japan, ROK, Poland and PRC are the major participants in this fishery. The United States is concerned that these pollock fisheries are conducted in an area where there is a lack of accurate scientific information to assess stocks. There is great concern that these "Donut Hole" fisheries are adversely impacting stocks found in the U.S. EEZ but which are also present in the "donut hole" for unknown periods. Therefore, NMFS is seeking to obtain timely catch and effort data pertaining to these pollock fisheries and to identify the stocks and their relationship with other stocks in the North Pacific. At the recent INPFC Meeting, the Japanese proposed a February 1988 meeting in Tokyo Japan to discuss the possible foundation of an international organization dealing with pollock fisheries in the "Donut Hole." The Canadians indicated support for such discussions if high seas squid fisheries issues were also included. The U.S. indicated that it found merit in both proposals, but requested Soviet comments to the Japanese proposal.

The build-up of the pollock fisheries in the "Donut Hole" has also increased concerns that they may also be negatively impacting U.S.-origin salmon stocks that are known to migrate through the area. The "Donut Hole" pollock fisheries begin as early as September and end as late as June. At both ends of this fishing season, U.S. salmon are likely to be intercepted. There is concern that high-value western chinook and chum salmon may be vulnerable to these fisheries.

Japan has provided the United States with a copy of the data on its catch in the "Donut Hole" area that it submits to the International North Pacific Fisheries Commission. Japan noted, however, that such data was compiled on a calendar year basis. Thus, any effort to expedite submission of the data would be possible only if reporting was for the calendar year.

GIFA--The GIFA with Japan has been signed by the two governments and is awaiting legislative action by the U.S. Congress and the Japanese Diet.

Whaling--Last June, the Government of Japan submitted to the International Whaling Commission (IWC) a research plan involving the killing of whales, but the IWC Scientific Committee found serious uncertainties in the plan. The IWC adopted a resolution

recommending that Japan not go forward with the research until the uncertainties had been resolved to the satisfaction of the Scientific Committee. Japan has now submitted a revised research plan, and the Scientific Committee will review it at a special meeting in Cambridge, U.K, December 15-17.

II. REPUBLIC OF KOREA (ROK)

A. CONTRIBUTIONS TO U.S. FISHING INDUSTRY DEVELOPMENT

1. International Trade

U.S. Exports of Processed Products (All Species)--Korea's imports of edible and non-edible U.S. fish products in the period from January through August 1987 totaled \$37.5 million, a 44 percent increase from the \$26.0 million imported in the corresponding period from January through August 1986. As in previous years, virtually all U.S. exports of fish products to Korea consisted of edible items. Two broad categories of exports accounted for practically all sales in this period. The two categories, herring and crab, are imported by Korea for processing and re-export to Japan and the United States. In the first eight months of 1987, these categories totaled: herring (including herring roe)--\$15.1 million and frozen crab--\$14.7 million. Salmon has also been a major fishery export item to Korea but in the first eight months of 1987, only a \$3.2 million has been exported. It is expected that salmon exports will increase during the remainder of the year as the salmon fishing season is completed.

U.S. Exports (Underutilized TALFF Species)--In the period under review, U.S. processors exported just a minimal amount of TALFF species to Korea, with a total amount of \$0.5 million. U.S. sales to Korea of products made from TALFF species have always been insignificant.

U.S. Imports of TALFF or Competing Products--Korean sales in the United States of fish products made from U.S.-origin or similar species harvested from other EEZs or from the international waters have recently become an issue. In the period from January through August 1987, of the \$171.5 million total U.S. imports of edible and non-edible fish products from Korea, TALFF and TALFF-like species were \$82.6 million, a sharp 110 percent increase over the \$39.3 million in TALFF imports in the same period last year. Imports of pollock blocks from Korea totaled \$32.0 million in the first eight months of 1987, up significantly from \$13 million of imports for the same period in 1986. The most sensitive issue however, is Korean sales of bottomfish fillets, especially pollock and Pacific cod shatter-pack frozen fillets, which compete directly with the Alaska factory trawler fleet. U.S. trade statistics on fillets do not separate TALFF species, and therefore, the figures may include species not in the TALFF. In the period under review,

Korea exported \$8.9 million of flatfish fillets and \$14.8 million fillets of "other saltwater fish." The above two categories add to over \$23.7 million of which an undetermined share may be competing with U.S. production. In addition, imports of surimi-based analog products from Korea, a substantial portion of which may be derived from over-the-side joint ventures with U.S. fishermen, totaled \$6.6 million for the January-August 1987 period.

Joint Venture Sales--An estimated \$63 million (452,000 t) of U.S. harvested Alaska groundfish over-the-side joint venture products will be purchased by the ROK in 1988. In 1986 the ROK purchased 400,000 t valued at an estimated \$46 million. Submitted foreign fishing applications indicates that the ROK will request to purchase 650,000 t of U.S. over-the-side joint venture products in 1988.

Trade Liberalization Efforts--On May 1, 1987, the ROK eliminated the duty-free status of joint venture imports and instituted variable duties ranging from 2 to 10 percent on those imports. Thus ROK trade laws have become more restrictive. In U.S./ROK fisheries consultations held in Washington, D.C., in late May 1987, NMFS objected to the imposition of these new duties and also requested the ROK relax tariff and non-tariff trade barriers on imports of frozen fish, especially Alaska pollock, from the United States. Officials from NMFS and the National Fisheries Administration of the Korean government are planning to meet in Seoul, Korea in March 1988 to discuss issues on trade.

2. Other Development Efforts

Investments in the U.S. Industry--The ROK has invested to a small degree in at least one shoreside facility and also in one or two of the surimi factory ships expected to come on line in 1988. The "Arctic Storm," an equity joint venture with Profish, is expected to be launched early in 1988 with production beginning in the spring. The ROK may also be initiating other investments.

B. OPERATIONS AND ENFORCEMENT

Enforcement Problems--There have been no 1987 enforcement problems with respect to ROK vessels that are serious enough to warrant consideration in the allocations process. There were, however, three legal proceedings stemming from the assault on a U.S. observer in autumn 1986 by the master of the SHIN YANG HO, a Korean fishing vessel. In the criminal proceeding, the master admitted his culpability and paid a fine. The personal injury suit by the observer is still pending against the vessel owner. The forfeiture action against the vessel has not yet been settled; the U.S. demand is for a substantial monetary penalty and a permit sanction barring the master from the EEZ.

Joint Venture Sales--Complaints have been centered around perceived short weights and lack of responsiveness to operational problems.

C. RESEARCH

At the urging of the U.S., ROK research is directed towards squid resources in the Northwestern Pacific. One or two U.S. scientists participate in the ROK cruises. The estimated value of the ROK research contributions is \$228,000--up 63 percent from last year.

OTHER ISSUES

Pacific Squid Driftnet Fisheries--(See Japan discussion on this item) During the last week of November 1987, U.S. and ROK scientists met in Seattle, Washington to discuss high seas driftnet issues. During the same week in Washington D.C., a ROK delegation of government and fishing industry officials provided the following statement:

"It should also be possible in the new year to arrive at some agreement between Korea and the United States on the issues related to the high seas driftnet fishery and the avoidance of salmon interception and damage to the environment. The Korean industry is anxious to do everything possible to assist the American Side with conservation of its salmon resource. But this positive step should not be accomplished at the cost of disrupting the Korean flying squid fishery. There remain two major problems in the two Government's discussions on this topic: (1) The US request for some form of enforcement authority with regard to the agreement on the high seas outside its own Fisherieszone; and (2) the area and temperature closures suggested by the U.S. Side. There is no change in the Korean position on the matter of enforcement, and the Ministry of Foreign Affairs of the Government of the Republic of Korea continues to study this issue. In the opinion of the Korean Side, scientific evidence should be the basis of any closures....."

Bering Sea "Donut Hole" Fishery--The ROK is cooperating in the provision of catch data in international waters of the Bering Sea.

III PEOPLES REPUBLIC OF CHINA (PRC)

A. CONTRIBUTIONS TO U.S. FISHING INDUSTRY DEVELOPMENT

1. International Trade

U.S. Exports of Processed Products (All Species)--U.S. exports of fish products to the PRC have never been very great, consisting mainly of whole, fresh, and frozen herring and roe herring, which is stripped and reexported to Japan. In the first eight months of 1987, U.S. fishery exports to the PRC totaled \$1.0 million.

U.S. Exports (Underutilized TALFF Species)--There were no U.S. exports to the PRC of products made from TALFF species.

U.S. Imports of TALFF or Competing Products--The PRC has begun to sell products made from TALFF species to the United States. In the January-August 1987 period, the PRC sold \$0.4 million of pollock blocks, and \$2.1 million of "other saltwater fish" to the United States, some of which may include TALFF species. U.S. imports of TALFF and TALFF-like species from the PRC in the January-August 1986 period were \$1.0 million. Total U.S. imports of edible and non-edible fishery products through August 1987 were \$100.9 million.

Joint Venture Sales--NMFS joint venture statistics for the PRC are considered confidential. This is the second year of joint venture operations and 1987 purchases reflect a 50 percent increase in tonnage and 100 percent increase with respect to revenues. (The PRC significantly increased prices paid for joint ventures this year.) PRC fishing permit applications indicate that the PRC intends to purchase 87,000 t of joint venture product in 1988, almost 3 times greater than actual 1987 purchases.

Trade Liberalization Activities--The PRC is a State trading country in which trade decisions are made by the Government. While trade barriers in the normal sense do not apply, there are no indications that U.S. access to the PRC markets has improved.

2. Other Contributions

Cooperative Agreements--The State of Alaska has signed a cooperative agreement for development with the Peoples Republic of China. To date, no projects have been initiated under this agreement.

B. OPERATIONS AND ENFORCEMENT

Enforcement Problems--There have been no enforcement problems with respect to foreign vessels of the PRC serious enough to warrant consideration in the allocation process.

C. RESEARCH

The PRC sent one scientist to participate in a NMFS groundfish research cruise. The saving of NMFS personnel costs was minor, the total estimated value of the 1987 PRC research contribution is an estimated \$5,000.

D. OTHER ISSUES

Bering Sea "Donut Hole" Fishery--The PRC is cooperating with the provision of catch data from the international waters of the Bering Sea.

IV. POLAND

A. CONTRIBUTIONS TO U.S. FISHING INDUSTRY DEVELOPMENT

1. International Trade

U.S. Exports of Processed Products (All Species)--The United States did not export any processed fish products to Poland in the first eight months of 1987, nor were there any exports to Poland during 1986.

U.S. Exports (Underutilized TALFF Species)--United States did not sell any fully U.S. processed products made from TALFF species to Poland during 1986 or through the first eight months of 1987.

U.S Joint Venture Sales--NMFS joint venture statistics are considered confidential because of the small number of companies involved. Polish joint venture purchases for 1987 are slightly less than those in 1986 where less than twenty percent of the Polish request for 48,000 t of joint ventures was fulfilled. For 1988, Polish foreign fishing applications include a request for 45,000 t of joint venture purchases.

U.S. Imports of TALFF Species or Competing Products--Pollock block sales are the bulk of U.S. imports of fishery products from Poland. In the first eight months of 1987, Poland exported \$24.8 million of pollock blocks to the United States, exceeding total 1986 sales of \$10.1 million for the same period. Other Polish TALFF or TALFF-like exports include cod block (\$0.1 million), and minor amounts of other flatfish blocks. Polish exports of edible fish products to the United States totaled \$25.6 million for the period January through August 1987.

Trade Liberalization--With respect to potential exports to Poland, NOAA representatives have expressed continuing and increasing concern about the trade imbalance and indicated a desire to hold trade talks. Nothing has been formally scheduled.

to date. Since Poland is a State trading country in which trade decisions are made by the Government, trade barriers in the normal sense do not apply.

