

ATTACHMENT 1

## JOINT VENTURES

The following information has been compiled to informally answer some questions arising over the permitting of joint venture fishing vessels.

1. What is a joint venture?

A joint venture is any business venture financially and/or logistically supported by two different companies, of which one may be foreign.

The types of operations involving U.S. vessels may include:

a. A U.S. corporation with U.S. citizens as directors and officers, but with ~~whole~~ or partial foreign ownership by stockholders. Such a corporation may own and document a U.S. flag vessel.

b. A U.S. documented vessel is chartered to a foreign national for the purpose of fishing in the fishery conservation zone (FCZ). In this case, the U.S. vessel requires no permit and the catch is considered as U.S. catch.

c. A U.S. documented vessel fishes within the FCZ and delivers the catch to a foreign offshore processing or transport vessel. In this situation, the foreign processing vessel may process the U.S. catch but it must have on board a valid permit issued prior to July 1977, or if issued after July 1977, specifically allowing such activity for the areas and times where vessels of the same foreign nation

are authorized to conduct directed fisheries. Since the harvesting vessel is a U.S. vessel, it requires no permit and the catch is a domestic catch.

2. Is it possible for a foreign vessel to purchase fish directly from a U.S. fishing boat?

Within territorial waters (3 miles) it is presently possible to purchase fish directly from U.S. fishing boats only at ports or roadsteads for transport out of the FCZ to a foreign destination, such as a foreign flag vessel. Such an activity is an export/import operation.

Within the FCZ, (3-200 miles), if a foreign vessel processes U.S. harvested fish or transfers fish or fish products at sea it must possess a foreign fishing vessel permit for that area, fishery, and time, and be fishing in conformity with U.S. regulations. It appears that between 12 and 200 miles (i.e., outside U.S. Customs jurisdiction), transshipment will not be an export operation.

3. May a U.S. vessel transship fish to a foreign fish-processing vessel?

Only a registered vessel, or an enrolled vessel with a special permit, may engage in foreign commerce such as transshipping fish to a foreign flag vessel.

4. May a foreign flag vessel chartered by a U.S. company catch fish within the FCZ without a permit?

No. If a vessel wishes to catch fish and land them in the U.S., it must be documented under U.S. laws, built in the U.S., and owned by a U.S. citizen or corporation.

5. Is it possible for a foreign built fishing vessel to change flags to the U.S. flag and get a fishing permit?

If the vessel will land its catch in the U.S., it must have been built in the U.S.

However, if a vessel will land its catch only on foreign vessels or at foreign ports, it may receive U.S. documentation and therefore fish without a permit.

6. May a vessel built in the U.S. with foreign parts be documented to engage in the landing of fish?

To be eligible for documentation as a vessel built in the U.S., all major components of the hull and superstructure of a vessel must be of U.S. fabrication. There is no restriction against the use of foreign manufactured propelling machinery or other parts and installations not an integral part of the superstructure. However, at least 50% of the cost of all machinery (including propulsion) and nonintegral parts of the hull and superstructure must be related to items bought in the U.S.

7. Will a U.S.-foreign company be able to staff U.S. flag vessels with a foreign crew?

A vessel of the U.S. must be under the command of a U.S. citizen. All licensed officers must be U.S.

citizens. On vessels over 100 GRT, 65% of the crew must be U.S. citizens and 75% must be able to understand any order given by a vessel master.

8. What is the attitude of the U.S. towards foreign investment?

It is the basic policy of the U.S. government to welcome foreign investors and to treat them on the same basis as domestic investors. Regulations concerned with operations of onshore processing and trade are reviewed by the U.S. Customs Service and the State of incorporation.

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