

M E M O R A N D U M

TO: Council, SSC and AP Members
FROM: Jim H. Branson
Executive Director
DATE: December 3, 1985
SUBJECT: Requests for Foreign Allocations for 1986

ACTION REQUIRED

Review requests and make recommendations for foreign fisheries for 1986.

BACKGROUND

Foreign requests for directed allocations are listed in Table 1 and total 1,663,180 mt. South Korea's request is further broken down by management area under C-6(a). Table 2 compares 1986 requests for allocations and joint ventures with performance in 1979-85.

All foreign representatives were requested to provide testimony on how their country satisfies the criteria (excerpted from Council's policy) in C-6(b). Information provided thus far is under C-6 (c-g). More information will be placed under C-6 supplemental as it arrives.

Based on the availability of TALFF and how much the countries satisfy the review criteria, the Council may want to make allocation recommendations to the Department of State.

TABLE 1. DIRECTED FISHING ALLOCATION REQUESTS FOR 1986 AND COMPARISON WITH JOINT VENTURE REQUESTS
(All in Metric Tons)

Gulf of Alaska

	<u>Japan</u>	<u>S.Korea</u>	<u>China</u>	<u>USSR</u>	<u>Poland</u>	<u>Taiwan</u>
Pollock	25,000	23,000	--	63,000	--	500
Pacific cod	10,100	3,000	--	4,000	--	2,000
Flounders	300	2,000	--	3,000	--	1,100
Pacific ocean perch	30	150	--	3,000	--	--
Other Rockfish	20	300	--	--	--	200
Sablefish	100	300	--	--	--	100
Atka mackerel	100	200	--	15,000	--	--
Squid	30	300	--	--	--	--
Sebastolobus	30	90	--	--	--	--
Others	200	660	--	6,000	--	100
GOA Subtotal	35,910	30,000	--	94,000	--	4,000

Bering Sea and Aleutian Islands

	<u>Japan</u>	<u>S.Korea</u>	<u>China</u>	<u>USSR</u>	<u>Poland</u>	<u>Taiwan</u>
Pollock	645,100	208,000	17,450	156,000	50,000	500
Pacific cod	49,100	18,000	4,000	17,400	400	2,500
Yellowfin sole	83,600	25,200	--	71,000	200	--
Turbot	23,100	4,200	13,550	--	200	1,500
Flatfish	30,500	10,000	--	--	200	1,000
Pacific ocean perch	200	150	--	600	30	--
Rockfish	2,700	300	--	--	50	300
Sablefish	300	300	--	--	20	100
Atka mackerel	100	400	--	10,000	20	--
Squid	6,200	810	--	--	150	--
Others	20,500	2,640	--	20,000	600	100
BSA Subtotal	861,400	270,000	35,000	275,000	51,870	6,000
TOTAL DIRECTED REQUESTS	897,310	300,000	35,000	369,000	51,870	10,000
TOTAL JV REQUESTS	582,500	253,000	35,000	182,025	50,000	10,000
JV/DF	0.65:1	0.84:1	1:1	0.49:1	0.96:1	1:1

TABLE 2. COMPARISON OF REQUESTS FOR 1986 WITH PERFORMANCE IN 1979-1985^{1/}

		<u>Japan</u>	<u>Korea</u>	<u>Taiwan</u>	<u>USSR</u>	<u>Poland</u>	<u>FRG</u>	<u>PRC</u>
1986	Allocation	897,310	300,000	10,000	369,000	51,870	0	35,000
Request	JV Request	582,500	253,000	10,000	182,025	50,000	0	35,000
1985	Allocation	897,000	247,019	0	16,367	35,295	0	0
	JV Request	471,290	177,400	9,000	200,000	50,000	0	4,500
1984	Allocation	1,137,340	329,690	0	20,000	50,810	27,995	
	JV Catch	332,256	98,296	7,381	92,310	12,050	4,000	
1983	Allocation	1,163,256	324,690	7,013	0	0	29,144	
	JV Catch	213,923	59,276	3,000	71,750	0	0	
1982	Allocation	1,353,218	307,010	21,226	0	0	22,254	
	JV Catch	66,596	48,344	400	53,216	7,000	4,000	
1981	Allocation	1,384,650	265,608	20,683	0	137,002	22,780	
	JV Catch	11,445	30,000	0	48,020	2,220	3,004	
1980	Allocation	1,361,215	239,191	8,900	75,468	103,604	16,267	
	JV Catch	0	8,571	0	24,859	0	0	
1979	Allocation	1,146,201	146,747	6,143	325,859	54,787	0	
	JV Catch	0	1,383	0	123	0	0	

^{1/} Portugal was allocated 600 mt in 1985 and 6,805 mt in 1984.