2. Other Contributions

Investments in the U.S. Industry--Poland has shown little interest in equity joint venture investments.

B. OPERATIONS AND ENFORCEMENT

Enforcement--There have been no enforcement problems with respect to foreign vessels of Poland that are serious enough to warrant consideration in the allocation process.

Joint Venture Operations--There appears to have been times when Polish vessels were unavailable to receive U.S. joint venture harvests.

C. RESEARCH

Poland did not make a contribution to research efforts by NMFS.

D. OTHER ISSUES

Bering Sea "Donut Hole" Fishery--Poland is cooperating with the provision of catch data on its fisheries in the international waters of the Bering Sea.

V. UNION OF SOCIALIST REPUBLICS

A. CONTRIBUTIONS TO U.S. FISHING INDUSTRY DEVELOPMENT

1. International Trade

U.S. Exports of U.S. Processed Products (All Species)--U.S. Exports to the Soviet Union in the first eight months of 1987 were negligible, consisting only of herring (\$4,000).

U.S. Exports (Underutilized TALFF Species)--There were no exports of U.S. TALFF species products to the Soviet Union during the first eight months of 1987 or 1986.

U.S. Imports of TALFF or Competing Species--There were no imports of TALFF or TALFF-like species into the United States. However, the Soviet Union exported a total of \$1.2 million of edible fishery products to the United States. It consisted mainly of sturgeon roe (\$1.1 million).

U.S. Joint Venture Sales--NMFS joint venture statistics are considered confidential because of the number of companies involved. Total Soviet joint venture purchases are down by almost 20 percent in tonnage and 12 percent in value from

1986 levels. For 1988, the Soviet Union is requesting 226,000 t in joint venture purchases which is significantly higher than the average joint purchases of 130,000 t.

Trade Liberalization Activities--Since Soviet Union is a State trading country in which trade decisions are made by Government, trade barriers in the normal sense do not apply. As with all countries, when opportunities arise, U.S. officials will seek increased access to foreign markets for U.S. fishery products.

2. Other Development Efforts

Investments in the U.S. Industry--All investments associated with Marine Resources Company International. The Soviet Union has not undertaken any other significant development efforts for the Alaska groundfish fisheries.

B. OPERATIONS AND ENFORCEMENT

Enforcement--There have been no enforcement problems with respect to Soviet vessels to warrant consideration in the allocation process.

Foreign Fees--The Soviet account is in arrears for \$13,000.

C. RESEARCH

The emphasis of Soviet research is on groundfish resources in the Bering Sea. This year, for the first time, the Soviet Union sent the R/V Darwin to survey pollock resources in the Aleutian Basin. NMFS was invited to participate and had two scientists on the cruise. The estimated value of 1987 Soviet Research contributions is \$0.9 million.

D. OTHER ISSUES

Whaling--On April 1, 1985, the Secretary of Commerce certified under the Pelly and Packwood-Magnuson Amendments that the Soviet nationals had diminished the effectiveness of the International whaling Commission (IWC) conservation program by whaling in excess of IWC quotas. In consequence the Secretary of State withdrew unused Soviet fish allocations, and in the subsequent year allocation releases to the Soviet Union were reduced by 50 percent. As of April 1, 1986, because there were no grounds on which the Secretary of Commerce could decertify the Soviet Union, further allocations were precluded by law. In response to an inquiry as to what Soviet actions would warrant full restoration of our bilateral fisheries relations, U.S. officials have indicated that the Soviet objection to the IWC commercial whaling moratorium would have to be withdrawn. Now that the Soviet Union has apparently ceased commercial whaling, the Secretary has initiated a review of this policy.

The Department of State has taken the lead in meeting with Soviet officials on two occasions to seek an interim agreement that would provide U.S. fishermen with access to Soviet fisheries resources on a reciprocal basis to that enjoyed by Soviet fishermen under the GIFA. The two sides agreed in principle to a U.S. draft interim agreement, and to discuss in the longer term a comprehensive access agreement, which the Soviet side is currently studying.

Attachment One

Comments on Industry Conditions and Concerns
Derived from NMFS Regional Office
Survey of Industry Representatives
Winter 1987

U.S. Customs Data: There is a concern on the part of the industry that the Customs statistics do not accurately reflect the imports of surimi and/or analog products as they are frequently classified incorrectly. For example, product identified as "minced pollock blocks" but destined for a major analog producer is most likely surimi. Thus the Customs figures for surimi imports are probably understated.

Source of Imports: Some members of the industry would also like to know the volume of the product from joint venture activities which is transshipped at sea and imported into the United States. One can assume that pollock blocks from Poland which enter the Alaska and Washington customs districts are joint venture and/or "Donut Hole" fish. It is more difficult to determine the origin of Korean and Japanese imports.

Inventories: It was noted that a large volume of pollock block imports have entered into the United States, coinciding with large cold storage holdings and a drop in the price of U.S. produced pollock. The current price of imported block is as low as \$.75/pound. Additionally, increased production of pollock fillets by American processors has resulted in a large inventory of small size filets (in the range of 5,000 - 6,000 t) on the west coast at the present time. The domestic market has been softening with IQF filets in the 1-3 and 2-4 oz sizes reportedly now selling in the \$.90-\$.95/pound range. Korean and Polish imports were often cited as the major causes of the price declines.

U.S. Capacity: It is anticipated that 10,400 t of pollock blocks will be produced by three major block producing companies. Preliminary industry-wide estimates of surimi production and analog production have been conservatively reported as 40,000 t each.

Exports to Europe: Exporting complaints were voiced against the EEC due to high tariff rates on Alaska pollock products and competition from Polish products.

Norwegian Investments: One Norwegian Bank reportedly has invested in excess of \$150 million in the industry.

Joint Venture Prices: Joint venture prices in 1987 were generally up about 20 percent above 1986 for all species.

Attachment Two

Iceland
Trade Performance

The United States exported very minimal amounts of fishery products to Iceland. In the January through August, 1987 period, U.S. exports totaled \$596 thousand which consisted mainly of squid (\$582 thousand). However, the United States imported a great amount of edible and non-edible fishery products from Iceland which totaled \$153.3 million in the January-August, 1987 period. This represents an 11 percent increase from last year's imports of \$138.3 million for the same period. The major fish imports from Iceland in the Jan. through Aug. 1987 period were fresh and frozen fillets. This group totaled \$103.2 million, with cod fillets amounting to 59 percent (\$60.4 million) of the total. Other chief fish fillet imports include cusk, haddock, hake and pollock (\$22.1 million); Atlantic ocean perch (\$9.6 million); turbot (\$7.6 million); wolfish (\$2.2 million); and other various fish fillets (\$1.3 million). Next in order came fish in block forms, valued at \$25.5 million, consisting mainly of cod (\$16.1 million); haddock (\$3.9 million); pollock (\$3.0 million); turbot (\$1.3 million) and a basket category of other fish blocks ((\$827 thousand). In addition, the U.S. imported several species of fresh and frozen shellfish, representing \$19.2 million--namely, lobster tails (\$7.1 million), scallops (\$6.0 million); shrimps (\$1.3 million) squid (\$3.8 million), a basket category of other fresh and frozen shellfish (\$1.6 million); canned herring (\$1.2 million) and fish roes (\$1.1 million).

The United States imported a total of \$103.2 million of fishery products which were TALFF-like species in the period from January through August 1987. This marks a 12 percent increase from last year's January-August total of \$92.2 million. Chief TALFF-like imports consisted mainly of cod fillets (\$60.1 million); cusk, haddock, hake, and pollock fillets (\$19.2 million); cod blocks (\$16.1 million); pollock blocks (\$3.0 million); squid (\$3.8 million); and small amounts of various forms of other species. Since Iceland did not participate in foreign fishing in the U.S. EEZ in the first eight months of 1987, imports of TALFF-like species did not originate from the U.S. EEZ.

OCTOBER 1987 REAPPORTIONMENT AND ALLOCATION
EASTERN BERING SEA AND ALEUTIAN ISLANDS

10/17/87

85A0CT

DEC 04 '87 17:55 NIMS HEADQUARTERS

	ALASKA POLLOCK	ATKA MACKEREL	YELLOWFIN SOLE	GREENLAND TURBOT	ARROW- TOOTH FLOUNDER	OTHER FLATFISH	PACIFIC COD	PACIFIC OCEAN PERCH	OTHER ROCKFISH	SABLEFISH	SNAILS	SQUID	OTHER SPECIES	TOTAL
METRIC TONS														
JULY 31, 1987 SPECIFICATIONS (As corrected 8/27/87)														
AC	1288000	30800	187000	20000	9795	148300	280000	11025	1880	7700	3000	500	15000	2003000
ADP	1283000	30790	182000	15280	4193	111575	206705	9742	1746	6095	0	52	10500	1862478
JUP	247197	250	100	15213	830	29103	111767	9209	1383	6462	0	4	500	416018
JVP	1035803	30540	181900	67	3363	88472	94938	593	363	433	0	48	10000	1446460
RESERVE	0	0	0	2970	1369	22205	20000	1268	125	765	0	75	750	49527
TALFF	5000	10	5000	1750	4233	14520	53295	15	9	40	3000	373	3750	90995
OCTOBER 2, 1987 REAPPORTIONMENT (1/)														
AC	0	0	0	0	0	-22560	-20000	150	0	165	0	0	0	-42245
ADP	-54000	0	0	0	0	-6060	-20000	0	0	165	0	0	0	-79895
JUP	54000	0	0	0	0	-16500	0	150	0	0	0	0	0	37650
JVP	0	0	0	0	-1369	0	0	-152	0	-165	0	-20	-750	-2456
RESERVE	0	0	0	0	1369	22560	20000	2	0	0	0	20	750	44701
TALFF	0	0	0	0	1369	22560	20000	2	0	0	0	20	750	44701
REVISED SPECIFICATIONS														
AC	1288000	30800	187000	20000	9795	148300	280000	11025	1880	7700	3000	500	15000	2003000
ADP	1283000	30790	182000	15280	4193	89015	186705	9892	1746	7960	0	52	10500	1820233
JUP	193197	250	100	15213	830	17043	91767	9209	1383	6627	0	4	500	386123
JVP	1089803	30540	181900	67	3363	71972	94933	683	363	433	0	48	10000	1484110
RESERVE	0	0	0	2970	0	22205	20000	1116	125	600	0	55	0	47071
TALFF	5000	10	5000	1750	5602	37080	73295	17	9	40	3000	393	4500	135696
CURRENT ALLOCATIONS														
AC	50	1	138	1	5	345	70	2	1	1	0	5	25	644
ADP	3950	6	1905	1739	4128	5675	52225	11	7	30	3000	288	3230	76194
JUP	1000	3	2957	10	100	8500	1000	2	1	9	0	80	495	14157
JVP	5000	10	5000	1750	4233	14480	53295	12	9	40	3000	373	2250	89452
RESERVE	0	0	0	0	1369	22560	20000	2	0	0	0	20	750	44701
TALFF	0	0	0	0	1369	22560	20000	2	0	0	0	20	750	44701
OCTOBER RELEASE														
AC	0	0	0	0	0	706	0	0	0	0	0	0	0	706
ADP	0	0	0	0	1369	6111	20000	2	0	0	0	20	750	28252
JUP	0	0	0	0	0	15743	0	0	0	0	0	0	0	15743
JVP	0	0	0	0	0	15743	0	0	0	0	0	0	0	15743
REVISED ALLOCATIONS														
AC	50	1	138	1	5	1051	70	2	1	1	0	5	25	1350
ADP	3950	6	1905	1739	5497	11786	72225	13	7	30	3000	308	3980	104446
JUP	1000	3	2957	10	100	24243	1000	2	1	9	0	80	495	29900
JVP	5000	10	5000	1750	5602	37080	73295	17	9	40	3000	393	4500	135696
RESERVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TALFF	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	PERCENT OF TOT. ALLOC.	PERCENT OF TOT. TALFF
AC	1.0%	1.0%
ADP	77.0%	77.0%
JUP	22.0%	22.0%
JVP	100.0%	100.0%
TOT. ALLOC.		0.0%
TALFF		0.0%