South Korea

Date: Oct. ,1985

REQUEST FOR QUOTA ALLOCATION FOR 1986

Unit: Metric Ton

<u>Species</u>	<u>Total</u>	<u>BSA</u>	<u>GOA</u>	<u>West area</u>	<u>Central area</u>
TOTAL	300,000	270,000	30,000		
Pollock	231,000	208,000	23,000	— Inter-area —	
		(BS:190,000) (AI: 18,000)			
Pacific Cod	21,000	18,000	3,000	2,000	1,000
Sablefish	600	300	300	120	180
Y.F.Sole	25,200	25,200	- -		
Turbots	4,200	4,200	- -		
Other Flounders	12,000	10,000	2,000	1,200	800
Pacific O.P.	300	150	150	90	60
Atka Mackerel	600	400	200	80	120
Other Rockfish	600	300	300	— Gulf-wide —	
Sebastolobus	90	- -	90	— Gulf-wide —	
Squid	1,110	810	300	— Gulf-wide —	
Other Groundfish	3,300	2,640	660	— Gulf-wide —	

Table 1. Criteria for the review of joint venture requests*

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- Level of U.S. industry involvement in all phases of nation's joint operations (harvesting, processing, marketing, or others)
 - Enhancement of U.S. employment at sea and ashore
 - Transfer of capital through investment in U.S. industry.
 - Technology transfer.
 - Achievement of joint venture goals during previous seasons.
 - Proof of financial responsibility by foreign partner.
 - Compatibility of joint operation with other U.S. fisheries and incidental species (i.e. gear conflicts, ground preemption, bycatch of U.S. fully-utilized species, etc.).
 - Economic contribution of nation's joint ventures to U.S. harvesting, processing, and support industries.
 - Purchase of U.S. processed product, especially underutilized species.
 - Compliance with U.S. laws, international treaties, and regulations.
 - Existence of trade barriers to U.S. fish products and efforts to remove them.
 - Ratios of country's total joint venture request and purchase of U.S.-processed product to total direct fishing request.
 - Reporting of fishery and market information beyond that required by law.
 - Foreign participation in fisheries research off Alaska.
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*No priorities implied.

MEMORANDUM OF DISCUSSIONS
CONCERNING COOPERATION BETWEEN THE
U.S. AND JAPANESE FISHING INDUSTRIES FOR 1986

- A. Delegations of the commercial fishing industries of the United States and Japan met in Anchorage, Alaska, on November 24-27, 1985 to discuss mutual cooperation in fisheries development and trade during 1986. These discussions have been held annually since 1982 pursuant to the U.S. policy of "fish and chips" under the Magnuson Fishery Conservation and Management Act of 1976. The major issues discussed were Japanese purchases of bottomfish and bottomfish products from the U.S. industry and directed allocations to Japan within the U.S. 200-mile fishery conservation zone during the 1986 calendar year.

Mr. Clement Tillion served as the meeting chairman. The Japanese delegation was headed by Mr. Fumio Imanaga, Vice President of Nippon Suisan Kaisha, Ltd., and Director of the Japan Deep Sea Trawlers Association. The United States delegation was headed by Mr. Ronald R. Jensen, President of Sea-Alaska Products. Government officials from both the United States and Japan attended the meeting. Members of the delegations and government attendees are listed in the attachments.

- B. The two delegations reviewed and discussed the 1985 MEMORANDUM during the course of the meeting. Both sides agreed that the

1986 MEMORANDUM would be based on these principles:

1. That the U.S. delegation will assist in securing reasonable TALFFs for bottomfish species in all areas where surpluses exist and that Japanese fishing vessels will have reasonable access to surplus fishery resources in all such areas. Domestic harvest for 1986 should be estimated on the basis of realistic estimates of potential domestic catch. Uncertainty with respect to the possibility of a higher domestic catch is adequately accounted for by the reserve system.

2. That the U.S. delegation will use its best efforts in securing the maximum allocation possible to Japan within the available TALFF in 1986. This allocation should exceed Japan's historic percentage and be released fully and in a timely manner. Releases of unutilized reserves, DAP and JVP to TALFF should also be made on a full and timely basis. The Japanese delegation based its commitments on this effort by the U.S. delegation. Both sides recognize that the allocation to Japan would depend upon the level of TALFF established by the North Pacific Fishery Management Council. The Japanese side expressed its expectation that the allocation to Japan in 1986 would be 700,000 MT, including 230,000 MT of species other than pollock.

3. That the U.S. delegation will assist in securing by-catch allowances at a reasonable level sufficient to permit the harvest of target allocations.

4. That the governments of both the United States and Japan will support this MEMORANDUM and take the appropriate measures to facilitate its implementation.

C. The parties expressed their willingness and desire to participate in the enhancement and development of the mutually beneficial economic relationships in the fisheries field which they have enjoyed for many years. In the spirit of their long history of mutual cooperation, the parties agreed to the following:

1. The two delegations agreed that for calendar year 1986, Japanese over-the-side joint venture operations arranged on an individual company basis would be as follows:

- a. Pollock - 525,000 MT. Both sides agreed to use their best efforts to achieve 120,000 MT of this amount in the Shelikof Strait or other areas of the Gulf of Alaska.
- b. Species Other Than Pollock - 57,500 MT.

2. The Japanese delegation agreed to purchase and take delivery of U.S. harvested and processed pollock products (round weight equivalent) as follows:

- a. in 1986 -- 40,000 MT
- b. in 1987 -- 100,000 MT

(It is agreed that, in the case of surimi, the conversion equivalent shall be 22 percent). The parties agreed that

these purchases are conditioned upon a stable supply of fish. Both sides agreed to cooperate to achieve these purchase amounts. At the end of 1986 the performance for 1986 will be evaluated. The commitment for 1987 may be revised by mutual consent of both parties only for biological reasons.

In addition, the Japanese delegation agreed to purchase on a commercial basis an additional 14,000 MT of U.S. harvested and processed products (round weight equivalent) in 1986.

3. The Japanese delegation agreed to purchase 20,000 MT of marketable U.S. harvested and processed bottomfish products, other than pollock, from the Gulf of Alaska and Bering Sea on an individual company basis.

D. This agreement is based on the understanding between the two delegations that any U.S./Japan commercial transaction regarding processed products for the purpose of implementing this agreement not be limited by the availability of an import quota or discriminatory non-tariff trade barriers. The Japanese side acknowledged this U.S. concern and the Japanese delegation agreed to use its best efforts to solve this issue.

E. The U.S. delegation expressed the desire that the number and variety of Japanese companies participating in U.S./Japan joint ventures will increase in 1986.

- F. It is the intention of both delegations that this MEMORANDUM shall in no way affect existing fishing agreements on other species, nor result in adverse trade barriers on other species. This agreement relates solely to aggregate projections of purchases and sales by the fishing industries of the United States and Japan. The two delegations agreed that this agreement shall not restrict independent actions by any company or person.
- G. Both delegations discussed the high seas salmon issue. The Japanese delegation requested the understanding and support of the U.S. delegation to prevent this issue from frustrating the successful implementation of this agreement and any negative impact on Japanese fishing allocations. The U.S. delegation also expressed its concern regarding the high seas salmon issue noting that failure to satisfactorily resolve this conflict could adversely affect this agreement.

DATED: This _____ day of November, 1985.

RONALD R. JENSEN
United States Spokesman

FUMIO IMANAGA
Japanese Spokesman

LIST OF JAPANESE DELEGATION

NEGOTIATION TEAM

CHIEF DELEGATE

FUMIO IMANAGA

Vice President of Japan
Deep Sea Trawlers Assoc. (JDSTA)
Vice President of JDSTA
President of National
Federation of Medium Trawlers
(NFMT)

Nippon Suisan

HIROSHI USUI

SHINJI ENDO

Representative of Hokuten
Trawlers Assoc. (HTA)
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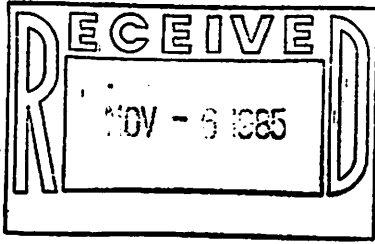
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Alyeska Ocean
Alaska Department of Commerce
All Alaskan
AK. Fisheries Development Foundation

JAPAN

State of AK
AGENDA C-6(d)
DECEMBER 1985



MEMORANDUM

OF

AGREEMENT ON SEAFOOD INDUSTRY DEVELOPMENT AND TRADE

DATE	NAME	TO	INITIALS
			y

October 23, 1985

STATE OF ALASKA
OVERSEAS FISHERY COOPERATION FOUNDATION
JAPAN FISHERIES ASSOCIATION

MEMORANDUM OF AGREEMENT ON
SEAFOOD INDUSTRY DEVELOPMENT AND TRADE

Whereas the State of Alaska and the Japanese fishing industry represented by the Overseas Fishery Cooperation Foundation of Japan (hereinafter referred to as Foundation) and the Japan Fisheries Association (hereinafter referred to as JFA), have considered their mutual interest in the development of all the sectors of the Alaska seafood industry; and

Whereas the Foundation and the JFA recognize that the State of Alaska considers the further orderly and timely development of its seafood industry to be of great importance; and

Whereas the State of Alaska recognize it is the position of the Japanese fishing industry that economic disruption and dislocation should be minimized as U.S. participation develops in the fisheries off Alaska; and

Whereas the State of Alaska and the Japanese fishing industry wish to promote a cooperative and mutually beneficial relationship between the Japanese and Alaskan seafood industries in the areas of coastal fisheries development, marine products processing, marketing and related activities;

Therefore, the State of Alaska and the representatives of the Japanese fishing industry have agreed to cooperate in the following manner;

The State of Alaska, the Foundation and the JFA will organize a committee, consisting of appropriate representatives, to plan and monitor cooperative projects and facilitate the exchange of necessary information.

For the immediate future, the committee created under the terms of this agreement will consider and implement the following cooperative projects;

1. A feasibility study for the development of a Mariculture/Sea farming industry in Alaska.
2. Assistance in the development of a curriculum for basic vocational training of Alaskans in marine products processing, including Surimi.

3. A discussion on the needs of the Japanese fishing industry that economic disruption and dislocation should be minimized as U.S. participation develops in the fisheries off Alaska.
4. A discussion on the needs of Alaska regarding the orderly and timely development of its seafood industry.

Recognizing the interest of the Foundation, the JFA and the State of Alaska, a meeting of the committee will be held in the near future to explore mutually beneficial fisheries development opportunities in all sectors of the seafood industry.

Signed at Tokyo, October 23, 1985

State of Alaska

By Bill Sheffield
Bill Sheffield
Governor

Overseas Fishery Cooperation Foundation

By Toshiniko Onba
Toshiniko Onba
President

Japan Fisheries Association

By Tomoyoshi Kamenaga
Tomoyoshi Kamenaga
President

JAPAN

AGENDA C-6(e)
DECEMBER 1985

**FISHERY COOPERATION
BETWEEN THE STATE OF ALASKA AND JAPAN**

OCTOBER 1985

JAPAN FISHERIES ASSOCIATION

INTRODUCTION

The State of Alaska is abundant in fishery and timber resources.