OY - Optimum Yield DAH - Domestic Annual Harvest
 ADP - Domestic Annual Processing JVP - Joint Venture Processing
 TALFF - Total Allowable Level of Foreign Fishing

P. 20/18

Attachment 4

U.S. Customs Items Considered
as TALFF Species

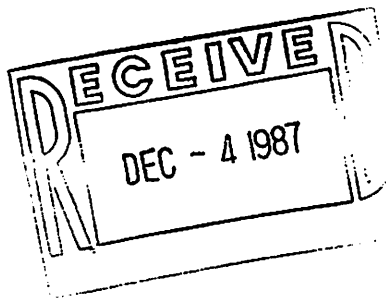
TALFF Imports

<u>Tariff Number</u>	<u>Item</u>
1101589	Cod, Frozen
1101597	Cusk, Haddock, Hake, Pollock Frozen
1104710	Cod Blocks over 10 lbs.
1104726	Other Flatfish Blocks over 10 lbs.
1104740	Pollock Blocks over 10 lbs.
1105000	Cod, Cusk, Haddock, etc., Fillets
1105550	Cod Fillets over Quota
1105570	Cusk, Haddock, Hake, and Pollock Fillets
1107039	Other Flatfish Fillets, Frozen
1121400	Pollock, Canned, not in oil
1130810	Balls, Cakes, Etc., No oil, Surimi Struct
1130820	Balls, Cakes, Etc., Canned, No oil
1131500	Balls, Cakes, Puddings, Canned in oil
1135820	Other Fish, Not in oil, OV Minced
1136020	Other Fish, Not in oil, Minced
1144580	Loligo Squid, Frozen
1144585	Squid, Other
1830505	Analogue Products, Surimi

EXPORTS*

1104630	Pollock, Whole or evis., frsh, chilled, frzn
1107594	Cod fillets, steaks, portions fresh
1134520	Pollock roe
1143515	Squid (other) frozen

* Sablefish excluded because it is considered to be a fully developed species.



AGENDA C-11(a)
SUPPLEMENTAL
DECEMBER 1987

ASSOCIATION OF ALASKA HALIBUT FISHERMEN
P.O. BOX 771370
EAGLE RIVER, ALASKA 99577
(907) 688-5475

November 30, 1987

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
Jim Branson, Executive Director,
411 West 4th Avenue,
Anchorage, Alaska 99510

Dear Mr. Jim Branson:

The Association of Alaska Halibut Fishermen would like to comment on the 1988 allocation of pacific grey cod TALFF to foreign fishing fleets, which will be addressed at your December 1987 meeting in Anchorage, Alaska.

We feel the American fleet has the capability to harvest the total quota of pacific grey cod in the Gulf of Alaska and the Bering Sea during the upcoming 1988 season. We are convinced the elimination of all directed foreign fishing of pacific grey cod inside the 200 mile limit would cause the market price to rise to a level where it would be profitable for the American fishermen to harvest the total 1988 quota.

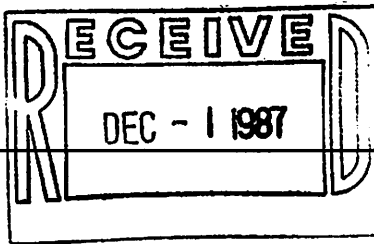
The Sable fish (Black Cod) industry is a good example of what can take place in a fully Americanized fishery.

Thank-you for your time and consideration of this issue.

Sincerely,

A handwritten signature in cursive script that reads "Chuck Kekoni".

Chuck Kekoni
Director



AGENDA C-11(a)
SUPPLEMENTAL
DECEMBER 1987

ACTION	RCU	
	Exec.	
	Deputy Dir.	
	Asst. Dir.	
	Exec. Sec.	Polar Mist
	Staff Asst.	Mary Ellen
	Staff Asst.	Alaska Mist
	Staff Asst.	Arctic Mist
	Staff Asst.	
		November 27, 1987
	Sec. / Typist	

Gulf Mist Inc.

4241 21st Ave. W. #400
Seattle, Wa. 98109
(206)284-6535
Fax 283-4509

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

Dear Sirs,

At the NPFMC meetings to begin on Dec. 6, 1987, the very critical issue of DAP, JAV, and TALFF allocations for 1988 is one of the major agenda items. As a wholly American owned and operated company harvesting and processing in the Bering Sea and Aluetian Islands we are extremely concerned about possible TALFF allocations of Pacific cod for 1988.

Our company owns and will operate 4 longline catcher/processors in 1988 and these vessels represent a tremendous AMERICAN investment in the Pacific cod fishery. We anticipate that these vessels will harvest between 2,500 and 4,000 mt. tons of Pacific cod in 1988.

Our company faces the same dilemma as much of the rest of the longline and trawl fleet. The Japanese import quota system is having a devastating effect on our operations at this very moment with market prices crashing at a time of increasing Yen value and steady Japanese demand. The Japanese import quotas are effectively used up for the remainder of the year. The North Pacific Japanese Longline fleet is now delivering AMERICAN waters caught Pacific cod to meet Japanese needs till year end. At that time the Japanese fully expect to receive new TALFF allocations of Pacific cod.

The Magnuson act charges the Council to manage the North Pacific to fully AMERICANIZE the harvesting and processing sector. Our harvesting sector has developed the harvesting capacity to fully utilize the Pacific cod resource. Our catch 22 in 1988 is to fully eliminate directed foreign fishery so that prices will rise to a level at which our fleet can afford to harvest the resource.

The AMERICAN fishing and processing sectors stand at the same crossroads we did in 1983 with Sablefish. Eliminate TALFF allocations, allow the market to settle naturally, and our current harvesting capacity will surely utilize the resource.

Sincerely,

John Coyne

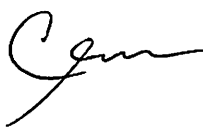
John Boggs

Rick Hastings

John R. Boggs
Rick Hastings

Since Mid September our Company Boats have directed their efforts to 100% Pacific Cod Catch. These boats are currently delivering 75 tons per week of Headed, Gutted, Frozen Pacific Cod. With two Larger vessels due in Alaska in January our harvesting capacity will be approximately 15,000 tons. Should the TALFF on Pacific Cod be 0 as we are requesting, our vessels would target Pacific Cod for most of 1988 and harvest in excess of 10,000 tons.

M E M O R A N D U M

TO: Council, SSC, and AP Members
FROM: Jim H. Branson
Executive Director 
DATE: December 4, 1987
SUBJECT: Foreign Vessel Permit Applications

ACTION REQUIRED

Approve foreign permits for 1988.

BACKGROUND

The Council has received 504 permit applications from six countries as follows:

	<u>Japan</u>	<u>Korea</u>	<u>USSR</u>	<u>PRC</u>	<u>Poland</u>	<u>Iceland</u>
Trawlers/Factory	151	31	28	5	41	--
Longlines	23	--	--	-	--	--
Support	158	18	17	-	20	--
Pots	<u>11</u>	<u>--</u>	<u>--</u>	<u>-</u>	<u>--</u>	<u>1</u>
Total	343	49	45	5	61	1

Under the Council's current review policy, the Executive Director may approve permit applications that do not involve (1) serious violators, (2) joint ventures, (3) new countries, or (4) unusual operations. Vessel applications falling in these four categories are discussed below.

Serious Violators. Item C-11(b)(1) lists 8 foreign vessels (plus 19 catchers associated with the NIKKO MARU) which are defined as serious violators by the Council's permit review policy because they have:

- (1) A final civil penalty or assessed civil penalty of \$10,000 or more in 1987;
- (2) two or more civil penalties paid or assessed totaling \$10,000 or more in 1986-87; and/or
- (3) been seized in the past five permit years.

No vessels had a serious violation in 1987. Item C-7(b)(2) is a Coast Guard comment on the Soviet vessel OSTROV SCHMIDTA, which has applied for a permit for 1988.

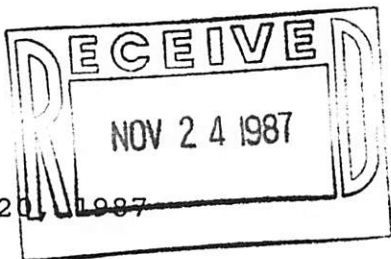
Joint Ventures. Foreign vessels participating in joint ventures are named in the joint venture requests.

New Countries. Iceland is requesting to operate in a Pacific cod joint venture with Kris Poulsen and Associates. Their application is under item C-10.

Unusual Operations. There are no applications for unusual gear types or operating methods.



AGENDA C-11(b)(1)
 UNITED STATES DEPARTMENT OF COMMERCE
 National Oceanic and Atmospheric Administration
 National Marine Fisheries Service
 P.O. Box 21668
 Juneau, Alaska 99802-1668



November 20, 1987

ACTION	ROUTE TO	INITIAL
	Exec. Dir.	
	Deputy Dir.	
	Asst. Dir.	
	Adm. Serv.	
	Ext. Aff.	
	Finance	
	Gen. Inv.	
	Ident. & Rec.	
	Inspection	
	Int. Aff.	
	Legal Coun.	
	Plan. & Eval.	
	Spec. Inv.	
	Training	
	Off. of Cong. & Public Affairs	

Mr. Jim H. Branson
 Executive Director
 North Pacific Fishery Management Council
 P.O. Box 103136
 Anchorage, AK 99510

Dear Jim,

Enclosed is a summary of foreign violations prepared for your use during the foreign permit review process this December. In accordance with the guidelines, these cases include:


Any case with a civil penalty of \$10,000 or more paid or assessed during the previous permit year (since 1/1/87).

Any vessel that has two or more cases with civil penalties totalling \$10,000 or more paid or assessed during the two previous permit years (since 1/1/86).
 There are no cases in this category this year.

All seizures in the past five permit years (since 1/1/83).
 Repeat seizures by these vessels have also been listed.

Please let us know if you have any questions.

Sincerely,


 J. Craig Hammond
 Special Agent in Charge

Enclosure (2 copies)



1987 cases with assessed penalty of \$10,000
or more, or penalty paid \$10,000 or more:

Case
Number(s)

DAIEI MARU NO. 2 (JA-85-0544, JENE)

AK850315

Date of violation: May 16, 1985

Violation: Observers reported vessel discard of trawl web
into EEZ. No notice was received from vessel to
indicate accidental or emergency conditions existed.

Settled June 30, 1987 for \$17,500.

Vessels seized within the last 5 permit years Case
(since 1/1/83) and vessels with repeat seizures: Number(s)

GOLDEN DRAGON NO. 1 (TW-85-0004, BVHY)

AK800011/AK850270

Seized February 1980

Violation: Underlogging catch by 20 percent.
Settled May 1980 for \$40,000.

Seized October 1985

Violation: Retention of prohibited species
(halibut & sablefish).

Settled October 1985 for \$85,000.

HIYO MARU (JA-85-2025, JBRU)

AK830053

Seized March 1983.

Violation: Underlogging/mislogging of cargo transfer log
(sablefish).

Settled April 1983 for \$200,000.

KIYO MARU NO. 55 (JA-85-0602, JKRL)

AK830258

Seized October 1983

Violation: Mislogging catch; underlogging sablefish and other species, while overlogging Pacific cod and turbot.

Settled December 1984 for \$200,000.

NIKKO MARU (JA-83-1077, JGAL)

AK830283

Seized November 1983.