Since Japan imports these resources in large volume and value, it cannot be overstating to say that Japan imports most of the fishery products in the State of Alaska. As a matter of fact, fishery products exported, accounting for 27% of the total exports of the State of Alaska, substantially contribute to the economy of the State of Alaska. Therefore, we believe that the State of Alaska and Japan have a close and deep tie.

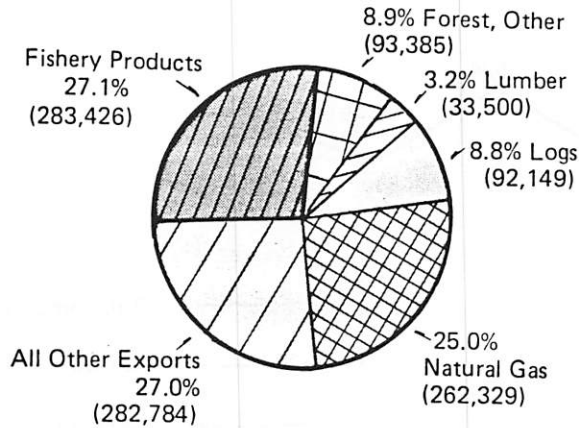
Japan has, for long, elaborately developed the lucrative fishing grounds in the Bering Sea, and the seas around the Aleutian Islands and in the Gulf of Alaska where Japan has harvested Alaska pollack, Pacific cod and Turbot among others.

After the introduction of the 200 mile U.S. fishery conservation regime, Japanese fishing vessels have been permitted to operate off the State of Alaska and in return, Japan has cooperated to develop and promote Alaskan fisheries in the various fields.

We believe that both the State of Alaska and Japan can find a path through which to lead to the mutually beneficial and prosperous existence in the future by maintaining the present close and cooperative relation.

Fig. 1 1984 Value of Alaska Exports by Items

(Thousand \$)

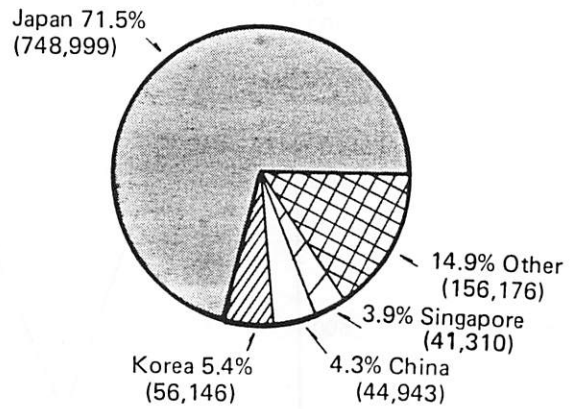


(Total: 1,047,574)

Export of fishery products which substantially contribute to the Alaskan economy accounts for approximately 27% of Alaska's total exports.

Fig. 2 1984 Alaska Exports by Major Trading Partners

(Thousand \$)



(Total: 1,047,574)

Approximately 71% of Alaska's total exports goes to Japan. Japan is one of the most beneficial trading partners for Alaska.

Fig. 3 Share of Export to Japan Among Total Export of Alaska

(Thousand \$)

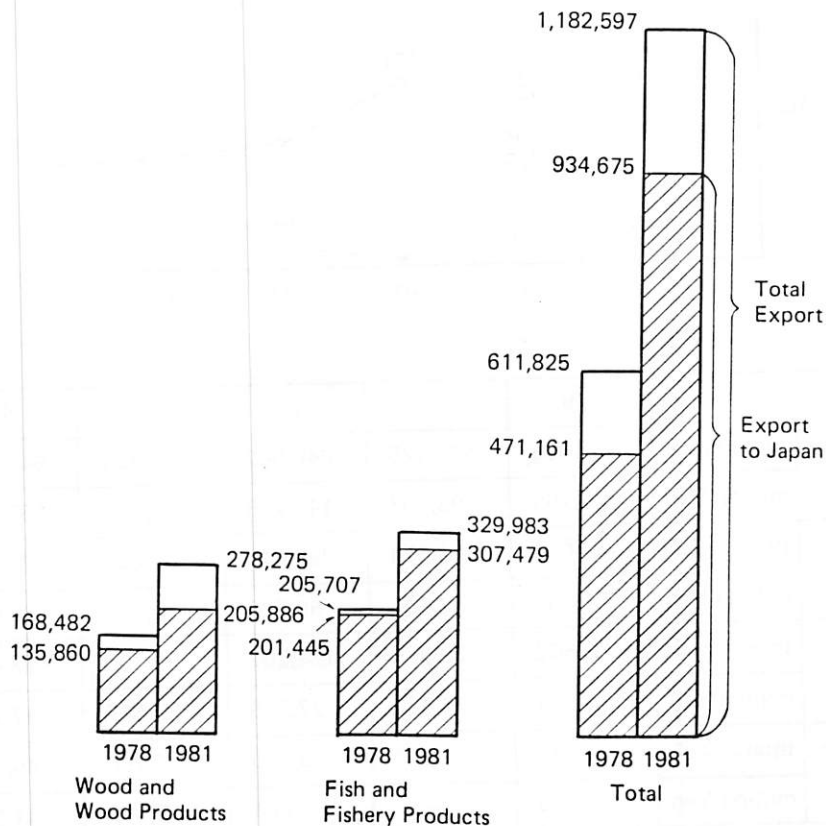
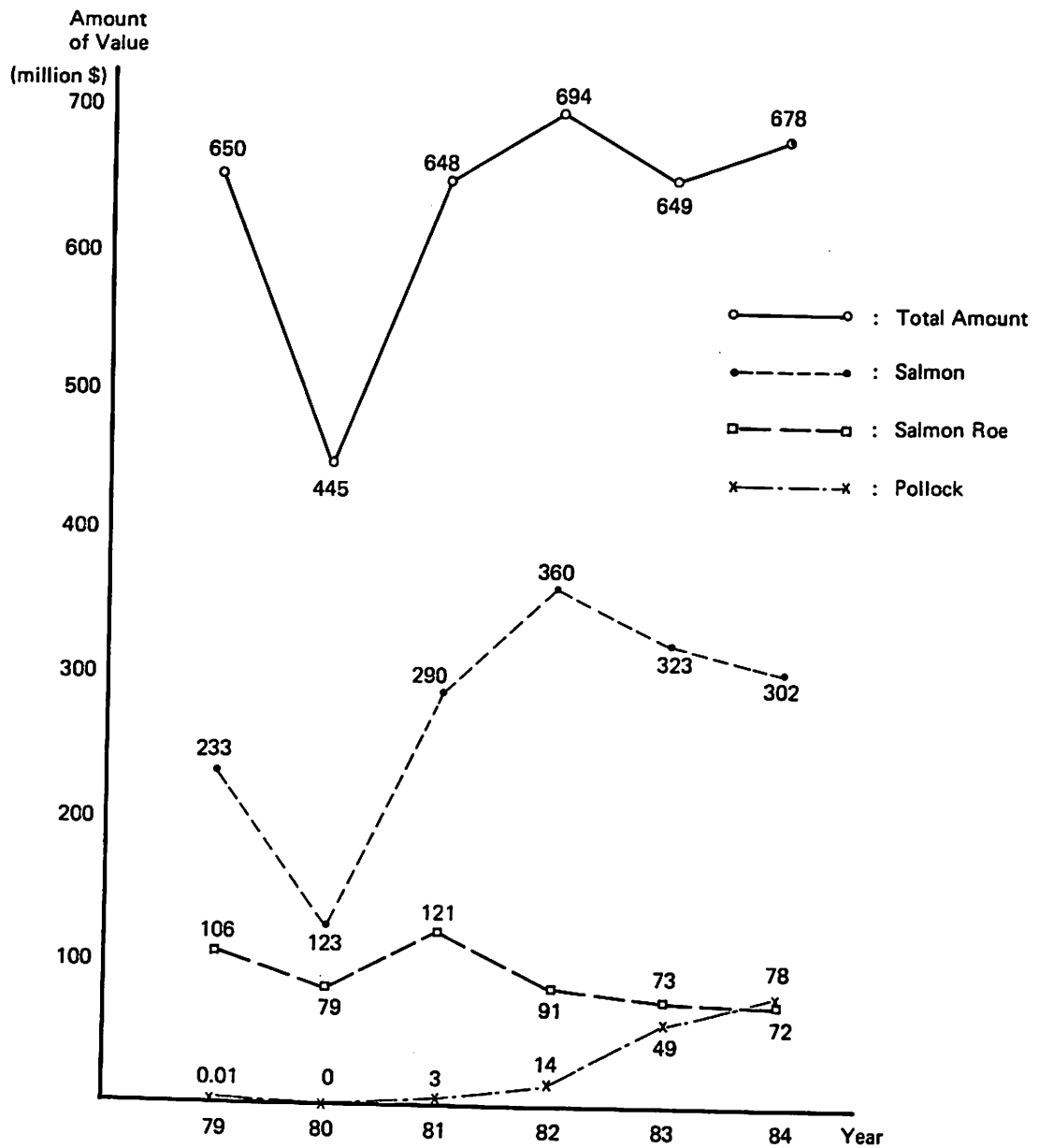