Violation: Twenty catcher vessels owned or controlled by Nichiro Gyogyo Kaisha, Ltd. underlogged fish caught and transferred to cargo vessel NIKKO MARU in 1982 and 1983. Documents indicated underlogging by almost 50 percent.

Settled in January 1985 for \$2,000,000 and permit sanctions totalling 20 vessel-years against the NIKKO MARU and catcher vessels. Following are scheduled permit sanctions that remain in effect.

AKEBONO MARU NO. 11	1/1/85 - 12/31/87
AKEBONO MARU NO. 17	1/1/85 - 12/31/87
AKEBONO MARU NO. 21	1/1/85 - 12/31/87
SEKISHU MARU	1/1/85 - 12/31/87
SHIZUOKA MARU	1/1/85 - 12/31/87

The following catcher vessels may be substituted in fulfilling the total 20 vessel-years:

AKEBONO MARU NO. 1
AKEBONO MARU NO. 15
AKEBONO MARU NO. 18
AKEBONO MARU NO. 2
AKEBONO MARU NO. 22
AKEBONO MARU NO. 27
AKEBONO MARU NO. 32
AKEBONO MARU NO. 72
DAIAN MARU NO. 188
KAIYO MARU NO. 11
KAIYO MARU NO. 12
SHINNICHI MARU NO. 38
SHUNYO MARU NO. 188
ZUIHO MARU NO. 28

TOMI MARU NO. 83 (JA-85-1170, 7KWC)

AK830052

Seized March 1983.

Violation: Underlogging sablefish and cargo transfer log.
Settled November 1983 for \$350,000.

YURYO MARU NO. 31 (JA-85-0466, JCQK)

AK8300090

Seized May 1983.

Violation: Underlogging Pacific cod by 25 percent.
Settled July 1985 for \$60,000 and 18-month permit sanction.

SHIN YANG HO (KS-86-0122, DTBC)

AK860280

Seized November 1986.

Violation: Master physically assaulted an NMFS observer,
tampered with the observer's equipment and records,
sexually harassed observer, and failed to allow
observer to use communications equipment.
Settlement pending.

CLINTON E. ATKINSON

Fisheries Consultant and Advisor

8000 CREST DRIVE NORTHEAST
 SEATTLE, WASHINGTON 98115
 TELEPHONE - (206) 524-4242
 TELEX - (TWX) 910 444 2108

December 1, 1987

Mr. Paul MacGregor
 4200 First Interstate Bank Building
 Seattle, Washington 98104

Dear Mr. MacGregor:

In my letter of August 27th, I reviewed recent trends in the consumer wholesale prices for frozen cod in Japan, using as a base, records from the Tokyo Central Wholesale Market (Tsukiji). I have just completed a further review of the wholesale prices for frozen cod in Japan, adding three or four months of data which are now available and comparing the trends observed for Tokyo prices with those of the six largest consumer wholesale markets in Japan (i.e., Tokyo, Yokohama, Nagoya, Osaka, Kyoto and Kobe).

As pointed out previously, the consumer wholesale prices follow a seasonal pattern with the lowest prices occurring during the summer months when the demand for cod is generally low, and increasing again in September to set the price pattern for the next nine months. For reference, the following table compares the the previous information given for the Tokyo wholesale market prices with those from the six largest wholesale markets.

Cod Market Year (Sept-May)	6 Large Markets Volume (mt)	Price (yen/kg)	Tokyo Market Volume (mt)	Price (yen/kg)
1983/84	8,347	387	2,242	412
1984/85	8,072	550	2,500	420
1985/86	6,932	488	2,238	399
1986/87	6,896	499	2,228	442

Although the years differ, there is no detectable relation between volume and price. For the 6 largest markets, the two years of highest volume also gave the highest and lowest price for frozen cod (1983/84 and 1984/85). For the Tokyo market, the two years of lowest volume gave the highest and lowest price (1985/86 and 1986/87).

Some question has been raised regarding the use of the 9 month "cod market year" as opposed to the full year, September thru August of the following year. Accordingly, the volumes and prices for the two sets of data for the full year are compared in the following table:

Cod Market Year (Sept-August)	6 Large Markets Volume (mt)	6 Large Markets Price (yen/kg)	Tokyo Market Volume (mt)	Tokyo Market Price (yen/kg)
1983/84	10,398	386	2,663	410
1984/85	9,450	537	2,905	413
1985/86	8,223	489	2,671	398
1986/87	9,102	503	3,073	435

Again there is no detectable relation between volume and price.

I also have compared the increase in the average wholesale prices for frozen cod for the six large markets and the Tokyo market during the eight month period, January thru August, as shown below:

Year	6 Large Markets Yen/kg	6 Large Markets US\$/lb	Tokyo Market Yen/kg	Tokyo Market US\$/lb
1984	369	0.72	407	0.79
1985	599	1.01	386	0.70
1986	494	1.32	404	1.05
1987	500	1.52	404	1.23

Although the yen/kg prices for these four years do not show a regular increase from year to year, they do show an overall increase for the four year period: About eight percent per year for the six large markets and 2 percent per year for the Tokyo wholesale market (the same as given in my letter of August 27th).

- 3 -

However, when these values are converted to US dollars per pound, there is a very significant rate of increase over the four year period of time: An average of about 27 percent per year for the six large markets and about 16 percent per year for the Tokyo wholesale market prices.

Sincerely yours,



Clinton E. Atkinson

MCGREGOR.D03

CLINTON E. ATKINSON*Fisheries Consultant and Advisor*

8000 CREST DRIVE NORTHEAST
SEATTLE, WASHINGTON 98115
TELEPHONE • (206) 524-4242
TELEX • (TWX) 910 444 2108

December 2, 1987

Mr. Paul MacGregor
4200 First Interstate Bank Building
Seattle, Washington 98104

Dear Mr. MacGregor:

I am enclosing two tables which I had available from previous studies that show (1) the landings and price for frozen cod at four ports (Kushiro, Ishinomaki, Shiogama and Hachinoe, and (2) the total landings and prices for a sample of 67 ports (1980-1982) and 51 ports (1983-1987).

The detailed landings for the individual ports are only given in the comprehensive statistical yearbooks published by the Fishery Agency and usually 2 or 3 years old. However, you will note that the four ports accounted for almost all of the landings of frozen cod in 1983 and 1984, and thus there is little question but that the total landings and prices given in Table 4b are very close to the actual price paid at the four ports.

In Table 4b, I have added the most recent data that we have here, that is through October 1987, with an average price of 326 yen/kg. For comparison, I have also calculated the average price for January thru October 1986 (279 yen/kg). Converted to dollars/pound, the prices are US\$0.74/lb (1986) and US\$1.03/lb (1987).

Sincerely yours,


CLINTON E. ATKINSON

MACGREGR.D02

Table 4b. Japanese Landings and Prices for Frozen Cod, 1980-1986*.

Mth**	1980	1981	1982	1983	1984	1985	1986	1987
jan	681 227	2184 203	2843 255	2813 279	4199 307	4489 319	6191 292	3106 315
feb	1480 234	1979 222	2264 254	1444 280	1419 290	789 265		500 305
mar	3867 202	3013 190	2799 215	2239 251	4383 337	5159 262	3100 278	4921 332
apr	2660 199	4226 184	3935 234	4971 251	1488 354	2402 288	4443 257	1707 319
may	1449 201	1483 219	716 263	1861 231	1161 314	1037 294	301 213	1316 317
jun	2587 179	3227 226	1636 276	1481 243	1399 357	1780 299	1295 298	0 0
jul	3409 208	2140 244	1580 316	2635 268	1369 369	93 288	0 0	9 284
aug	2808 223	2080 259	2156 307	1071 274	551 344	743 348	180 327	259 340
sep	1940 235	2116 324	1830 307	224 248	529 375	599 306	685 295	271 348
oct	3266 237	2785 297	2139 358	1452 261	1779 373	287 296	310 359	473 380
nov	4527 222	4190 295	3144 328	1492 288	2801 381	620 288	697 358	
dec	8386 215	5317 267	5484 287	2025 284	2476 348	2959 309	3354 426	
tot	37060	34740	30526	23708	23554	20957	20556	12562
av	213	245	279	263	342	294	307	326
January thru October average price							281	326

* Based on samples of 85 major ports in 1971, 65 ports in 1972, 67 ports from 1973 to 1982, and 51 ports from 1983 to the present.

** Upper numbers quantity in mt; lower numbers price in yen/kg.

Sources: Suisanbutsu ryutsu tokei nenpo (Fishery distribution statistical yearbook). Norinsuisansho Tokei Jihobu (Ministry of Agriculture, Forestry and Fisheries, Statistics and Information Department, Tokyo. various years and pages. (in Japanese).

Monthly Statistics of Agriculture, Forestry and Fisheries. Ministry of Agriculture, Forestry and Fisheries, Statistics and Information Department, Tokyo. 1985 and 1986 (in Japanese and English).

Table 1. Comparison of the Quantity and Price of Frozen Cod at Ishinomaki, Shiogamma, Kushiro and Hachinoe with the Total Landed, 1980-1984.*

Port of Landing	1980	1981	1982	1983	1984
Kushiro	7611	8809	8508	7575	8305
Ishinomaki	8315	4940	5140	4277	3038
Shiogamma	13606	14152	11591	10732	10973
Hachinoe	977	722	675	517	936
Sub-total	30509	28623	25914	23101	23252
Total, all ports	37060	34740	30527	23707	23554
Percent, all ports	82	82	85	97	99

* Upper number quantity in mt; lower number price in yen/kg.

Jacodptz.pla

EXCHANGE RATE 135 YEN/DOLLAR
 11/23/87 WML ST. REPORT TUES. FOR MON.
 ORIGINAL

DATE: NOV. 24, 1987

TO: DEEP SEA FISHERIES, INC

ATTN: MRS. LINDA MCGOWAN

GOOD MORNING AND THANKS FOR YOUR FAX.
 2 GREY COD:

TODAY, THERE WAS AN AUCTION AS FOLLOWS.

FISH WAS CAUGHT BY JAPANESE TRAWL BOAT.

4-6 FISH PER 16-18kg. (35-40) 5-7# FISH

THEY TRIED TO SELL 2,000 g/s.

300 g/s WAS SOLD AT 296 YEN/kg, (.63¢/lb)

BUT REST OF ALL COULD NOT BE

SOLD.

7-8 FISH PER 16-18kg. (35-40#) 4-5# 5

314 ~ 310 YEN/kg. (.68-.67)

9-10 : 300 YEN/kg. (.64¢ (4#-5#))

11-15 : 200 g/s — 290 YEN/kg (.615¢ (3-4#))

1,800 g/s — COULD NOT BE SOLD.

16-20 : COULD NOT BE SOLD. (2#-3#)

ALSO, NICHIREI IS NOW TRYING TO SELL

THEIR LONGLINE CAUGHT LOT. FISH.

IT IS SAID THAT NICHIREI IS GETTING

BETWEEN 280 ~ 300 YEN/kg. .58 .64

MARKET PRICE IS WEAK HERE.

FOR NEAR FUTURE, WE GUESS MARKET

PRICE WILL GO UP BECAUSE OF

LOTS HARVEST BY JAPANESE BOAT.

Statement at the Council meeting

December 8, 1987

My name is Kazuo Shima, Councillor of the Japanese Fisheries Agency. First of all, let me express my gratitude for being given this opportunity to make an statement on behalf of the Fisheries Agency of the government of Japan as well as the Japanese fishing industry.

Over ten years have passed since the implementation of the Magnuson Fishery Conservation and Management Act. I can not conceal my surprise at the speed at which Japanese fisheries operations in the U.S. 200 mile zone were reduced so drastically for this period.