Fig. 4 Value of U.S. Exports of Fishery Products to Japan

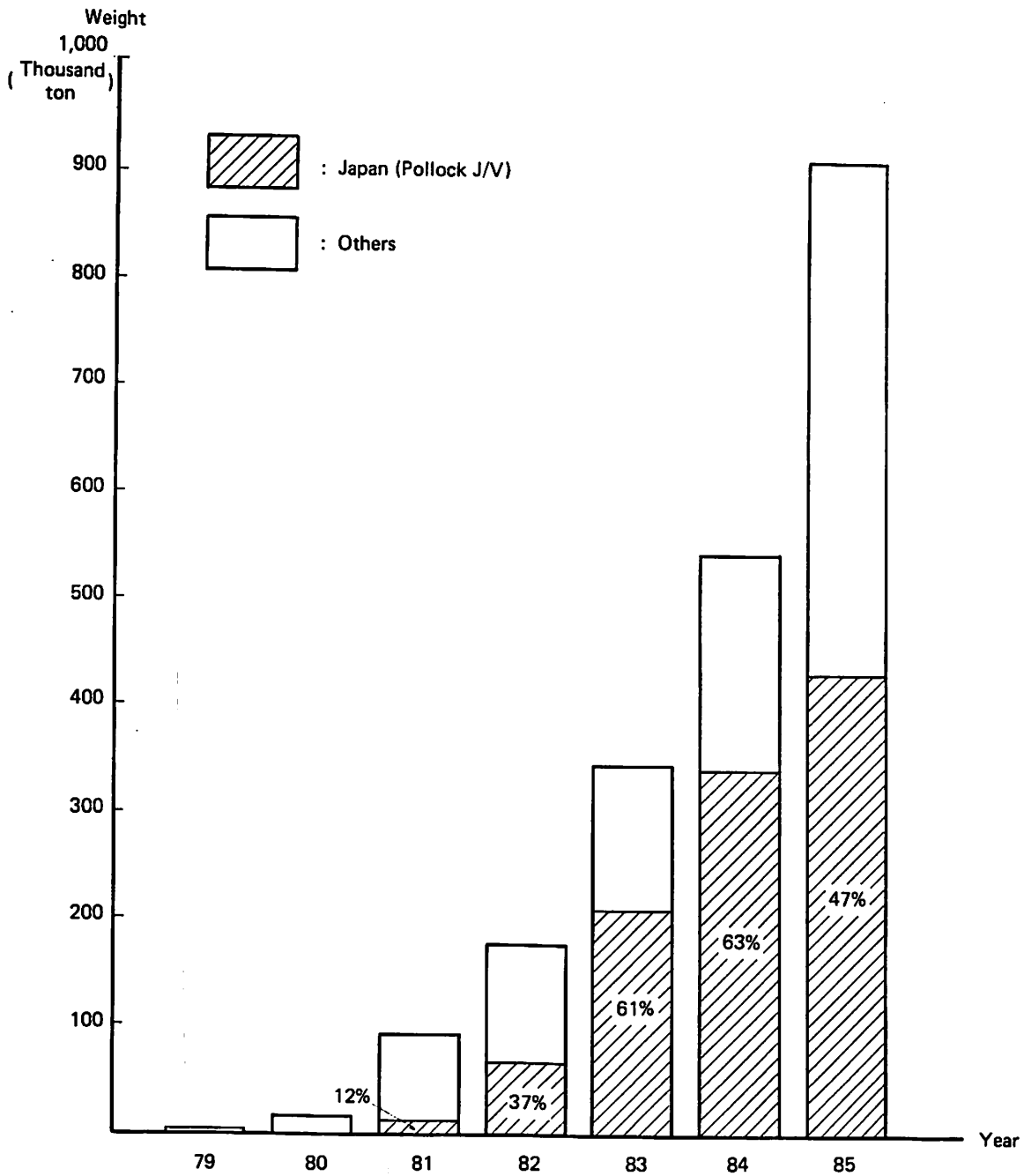
Although salmon ranks as the number one among fishery products Japan imports from the US, import of pollock is on the rise with the increase of over-the-side purchases in recent years.



		79	80	81	82	83	84
Total	thousand \$	650,065	445,120	648,062	694,834	649,210	678,275
	million Yen	143,769	98,963	147,228	176,678	155,921	162,374
Salmon	thousand \$	233,088	123,672	290,415	360,665	323,778	302,561
	million Yen	51,550	27,496	65,977	92,590	78,036	73,220
Salmon Roe	thousand \$	106,502	79,985	121,207	91,736	73,432	72,537
	million Yen	23,554	17,783	27,536	23,817	17,722	17,597
Pollock	thousand \$	14	-	3,010	14,796	49,771	78,797
	million Yen	3	-	684	3,710	11,943	18,460

Fig. 5 Trend of Over-the-Side Purchase

Over-the-side purchases of U.S. harvesting fish by foreign vessels is increasing year after year. In 1984, the total amount was over 500,000 tons, among which, 63% were over-the-side purchases by Japanese fishing vessels. Japan has thus contributed to the promotion of the American fishing industry.



	79	80	81	82	83	84	85
(tons) Total	1,506	33,430	94,689	179,556	347,949	544,532	921,920
(tons) Japan	—	—	11,446	66,220	211,616	340,878	432,817

Fig. 6 Purchase Performance of Japanese Pollock Joint Venture off Alaska

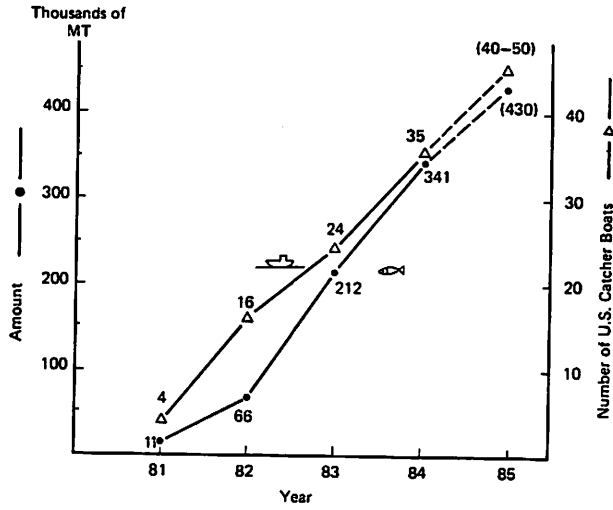


Fig. 7 Purchase Performance of Japanese Yellowfin Sole Joint Venture off Alaska

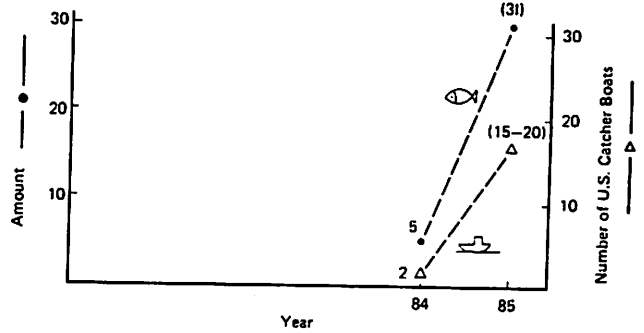


Fig. 8 Purchase Performance of Japanese Herring Joint Venture in the Bristol Bay

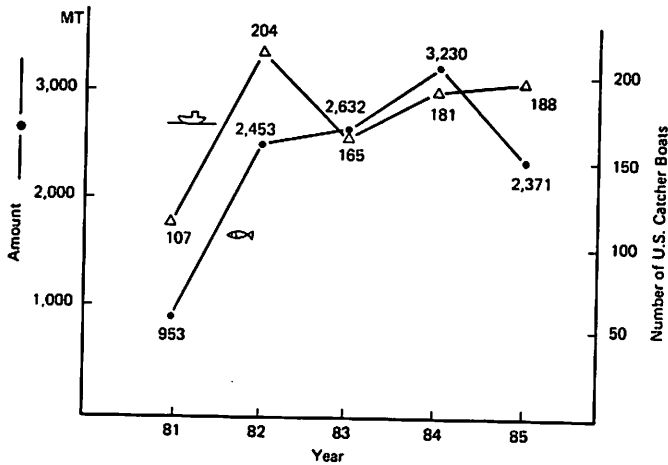


Fig. 9 Purchase Performance of Japanese Salmon Joint Venture in Norton Sounds

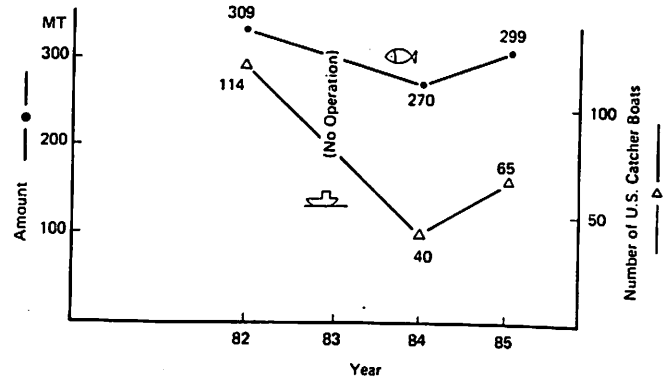
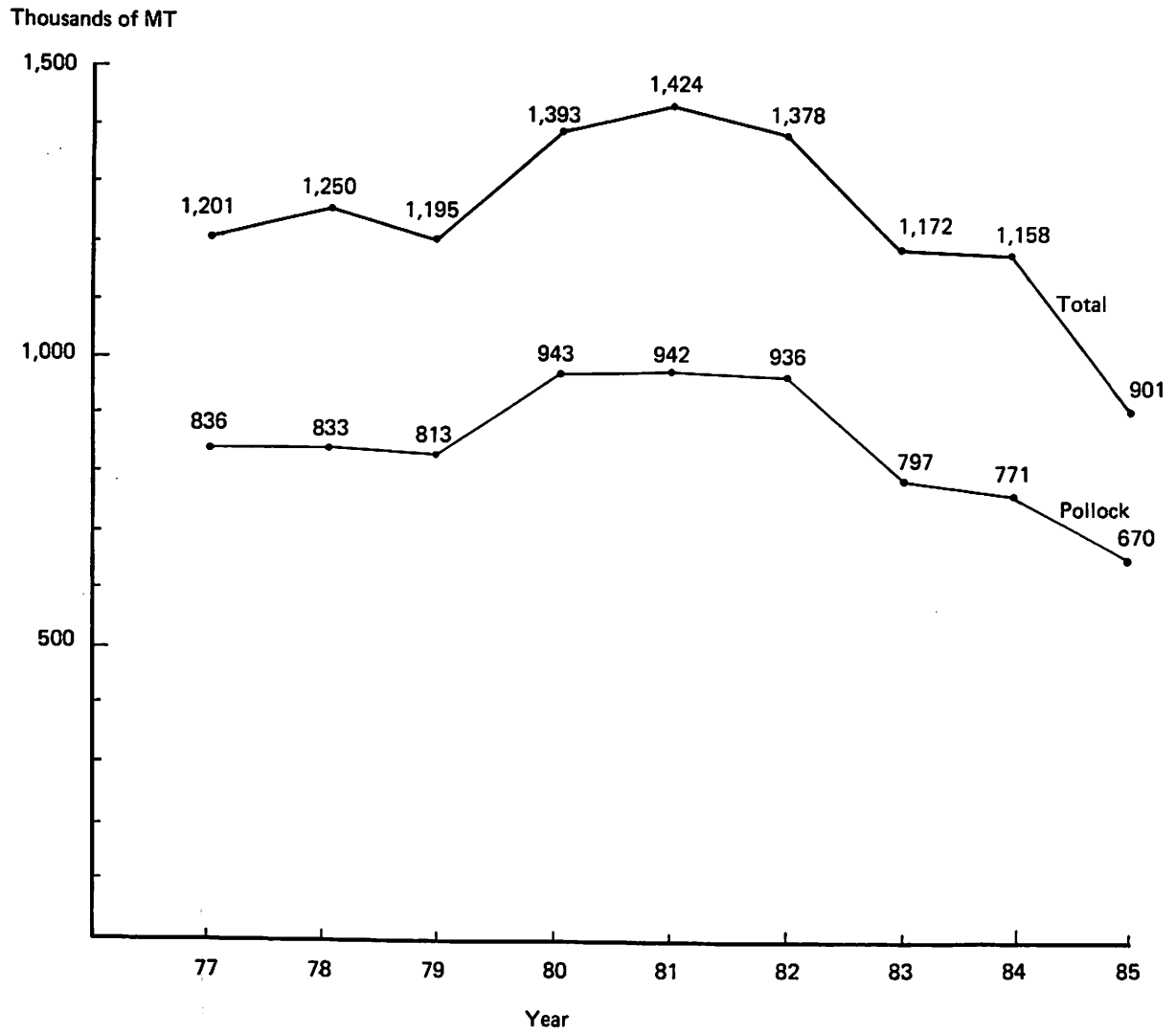