The Council meeting last Decembêr was an extremely gloomy one for the Japanese delegation considering the grim prospect of a directed allocation for Japan. It is a fact that we are even more depressed this year when we think about the possibility of TALFF which will be allocated at this Council meeting.

Looking back at the histry of the Japanese industry's cooperation to the U.S. fishing industry, we are confident of the immense contributions made toward the development of U.S. fisheries over a long period of time, and feel certain that it has been properly appreciated by the U.S. industry.

This year, Japan not only significantly improved Import Quota system but also made 687,364 mt of over-the-side purchases of pollock and 59,830 mt of species other than pollock despite the severe limitations placed by the common pool system of Joint Venture. The total of 747,000 mt is 30% larger than the 577,000 mt purchased in 1986. As for surimi, we have already purchased 60,000 mt this year and expect total purchases for the year to reach 65,000 mt.

The small and medium scale fishermen of Japan have also given technical assistance to several areas such as Nelson Island, dispatching fishery experts and investing in local fisheries among others to promote the development of fisheries in the North Pacific.

The Japanese industry will implement such cooperations with the objective of obtaining direct allocations.

As for actual figures, Japan would like to request an allocation of 160,000 mt for small and medium fishing companies. I would particularly like to request the support of the Council for 50,000 mt of Pacific cod from this amount for the Japanese longliners.

I would also like to indicate that the materialization of an initial allocation to Japan at the beginning of the year will greatly contribute to the continuation and enhancement of the Japanese cooperation toward the United States.

I have heard that the total application of DAP is approximately 1 million mt and that of joint venture is 2 million mt, which greatly exceeds the present 2 million upper limit of OY. If the limit remains at 2 million mt, there is no prospect of allocating any amount of TALFF, not to speak of any amount of allocation to Japan.

However, we hope the Council will examine past performances and availability of respective species and calculate more realistic figure of DAP and JVP so that unutilized DAP or JVP amount may not be wasted at the later stage. I understand the increase of OY is being discussed this year. We hope the Council will concur with the idea of increasing the upper limit of OY, which is identified by the U.S. scientists. The catch amount of pollock in the East Bering Sea in recent years is on the level of 1 to 1.2 million mt. But in the far east seas near the USSR and Japan on the other side of the Bering and North Pacific Ocean the catch amount has reached four times to 4.6 to 4.7 million mt. In this respect, 1.2 million mt upper limit of OY of pollock in the East Bering Sea is very conservative. It is hard to believe, that there is a four-fold disparity in terms of size of the waters and marine environment.

This council has adapted very conservative management way and it was successful. Therefore, the time has come to make experiment to increase OY on the basis of scientific advice. The U.S. scientists say that total ABC is 2.8 million mt. I think even if total OY is set at a level in the proximity of this ABC, it may not cause any problem.

Secondly, as for the International water fishery, Japan is planning a 3-year scientific study in the Aleutian Basin including the international water of the Bering Sea. Under this plan, we are scheduled to implement a joint research with the United States, accepting the U.S. scientists on board Japanese research vessels. Japan has already committed to make efforts to establish an international organization under Article IV of the INPFC Convention. At this year's INPFC annual meeting,

Japan proposed to hold an international meeting in preparation for the Article IV organization in Tokyo next February. Canada is in favor of the Japanese proposal, but the United States, waiting for the response from the U.S.S.R., has not made an official response.

The international waters of the Bering Sea is the most important fishing ground which remain last for Japan since our exclusion from the U.S. zone. Japan strongly wishes to cooperate with the related countries so that resources in the area can be maintained in a healthy condition and so that fisheries in the area will continue.

Therefore, we would like to request that the Council also appeal to the U.S. government to participate in this meeting proposed by Japan.

Thank you very much for your kind attention.



Alaska State Legislature

John Jarnewohl
KCB Fisheries

Official Business

December 7, 1987

Pouch V
State Capitol
Juneau, Alaska 99811

James O. Campbell, Chairman
North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, Alaska 99510

Dear Mr. Campbell,

The outcome of the North Pacific Fishery Management Council's deliberations on foreign allocations of bottomfish at the December meeting will have a significant impact on the residents and local economies of Bristol Bay, Norton Sound, and Nelson Island.

Because these allocations will result in direct economic benefits for over 1800 families in the Bristol Bay, Norton Sound, and Nelson Island regions, we urge the Council to take action that will allow the fishermen from these regions to continue their business relationships and fisheries development projects with the (Japanese) North Pacific Longline Association.

The Alaska fishing groups involved have begun implementing specific plans for the total Americanization of their joint venture operations, and will continue this effort in the future. However, this process cannot be realized without the continued cooperation and involvement of the Japanese longliners.

Without these allocations the local economies of many Bristol Bay, Norton Sound, and Nelson Island communities will be adversely impacted. For this reason we respectfully request that the Council give its utmost consideration to our concerns.

Sincerely,

Adelheid Herrmann

Adelheid Herrmann
Representative
District 26

Fred Zharoff

Fred Zharoff
Senator
District N

Kay Wallis

Kay Wallis
Representative
District 24

John Binkley

John Binkley
Senator
District M

Mr. Campbell
December, 1987
PAGE TWO

Al Adams
Al Adams
Representative
District 22

Henry Springer
Henry Springer
Representative
District 23

Willie Hensley
William Hensley
Senator
District L

Lyman Hoffman
Lyman Hoffman
Representative
District 25

BRISTOL BAY HERRING MARKETING COOPERATIVE
P. O. BOX 10042
DILLINGHAM, ALASKA 99576

December 8, 1987

James O. Campbell, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510

RE: Pacific Cod Allocations, Bering
Sea, Aleutian Islands, North
Pacific Longline Association

Dear Mr. Campbell:

We realize that the North Pacific Fisheries Management Council will be considering Pacific cod bottomfish allocations for the Bering Sea and the Aleutian Islands at its December Council meeting. We are concerned that insufficient Pacific cod allocations made to the North Pacific Longline Association (NPL) can result in a substantial set back for fisheries development and marketing opportunities for Western Alaska fishermen. For the past years and since 1980, the Longliners have taken an active role with the fishermen in the Bristol Bay Herring Marketing Coop. (BBHMC). The BBHMC represents 200 fishing vessels and with their crew members represent 550 families in the Bristol Bay area. These fishermen have received direct cash payments in excess of \$10 million since the beginning of the joint venture. These monies have been paid directly into the economies of the villages in Western Alaska. Without the NPL's assistance, the local gillnet fishermen never would have developed a market for their herring. With the assistance of the NPL, the local gillnet fishermen have developed a market and have embarked on an ambitious Americanization project utilizing U.S. processors. In 1987, a U.S. processor was brought on line to custom process a portion of our herring. In 1988, an additional U.S. processor will contract with the herring coop. to process 50% of the herring production.

James O. Campbell, Chairman
December 8, 1987
Page 2

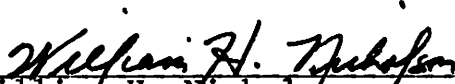
Besides the direct cash benefits to our fishermen and the assistance in marketing, the NPL has provided valuable technical assistance and research support in developing alternative fisheries. The Bristol Bay region and most of the villages are faced with a high cost of living and high unemployment rates. It is vitally important that the Longliners receive an allocation of surplus cod so that they can continue to pursue their projects with Western Alaska fishermen. Consideration in this matter is greatly appreciated.

Sincerely,

Bristol Bay Herring Marketing Coop.

Alaska Herring Corporation

By



William H. Nicholson,
President

By



Joe McGill,
President

BZ

KEG FISHERIES COOPERATIVE
P. O. BOX 046
ELIM, ALASKA 99739

December 8, 1987

James O. Campbell, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510

RE: Pacific Cod Allocations, Bering
Sea, Aleutian Islands, North
Pacific Longline Association

Dear Mr. Campbell:

I am writing to you on behalf of the fishermen in the villages of Koyuk, Elim and Golovin in Norton Sound. The North Pacific Fisheries Council will be considering bottom fish allocations for the Bering Sea and Aleutian Islands at its December council meeting. KEG is concerned that insufficient Pacific cod allocations to the North Pacific Longline Association (NPL) could result in a substantial set back for fisheries development in Norton Sound and other areas of Western Alaska.


For the past several years, the Longliners have engaged in a joint venture which is vitally important for our local fishermen. To date, they have paid approximately \$1 million to our fishermen, which money has been directly paid into the village economies. The NPL has provided the only market that our fishermen have for their salmon. Without the NPL, we will lack the primary source for any cash economy for our villages. Our joint venture with the NPL benefits 72 boats and 140 families in our villages.

In addition to providing direct cash benefits to our villages and fishermen, the NPL has provided technical assistance to our fishermen to improve their fishing techniques. The NPL has trained local people in the processing of our catches. The continued involvement of the NPL will assist our fishermen in making greater strides towards developing our local economies.

James O. Campbell, Chairman
December 8, 1987
Page 2

Our area is faced with high unemployment rates, a high cost of living, and is an economically stressed area. Only through the continued assistance of the NPL will the fishermen be able to market their fish and generate the income which is so necessary for our local economy.

Sincerely,


John Jenewouk, President
KEG Fisheries Coop.

JJ:bz

December 8, 1987

Mr. James O. Campbell
North Pacific Fishery Management Council
Post Office Box 103136
411 West Fourth Avenue, Suite 2D
Anchorage, Alaska 99510

Re: Cod Allocations to Japanese Longline
Association

Dear Mr. Campbell:

I am the President of the Atka Island Fishermen's Association. I represent the fishermen and villages of Atka Island, Alaska. The purpose of this letter is to request Council support for continuing allocations of cod to the Japanese Longline Association in the Bering Sea.

For the past several years, we have been working with representatives of the Japanese longliners to help assist our fishermen in developing a groundfish fishery in and around Atka Island. In 1986, we received assurances from the NPL that they would provide markets to us for any groundfish products that our fishermen were able to produce. In 1987, the NPL conducted test fishing experiments and resource assessment surveys in and around the Island in order to help us identify species of potential commercial value. In 1988, we will be working with the NPL to develop fishing vessels and fish processing techniques specifically designed for use by our fishermen. In that regard, the NPL has promised to provide us with financial assistance in the form of loan guarantees so that we can acquire those vessels, technical assistance in the design and specification of the vessels and gear to be acquired, marketing assistance in developing product forms and marketing channels in Japan, and such other assistance as we may need in connection with the development of a local groundfish fishery in our area.

It is in exchange for that project that we have committed our support to the NPL for their ongoing directed fishery in the Bering Sea. Allocations to the NPL vessels in the Bering Sea make it possible for them to support fishery development projects such as ours in Atka. We believe these

Mr. James O. Campbell
December 8, 1987
Page 2

development projects to be very important opportunities for our fishermen to develop a broader economic base in the rural communities of western Alaska. We very much appreciate the contributions which the NPL has been making. We hope you will take these contributions into account in making your allocation decisions for 1988.

Sincerely yours,


Mark Snigaroff

8194J

December 2, 1987

Mr. James O. Campbell, Chairman
North Pacific Fishery Management Council
411 West Fourth Avenue, Suite 2D
Post Office Box 103136
Anchorage, Alaska 99510

Re: 1988 Allocations to the North Pacific
Longline Association of Japan

Dear Mr. Campbell:

We are the presidents of Kokechik Fishermen's Association and Qaluyaat Fishermen's Association. Our members are fishermen from villages in and around Nelson and Nunivak Islands in western Alaska. We are writing to support continued allocations of Bering Sea codfish to the Japanese longliners.

Starting in 1986, and with the aid of the Japanese longliners, fishermen from our two associations began an effort to develop a groundfish fishery in our area. Our hope was to develop alternative fisheries for our fishermen and a source of income for our villages. These villages are quite remote and have few economic opportunities available to them. Fishing is the best chance we have of developing economic independence. This is especially important in view of reduced federal and state funding for local programs.

During 1987, the Japanese Longline Association provided funding (\$60,000 loan) for the purchase of gear for our local fishermen and then sent four fishing/processing experts to work with our fishermen and villagers during the summer of 1987. With the longliners' help, we conducted a preliminary resource assessment, experimented with various types of gear arrangements and fishing techniques to find out which ones worked best in the strong tides and currents in our area, and held processing workshops to study the types of products we could

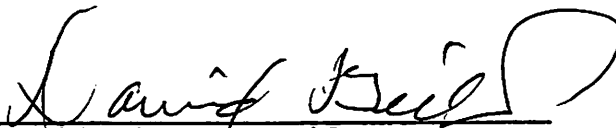
Mr. James O. Campbell
December 4, 1987
Page 2

produce from fish caught by our fishermen. We are planning to expand this project in 1988 in the hope of establishing a local groundfish fishery for our fishermen. The longliners' assistance is a critical element of our plan.

We hope that you and the other Council members will keep the longliners' assistance to our fishermen in mind when making your allocation decisions for next year. It is those allocations which make their continued assistance to our fishermen possible.

Thank you very much.

Sincerely yours,



David Bill, President
Kokechik Fishermen's Association

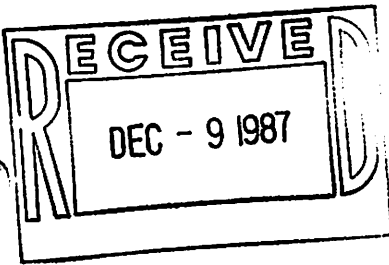


Joe Paniyak, President
Qaluyaak Fishermen's Association

cc: Congressman Don Young
Senator Ted Stevens
Senator Frank Murkowski
Governor Cowper

7940J (2nd version)

DECEMBER 1987



ASSOCIATION OF ALASKA HALIBUT FISHERMEN
P.O. BOX 771370
EAGLE RIVER, ALASKA 99577
(907) 688-5475

November 30, 1987

North Pacific Fishery Mgt. Council
P.O. Box 103136
Anchorage, AK 99802

Dear James Campbell

The Association of Alaska Halibut Fishermen would like to comment on the 1988 allocation of pacific grey cod TALFF to foreign fishing fleets, which will be addressed at your December 1987 meeting in Anchorage, Alaska.

We feel the American fleet has the capability to harvest the total quota of pacific grey cod in the Gulf of Alaska and the Bering Sea during the upcoming 1988 season. We are convinced the elimination of all directed foreign fishing of pacific grey cod inside the 200 mile limit would cause the market price to rise to a level where it would be profitable for the American fishermen to harvest the total 1988 quota.

The Sable fish (Black Cod) industry is a good example of what can take place in a fully Americanized fishery.

Thank-you for your time and consideration of this issue.

Sincerely,

Chuck Kekoni
Director

AGENDA C-11(a)
December 8, 1987
Alascom Telegram
4:45 p.m.

TO: James Campbell
FROM: New Stuyahok

As Mayor of Stuyahok we are supporting the Japanese Longline Association for 50,000 mt of Pacific cod for 1988 season. This alloeaion is very important to the gilnet fishermen in Bristol Bay for the 1988 joint venture in Togiak

Wassilie Gumlicpuk
Mayor of Stuyahok

AGENDA C-11(a)
December 8, 1987
Alascom Telegram
5:05 p.m.

TO: James Campbell
FROM: Monokotak

As Mayor of Monokotak we are supporting the Japanese Longline Association for 50,000 mt of Pacific cod for 1988 season. This allocation is very important to the gilnet fishermen in Bristol Bay for the 1988 joint venture in Togiak

Moses Toyukak Sr.
Mayor Monokotak

AGENDA C-11(a)
Supplemental
December 8, 1987
Alascom Telegram
#1429
2:00 p.m.

TO: James O. Campbell
FROM: Bristol Bay Burrough Assembly

Bristol Bay Burrough Assembly supports the Japanese longline for 50,000 mt cod to allow for their purchase of herring in Togiak area.

AGENDA C-11(a)
December 9, 1987
Alascom Telegram
9:10 a.m.

TO: James Campbell

FROM: Ekwok

As Mayor of Ekwok I am supporting the Japanese Longline Association request for 50,000 mt of Pacific cod for 1988 season. This allocation is very important to the Bristol Bay gillnet fishermen in Bristol Bay for the 1988 joint venture operations in Togiak

Honorable Mayor
Leroy Wallona

KOREA DEEP SEA FISHERIES ASSOCIATION

#10-1, 2GA, HOIHYUN-DONG
SEOUL, KOREA

C. P. O. BOX 2710
TELEX: KODESE K27538
CABLE ADD: "KOPELAGIC"
SEOUL
TEL: 779-0531 ~5

REF NO: _____

DATE: _____

Statement of the Korean Fisheries Mission
Visiting the United States
in November-December, 1987
Admiral K. H. Oh ROKN, Retired
President of the Association

November 23, 1987

BACKGROUND

1. Administrator Y. S. Kang of the Korean National Fisheries Administration, joined by Director General S. H. Ha of the Fisheries Promotion Bureau of the Administration, will lead the Mission's opening discussions in Washington beginning the week of November 23, 1987. Admiral Oh, with Deputy Director M. S. Park of the Trawl Department of the Association, will join in these meetings and then visit Surinam. Admiral Oh will return to the United States in early December to lead the Korean Delegation to the December Meeting of the North Pacific Fishery Management Council in Anchorage. President H. W. Choi of Daerim America, Inc. will join as a member of the Mission in Washington, DC.

REVIEW OF THE YEAR

2. The Korean Fleet had its best year yet in over-the-side "joint ventures" in the North Pacific. As of October 31, 1987, 444,504 mt of fish had been purchased from American harvesters, and projections call for a total of almost 460,000 mt. Payments to American fishermen will total upwards of \$65 mln. All of this activity took place within the context of full and complete cooperation, and we are not aware of any problems at all on the grounds in 1987. The minimal direct fisheries quotas given Korea this year are still being fished. There were some problems this year with unexpected compositions of bycatch in the trawls. There was at one point some confusion with the number of halibut we were permitted to take, but NMFS very kindly granted us some additional flexibility and we were able to continue. One of our companies had a successful experimental direct quota/joint venture fishery (2,500 mt/2,500 mt) for hake off of the Washington coast under the jurisdiction of the Pacific Council.

3. There was progress in 1987 in terms of Korean/American equity joint ventures. The Korea Marine Enterprise/Cal-Alaska group completed its purchase of the Uyak Bay facility from Whitney-Fidalgo in July of this year, and has been investing substantially in the renovation and expansion of the plant and in at least one fishing boat to serve it. Other Korean companies are joining in projects to construct or renovate catcher boats and trawler/processors. Korea Wonyang has an integrated buying, processing and marketing operation in cooperation with SeaAlaska and other investors and involving several firm names. Daerim is renovating an oil supply vessel into a trawler/processor with its American affiliate, Alaska Trawl Fisheries, Inc; the investment involved is about \$10 mln. The Oyang/Arctic Storm venture will renovate a 4,500 g/t military hull into a surimi processor. Dongwon and Taewoong are involved in ventures with American fishermen directed at catcher boat development. All of these projects are transferring to American partners, fishermen and plant workers at sea and ashore valuable fishing, processing and marketing technology and skills, including those involved in commercial surimi production.

4. The progress of Korean/American equity joint venture cooperation is, unfortunately, somewhat hampered by uncertainties as to the future of US legislation and policy in this area. A great number of highly protectionist and exclusionary measures are being discussed -- almost all of which contradict the letter and spirit of the arrangements set forth for mutual investment and trade in the Korea/US Treaty of Friendship, Commerce and Navigation. The Korean industry believes that its initiation of and forthright support for over-the-side "joint ventures" have been perhaps the major element in the development of the American zone fisheries over the past ten years. We are happy to contribute through "true" joint ventures to further progress, but some of the unwise legislation and policy now being discussed would severely restrict such efforts.

5. Korean imports of American fisheries products in 1987 are showing a very healthy rate of increase. As of the end of August, 1987, Korean imports had gone over \$53 mln. This is a 76% increase over the comparable first eight months of 1986. As the Korean Side has long argued, the Korean trade regime is administered very flexibly vis-a-vis American exports, and US exports of fisheries products this year have obviously been competitively priced and well-marketed. When over-the-side "joint venture" purchases are added into the total, it is clear that Korean imports of American fisheries products will top \$110 mln in 1987 by a good margin.

PLANNING FOR 1988

6. The Korean target for over-the-side purchases of fish from American harvesters in 1988 will be over 650,000 mt. The Korean industry supports the "olympic" method of dividing "JVP," and is happy to go along with the "split season" for 1988 ventures directed by the North Pacific Council. We would also be interested in continuing a quota/joint venture fishery for hake in the "WOC" area.

7. The Korean industry requests 100,000 mt of pollock and associated bycatch in the BSA in 1988 (76,800 mt of pollock). We understand that the "TAC" in the BSA is being re-evaluated with a view towards fuller utilization, and it is our belief that sufficient resources exist to make possible the scale of "joint venture" activity we propose together with a grant of more substantial directed fishing allocations. We request an allocation of 6,500 mt of hake and accompanying bycatch in the Pacific Council area to match ton-for-ton our proposed 1988 joint venture for hake.

8. In 1988, we anticipate that there will be further progress made with respect to cooperation on several issues concerning the international waters of the North Pacific. An exchange of notes concerning data relative to the international waters of the Bering Sea (the "doughnut" area) could be completed by the two Governments within the near future. The Embassy of Korea has informed the Department of State that the Korean statistical year coincides with the calendar year, and that yearly data on Korean catches in this area should be available in May of each following year. The Government of the Republic of Korea awaits a US response on this point.

9. It should also be possible in the new year to arrive at some agreement between Korea and the US on the issues related to the high seas driftnet fishery and the avoidance of salmon interception and damage to the environment. The Korean industry is anxious to do everything possible to assist the American Side with conservation of its salmon resource. But this positive step should not be accomplished at the cost of disrupting the Korean flying squid fishery. There remain two major problems in the two

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November 23, 1987
Page four.

Governments' discussions on this topic: (1) the US request for some form of enforcement authority with regard to the agreement on the high seas outside its own Fisheries Zone; and (2) the area and temperature closures suggested by the US Side. There is no change in the Korean position on the matter of enforcement, and the Ministry of Foreign Affairs of the Government of the Republic of Korea continues to study the issue. In the opinion of the Korean Side, scientific evidence should be the basis of any closures. During the same week as the Mission's visit to Washington, Korean scientists are meeting with their American counterparts in their annual "Resource Assessment" sessions in Seattle. One subject of this year's Meeting will be the salmon/driftnet fishery relationship. We are hopeful that the diplomats, building on the solid basis of such scientific work, can work out mutually satisfactory solutions to the problems which have been identified in this fishery.

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AGENDA C-11
SUPPLEMENTAL

COMMENTS OF THE FISHERIES AGENCY OF THE GOVERNMENT OF JAPAN
ON THE
1988 FISHERY ALLOCATION TO JAPAN

Fisheries Agency of the Government of Japan hereby submits Comments on the 1988 fish allocation to Japan. We strongly request that the United States Government takes into due consideration of these comments coupled with the comments submitted separately by the Japanese fishing industry to the Permit Review Committee, North Pacific Fishery Management Council and make its best effort to make 1988 allocation to Japan as much as possible in a timely basis.

1. Cooperation through Over-the-side Purchase and other Activities

(1) Japan has been cooperating to the U.S. fisheries through over-the-side purchase of fish harvested by U.S. since 1981, the scale of which has been steadily expanding year after year from 11,446 tons in 1981 to more than 740,000 tons in 1987. The following table shows the purchase amount in 1986 and 1987.

	-----1986-----		-----1987-----		
	Purchased amount	No. of Vessels Participated	Target Amount (A)	As of Oct.17(B)	B/A %
Pollock JV	528,967 ^{MT}	48	812,500 ^{MT}	687,364 ^{MT}	84.6
Species other than pollock	48,445	46	67,500	59,830	88.6
Processed pollock products	11,109	-	100,000	43,800	43.8
U.S. harvest and processed bottomfish products	20,660	-	Commercial base - -		

In the Japan-U.S. Industry-to-Industry Meeting held last year, Japan agreed to purchase approximately 980,000 tons of groundfish. The progress in this commitment is as follows:

- a. The over-the-side purchase of 812,500 tons of pollock: As of November 30, 1987, 687,364 tons were already purchased.
- b. The over-the-side purchase of 67,500 tons of species other than pollock: As of November 30, 1987, 59,830 tons were already purchased.

Although the purchased amount of pollock is about 132,000 tons short of the agreed amount of the purchase, this is because the sum of the proposed amount of purchase by foreign nation exceeded the JVP in the U.S. waters and a olympic system for joint venture operations was adopted. In this situation, the Japanese fishing industry has made their best efforts to purchase about 747,000 tons, far more than the purchased amount of 577,000 tons in 1986.

c. The purchase of 100,000 tons of the U.S. harvested and processed pollock products: At the end of November 1987, 60,000 tons were already purchased. It is expected that approximately 65,200 tons will be purchased by the end of this year. In response to the strong request by the U.S. industry for construction of processing plant on the U.S. coastal areas, two Japanese companies each invested over US\$10 million at Dutch Harbor for constructing surimi plants beyond 1985. Agreement in order to achieve the purchase of the agreed amount. During the first half of 1987, the progress of the purchase had been slow because of the difficulties of securing the necessary number of U.S. fishing vessels. However, during the remaining half of the year, the purchase has been conducted quite satisfactorily. It is expected that the purchase in 1987 will reach about six times of the amount in 1986.

As described above, Japan has been endeavoring at her best to fulfill the agreement.

Although a Japan-U.S. industry-to-industry meeting was not held in 1987, as a result of a series of consultations between the Japanese and the U.S. fishing industries, the Japanese fishing industry will continue their cooperation for the development of the U.S. fisheries also in 1988 through over-the-side purchase of pollock and other species, purchase of U.S. harvested and processed products on a commercial basis, and other appropriate projects. The intention of the Japanese side has already been informed to the U.S. fishing industry.

(2) Other Purchase

Japanese longliners have provided fishing opportunities to 186 U.S. fishing vessels by purchasing 1,243 tons of herring at Togiak Bay in Alaska this year. Purchase of 187 tons of salmon was also made at Norton Sound in Alaska providing fishing opportunities to 75 U.S. fishing vessels. Although these purchases meant substantial deficit, these were made as an effort of contribution to the U.S. fisheries.

2. Transfer of technology for the development fisheries in the United States

(1) North Pacific Fisheries Cooperation

Port Lions/Ouzinkie The small/medium company group of the Japan Deep Sea Trawlers Association (SM-JDSTA) has recently initiated a bottom fish development project in the Port Lions/Ouzinkie area of Kodiak Island. Pacific cod, flatfish, rockfish and octopus are the target species for development. The project employs 16 small Alaskan catcher vessels, one U.S. processing vessel and 22 local Alaskans as staff personnel. Four Japanese supervisors are providing harvesting, processing and marketing assistance to the local residents engaged in the project. The total estimated cost of this project is \$1.6 million.

Alakanuk SM-JDSTA has also been engaged in a fisheries development project for the village of Alakanuk for the past two years. Prior to 1985 there was no industry in the village. In late 1985 the village decided to develop its own fishing industry and requested the assistance of SM-JDSTA to establish a new fishing company, secure its own processing vessel and develop its own harvesting, processing and marketing capabilities. SM-JDSTA has provided four technical supervisors to the village each year to assist the village residents in their development project. Since 1986 the village has enjoyed a boost in its economy by about \$1.3 million and 38 residents have been permanently employed each year. The village has requested the

continued assistance of SM-JDSTA for the next 3-4 years to fully utilize its processing facilities for area salmon and bottomfish resources. SM-JDSTA has agreed to do its best to continue the good relationship.

Atka Island During the summer of 1987, the North Pacific Longline Association (NPL) conducted a test fishery and resource assessment survey in conjunction with the residents of Atka Island on the Aleutian Chain. The purpose of the test fishery was to explore various types of fishing gear which might be utilized by Atka residents in fishing for groundfish and other species in and around Atka Island. A preliminary resource assessment survey was conducted at the same time. Negotiations are currently underway regarding the next stage of this fisheries development project.

Nelson Island During the spring and summer of 1987, the NPL sponsored a groundfish development project with the fishermen in and around Nelson Island and Nunivak Island in Western Alaska. The project consisted of three parts. Part one involved a long-term, no interest loan which the NPL provided to the local fishermen for the acquisition of longline fishing gear. Part two involved a series of fishing and processing workshops which three NPL-provided technicians conducted with the residents of local villages throughout the Nelson Island and Nunivak Island area during the course of the 1987 fishing season. The purpose of the fishing workshop was to assist local fishermen in developing longline fishing techniques suited for the current and tidal conditions found in the area, and to design gear configurations capable of dealing with those conditions. In addition, processing workshops were conducted with local residents for the purpose of demonstrating various types dried, salted and frozed products which could be produced from ground fish harvested in and around the area. Part three involved a resource assessment survey of the grounds and stocks in the area to confirm the availability of commercial quantities of groundfish. More than 100 fishermen participated in the project with even greater participation possible given a reliable market for locally produced fish.

Pribilof Island The National Federation of Medium Trawlers has continued its efforts in the Pribilof Island to assist in the development and promotion of the Pribilovian commercial fisheries. Japanese technicians have been sent to the Pribilofs, fishing vessels, fishing gear and bait have been provided to the Pribilovian fishermen at no cost, and Pribilovian fishermen have been invited to Japan for training. More than \$756,000 has been expended on this project. The Federation is now involved in discussion with the Pribilovians regarding new projects for the development of their fisheries.

Whitefish utilization The Federation also has been actively seeking additional fisheries development projects in which it could participate. This past year the Federation offered technical assistance to a flatfish project sponsored by the Alaska Fisheries Development Foundation. The project is scheduled to begin in January. Federation technicians will be available for both the harvesting and processing phases of the project.

Mariculture The Japan/Alaska Fisheries Cooperative Development Committee has initiated its programs for fisheries development under the October 1985 Memorandum of Agreement between the state of Alaska and the Japan Fisheries Association and Overseas Fishery Cooperation Foundation. A training curriculum project for surimi production was implemented in September of 1986 in Kodiak and Dutch Harbor. A similar project for the mariculture of scallops and kelp was also conducted in 1986. Since March of 1987 a feasibility study for the mariculture of scallops and kelp has been in progress on Kodiak Island. This study will continue through July of 1988.

(2) Japan-Alaska Fisheries Cooperation

The Memorandum of Agreement was exchanged in October 1985 between the Government of the State of Alaska and the President of Japan Fisheries Association and the President of the Overseas Fishery Cooperation Foundation.

A training curriculum project for surimi production was implemented in September of 1986 in Kodiak and Dutch Harbor. A similar project for the mariculture of scallops and kelp was also conducted in 1986. Since March of 1987 a feasibility study for the mariculture of scallops and kelp has been in progress on Kodiak Island. This study will continue through July of 1988.

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(3) Japan-Louisiana Fisheries Cooperation

The Overseas Fishery Cooperation Foundation, the Japan Deep Sea Trawlers Association and the Japan Fisheries Association have joined in the research programs of fish resources in Gulf of Mexico in 1984 and 1985 offering prawn trawlers. This program was implemented for the period of 38 days in 1984 and 48 days in 1985. In order to further promote the relationship of the State of Louisiana and the Japanese fishing industries, the Japan-Louisiana Fisheries Cooperation Committee was established in August 1986.

With relation to development projects of the Committee, the OFCF dispatched three experts for two month in May 1986 and also three experts for three weeks in 1987 to conduct market research of Louisianan fishery products in the U.S. domestic market.

In response to the request from the State of Louisiana, three large Japanese fishing companies (Taiyo, Nippon Suisan, and Nichiro) made the Memorandum of Understanding regarding the dispatch of experts and investment of 300,000 dollars to the FFDC of Louisiana.

The MOU was sent to the Louisianan side for their review and consideration.

3. Trade Relations

(1) Trade

a. Japan imported 391,000 tons of U.S. fishery products with a value of US\$1,151 billion in 1986, an increase of 11 percent in volume and 26 percent in value over the previous year. These figures represent the highest totals on record to date. The U.S. has been the largest exporter of fishery products to Japan for the past six years. In the last decade, Japan's import of U.S. fishery products has grown 7 times in volume and 3 times in value while total Japanese import has grown only 1.8 times in volume and 1.7 times in value. The U.S. export of fishery products for 1986 amounted to \$1,356 billion, of which export to Japan accounts for \$877 million worth, or 64.7 percent of the total export of the U.S. Trailing behind were Canada with \$121 million (8.9%) and Great Britain with \$78 million (5.7%). The Japanese market greatly contributes to and is indispensable for the development of the U.S. fishing industry. On the other hand, Japan exported 71 thousand tons of fishery products to the U.S. with a value of US\$452 million in 1986. Accordingly, Japanese deficit in the trade of fishery to the U.S. is US\$699 million.

b. From January through September 1987, Japan imported U.S. fishery products worth US\$1,277 million, marking 38% increase over the same period in the last year.

(2) Import Quota

a. The purpose of the Japanese import quota system for fishery products is to maintain stability in the Japanese market for species with lower values and high volumes of production mainly harvested by Japanese coastal fishermen such as jack mackerel, squid, cod, sardine, herring and pollock. If the ability to maintain control over the import of these species through the flexibility of the import quota system is removed, the Japanese market will become over-supplied with these species, especially from neighboring fishing nations such as South Korea, North Korea and the Soviet Union. An over-supply of these lower valued species would depress market prices to the disadvantage of not only Japanese coastal fishermen and processors, but also the U.S. fishing industry which now relies so heavily upon stability in the Japanese market for the export of pollock and other substitute bottomfish and bottomfish products.

b. For 1987 as well, import quotas have been issued in a timely and adequate quantities for the import of the total volume of the U.S. fishery products that were agreed to in the industry-to-industry agreement in the previous year so as to allow such import into Japan without hindrance. In addition, sufficient IQs were also given to including pacific cod

other fishery products which were not included in the agreement. Therefore, the Government of Japan does not consider that any constraints, if any, on the import of the U.S. fishery products were caused by the IQ regime or size of IQs.

c. Herring and pollock import quotas. During the first half of 1987, the Japanese government further liberalized the pollock and herring import quotas following bilateral negotiations between the United States and Japan. These negotiations were strongly supported by the Japanese industry in accordance with the 1987 industry-to-industry agreement. Reports from the United States indicate complete satisfaction with the import quota revisions. We have received no complaints from the U.S. industry regarding the pollock and herring import quotas.

(3) Tariffs

Japan's tariffs on fishery products, even at current levels, are quite low compared with those imposed by other nations.

A further reduction of tariff down to 6% was implemented effective on January 1, 1987 on the frozen cod, pollock and herring which are the species of U.S. interest, following the agreement made by the Tokyo Round.

4. Investment

By the data of Fisheries Agency, Japan has invested \$37,215,000 as capital to the U.S. fishery, as on March 1985. In addition, significant increase of the investment has been made such as to the construction of processing plants and the installment of the processing facilities of the fishery products in the U.S. For example, more than 20 million dollars have been invested on the construction of two surimi plants in Dutch Harbor.

5. Conservation

(1) U.S. Origin Salmon

a. Japan has accepted the regulatory measures including phase out program from Bering high seas and establishment of limit of fishing effort in the U.S. FCZ for mothership salmon fishery and 1 degree westward movement of eastern boundary of landbased salmon fishery to further decrease incidental take of the salmon of U.S. origin, which was adopted at the Extraordinary Meeting of the International North Pacific Fisheries Commission held in April 1986.

b. It is estimated that a substantial decrease of the incidental take of the salmon of U.S. origin was achieved by the measures described above, which were implemented according to the agreement reached by the three nations, Japan, U.S.A. and Canada. As the result, Japan believes that such incidental take is now lowered down to fall within the level acceptable to the U.S.

(2) Prohibited Species Catch

This past summer the Japanese trawl fleet voluntarily agreed to refrain from fishing in Zone 1 of the Bering Sea after the area was closed to directed fishery by domestic fishermen who had exceeded the domestic bycatch quota of 80,000 crabs. Zone 1 encompasses very productive fishing grounds for the trawl fishery. We hope the U.S. side appreciates the voluntary action taken by the Japanese trawlers.

(3) Conservation of U.S. Fisheries

In order to minimize gear conflict/ ground preemption problems with U.S. fishermen, the NPL agreed to conduct its 1987 fishing activities in the area west of 168 W longitude and north of 55 N latitude in the Bering Sea. This area, the bulk of which lies northwest of the Pribilof Islands, is several hundred miles away from the prime cod fishing grounds favored by U.S. cod fishermen and shoreside plants to which many of them deliver.

(4) Information on Catches and Research in International Waters of the Bering Sea

This matter was discussed at the INPFC meeting held in Vancouver this year. Please refer to the INPFC proceedings for a report on this subject. Japan has an excellent history of submitting its catch data through the INPFC. This year was no exception. Detailed data on the catches in the international waters was submitted for review and discussion. This data will be further refined as more information become available.

Japan believes there is an enormous pollock resources distribution in the international waters of the Bering Sea based upon the recent experience of Japanese vessels fishing in these waters. The Japanese government and industry consider it to be their obligation to carefully exploit this common property resource to preserve it for future generations. Therefore, the Japanese

government has developed and implemented an extensive research program for the Aleutian Basin. This program has been discussed with U.S. scientists during the recent INPFC meeting held in Vancouver, Canada. U.S. participation in many of these research activities is welcomed. The reports from these research will be exchanged with the U.S. government as soon as possible.

In order to further promote research on pollock in the Aleutian Basin with emphasis upon the international waters, Japan has proposed the establishment of a new international organization pursuant to Article IV of the INPFC Convention. In the INPFC meeting of this year, Japan proposed to sponsor and hold an international preparatory conference in Tokyo this coming February to discuss the establishment of the new international organization. No formal response has been received from the United States to the proposal yet.

6. Enforcement

(1) Groundfish Fishery

No serious violation has been made this year.

(2) Salmon Fishery

No violation has been made this year.

Japan has exchanged a Memorandum of Understanding on enforcement with the United States and Canada at the time of the amendment of the Annex to the INPFC Convention agreed by the INPFC Extraordinary Meeting in April 1986. In 1987, Japan has taken measures similar to those in 1986 to strengthen the enforcement activities in response to the requests expressed in the Memorandum of Understanding. These measures are as follows:

(LANDBASED FISHING AREA)

(i) Eight Japanese patrol vessels were dispatched to the fishing ground of the landbased salmon fishery. Three out of these were located in the waters along the eastern boundary (174 E) of the fishing ground.

(ii) The exchange of observers between the Japanese patrol vessels and the U.S. Coast Guard cutter was not conducted for reasons of the U.S. side.

(iii) The landbased fishing vessels were required to report the time and the position of entering and leaving the area between 173 E and 174 E as well as the position at the designated time during their stay in the area.

(MOTHERSHIP FISHING AREA)

The patrol vessels are located for the enforcement activities in the mothership fishery area, and two inspectors were placed on board

each mothership for inspection.

(3) Squid Driftnet Fishery

In order to strengthen Japanese enforcement activities, the government of Japan intends to take the following measures:

- 1) To amend the administrative penalty provisions to impose much more strict penalties.
- 2) To construct an enforcement vessel for the squid fishery (about 1,300 tons) to be operated from 1988.
- 3) To dispatch to the squid fishing grounds at least three enforcement vessels, one of which is always on rotation duty through the fishing season, and to increase the number of enforcement days up to 260 days in 1988 from 190 days in 1987.
- 4) To compare the records of Naval Navigation Satellite System (NNSS) with logs and other documents to give satisfactory results to the enforcement activities.

The government of Japan is pleased to inform the U.S. government that the National Common Squid Fishery Association has adopted a policy to take up voluntary moorings in order to express its sincere regret to the U.S. government.

The fishing vessels are instructed to be in ports for 10 days in the case of violation and for 7 days in the case of suspect.

7. Research

(1) Two research vessels contributing 273 vessel research days conducted the following two research programs during 1987.

Cooperative U.S.-Japan Trawl Survey: Japan conducted research under this research program in the eastern Bering Sea during 1979, 1981, 1982, and 1985, in the Aleutians during 1980, 1983, and 1986, and in the Gulf of Alaska during 1984 and 1987.

Japan-U.S. Cooperative Longline Survey: For the 10th consecutive year Japan has conducted this research program for groundfish stocks. From 1979 to 1981 the survey area included the Aleutian Islands and the Gulf of Alaska. From 1982 the Bering Sea has been included in this survey area. Data from this survey has been contributing to the stock assessment of groundfish species such as sablefish and Pacific cod.

(2) Japan has sent on 13 cruises of the research vessels for the period between June and August this year to study high sea salmon including the continental origin of salmonid in the waters south of 46 N° as provided in the Memorandum of Understanding exchanged in response to the requests made by U.S. and Canada. Two U.S. scientists were accepted to two of these cruises on board the research vessels mainly for research on the continental origin of salmonids and on the distribution and abundance of marine mammals.

Japan also greatly contributed to the forecast of Bristol bay sockeye salmon run by conducting research at the south of Aleutian Islands by two research vessels.

During the course of this program, a number of measures for increase of tag recovery, checking of coded wire tags at the landing port and preparation of more detailed fishing statistics of the landbased fisheries (from 2° x 5° to 1° x 1°), etc., were undertaken.

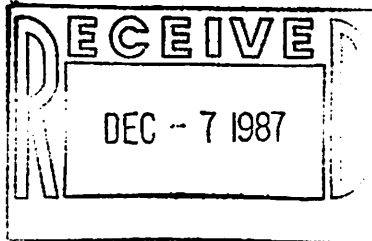
(3) During the 1987 fishing season of the high seas squid driftnet fishery, the following measures were taken for the research mainly on incidental take of marine mammals in accordance with the Mr. Unno's letter to Dr. Evans, dated June 8, 1987.

(i) Japan accepted two U.S. scientists on board two Japanese high seas squid research vessels for the total of 115 days.

(ii) Japanese observers were on board three commercial squid driftnet fishing vessels for the research on incidental take of marine mammals. Boarding of U.S. scientists aboard a commercial fishing vessel was not realized because Japan and the U.S. couldn't reach an agreement on specific arrangements for the boarding.

(iii) The Government of Japan requested 24 commercial fishing vessels to bring back marine mammal samples taken incidentally during the course of the operations and to take photographs of all incidentally taken marine mammals. The GOJ also requested all the commercial fishing vessels to submit statistical reports on incidental take of marine mammals.

With regard to the embarkation of U.S. observers on board commercial fishing vessels in 1988, the GOJ and the U.S. government have been engaging in strenuous consultations.



G.M.M.C.

General Marine Maintenance Corporation
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Seattle, WA 98134
(206) 622-1896

December 1, 1987

Mr. James Branson
Executive Director
North Pacific Management Council
411 West 4th Avenue
Anchorage, Alaska 99510

Dear Mr. Branson:

We had hoped to appear before the Council's 79th plenary session and testify regarding directed quotas to Japanese longliners. We ask that this letter be made a part of the Council's record.

GMMC is a vessel management company. We are currently in the final design and engineering process to construct a longliner freezer ship of U.S. Flag and without foreign ownership.

This vessel will fish year-round, first on sable fish for domestic and foreign markets in headed and gutted form then on true cod for the Japanese market in headed and gutted form.

In the process of bringing this project to a conclusion we have watched the Japanese market for headed and gutted cod fluctuate from 52c/lb FOB to 83c/lb FOB. Currently, the market for this product in Japan has receded in the past 30 days from 72c/lb to 47c/lb.

Frankly, this is causing us and our bankers major problems. The success of this project must be based on true cod as we have no certainty as to the status of limited entry for longlining sable fish.

It is apparent to us that as long as Japanese longliners receive major quota allocations, as they did in the 1987 year, the market in Japan for headed and gutted cod will fluctuate by virtue of their catch and ability to control the IQ.

Cod products, and the Japanese Longliners Association present an interesting Catch 22. The potential market for headed and gutted cod is narrow and has been controlled by the JLA. Cod must be imported under an IQ which the JLA can "control". The JLA will assist U.S. suppliers with market access under mutually agreeable prices and terms. The JLA can receive major directed fishing allocations in the Bering Sea while negotiating additional supply sources in Russia.

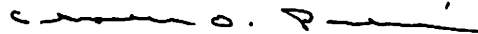
From the U.S. side our view is that new capital longliners must target a major annual portion of their activities on cod. Market prices for this product fluctuate wildly based on consumer demand, seasonality, and coincidentally with landings by vessels of the JLA in Japanese ports.

We will move forward with our project, and 2/3 of the annual volume will be directed at true cod. We need profitable access to the Japanese market for headed and gutted forms. Consistent profitability for cod projects will not be present while the JLA continues to receive major quota allocations in the Bering Sea.

Please contact us if we can provide additional information.

Very Truly Yours,

General Marine Maintenance Corporation



Charles O. Perkins
Vice President

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE



DEC - 1 1987

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F/NWC2:LLL

Mr. Jim Branson
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510

Dear Jim:

Attached is a copy of our bilateral meeting report with scientists from the Republic of Korea held recently at the Center from November 23-25.

The Korean side commented that lack of TALFF for ROK has affected its ability to engage in cooperative research with the U.S. They noted that the type of data and cooperative research desired by the U.S. are on Korean fisheries that take place in international waters. For these fisheries, the Korean side has difficulty collecting data from its fishermen and obtaining other types of cooperation from its fleet.

On observer coverage, the Korean side was limited to discussions on scientific aspects and logistics of placing one U.S. observer aboard a Korean squid driftnet vessel that was agreed to at the administrative level between the Korean National Fisheries Administration and the U.S. delegation led by Ed Wolfe in Seoul this past September. At this meeting, we reached some understanding on how the observer is to be deployed, but many details remain to be worked out when the vessel is named and an observer selected.

On cooperative research, the budget needed to conduct a squid cruise by the Korean research vessel Busan 851 in the western North Pacific has been submitted by the Korean fisheries laboratory to its Government, but the decision will not be known until early 1988. We expressed interest in sending two scientists on the cruise.

The Korean side could not meet our request to obtain pollock specimens from its fisheries which take place in ROK waters and the international zone of the Bering Sea for stock separation studies. This seemingly simple scientific request was turned down, because ROK is not obligated to provide us any samples or



data that has not been agreed upon at the administrative level or through multinational arrangements where Korea is a participant.

The Korean side expressed great interests in joining a multinational scientific organization for the North Pacific and stated that scientific cooperation on issues in international waters must be approached through such an organization.

Sincerely,



William Aron
Center Director

Enclosure