Fig. 10 Allocation for Japan in U.S. FCZ



Fishery allocation for Japan has been dropping every year since 1981. In 1985, the total amount of allocation fell down to 900,000 tons.

**China National Marine Fisheries Corporation, U.S. Representative Office
817 W 72nd
Anchorage, Ak. 99502**

**Information Submitted for December 1985 Meeting of North Pacific
Fisheries Management Council**

As of the time of this writing (November 20 1985), the GIFA between China and the U.S. had passed Congress on November 15 1985, and only needed an exchange of diplomatic notes between the two nations before going into effect. NMFS figures for the JV catch through November 9 indicated that the JVP for the Gulf of Alaska, including the 4,500 MT which the Chinese had hoped to take in JV operations, had already been taken by others fishing under the new common pool policy.

Because both the three Chinese fishing companies and their three U.S. partners were eager to at least accomplish some production in 1985, efforts were commenced to ammend the Chinese application for 1985 to allow them to commence their JV activity in the Bering Sea, where there still remained an amount of JVP to be taken. If these efforts were successful, Chinese and American joint fishing activities may well have commenced by the time of the December Council Meeting.

In preparation for both 1985 and 1986 fishing efforts three Chinese companies, Shanghai Deep Sea Fisheries Company, Dalian Distant Sea Fisheries Company, and Yantai Marine Fisheries Company; under the general direction of the China National Marine Fisheries Corporation, have sent two Chinese nationals to establish a representative office in Anchorage. This office has in turn employed one U.S. citizen to help them in their activities representing Chinese fishing organizations. In addition to the preparation done by each company individually, the Chinese have held seminars for all key vessel and administrative personnel to educate them in the procedures and rules outlined in the 611 regulations. One such seminar was conducted in Shanghai, at the invitation of the Chinese, by enforcement personnel from the U.S. Coast Guard and NMFS offices in Juneau.

Each of the Chinese fishing organizations has a U.S. joint venture partner. Dalian, China's largest fishing company with over 14,000 employees, will operate in cooperation with North Pacific International Inc. of Anchorage, Alaska. Shanghai's JV partner will be International Ocean Opportunities of Seattle and Yantai will cooperate with Marco Seattle Inc. The actual forms of cooperation span a considerable range and include equity participation by each party both in China and in the U.S.. The

U.S. partners are also involved in other phases of production including providing processing expertise, providing advisory fishing masters, marketing, and net manufacture. Other Chinese companies are conducting discussions with prospective U.S. partners which include capital investment by the Chinese side.

Discussions are now under way for a joint Sino-U.S. scientific expedition in the Bering Sea on a Chinese supplied research vessel as part of a joint effort to research the ecologies of both the Bering and Yellow Seas. To this purpose, a delegation from the Chinese Academy of Aquatic Sciences spent 20 days this November in the U.S. conducting discussions with NMFS and visiting various fisheries related facilities in Washington and Alaska. 1985 is the sixth year of a Sino-U.S. program for the exchange of marine and fishery science and technology.

Near term contributions by the Chinese to the North Pacific Fishery derive primarily from two sources. The first is their willingness to participate in scientific work and share technology and information. Chinese experience in aquaculture is particularly great (they have recently constructed and now operate a fish farm in Guam) The second source is their large domestic market. The Chinese are the world's third largest fish producer behind Japan and the Soviet Union. This fact notwithstanding, due to the size of the Chinese population, per capita consumption of fish protein is under 5 kg per year. As an example of capacity of the Chinese market, in the first Chinese distant water fishing venture, off West Africa, 10,000 tons of frozen product were marketed in Beijing alone in the month of October, 1985. Unfortunately, the individual purchasing power of the average Chinese is far below that of the more developed nations of Asia, but this can be expected to change over the next few years. China is emerging from a period of relative trade isolation. In the last year many of China's coastal cities have been empowered to deal independently in foreign trade. These cities contain most of China's larger fishing enterprises. The Chinese have also begun sending observers to The General Agreement on Trade and Tariffs (GATT). They have indicated that they may want to join GATT in the near future, and have begun steps to bring their economy more in line with those of the GATT nations. In international trade the Chinese have built a strong reputation for reliability and prompt payment of debts.

The Chinese believe they have made substantial efforts to satisfy some of the desires of the governmental and industry interests of the U.S.. They have expressed a willingness to receive 50 percent of their allocation through over-the-side ventures (their 1985 application requested virtually 100 percent joint venture fish), they have taken positive steps to insure that their vessels are well informed of the foreign fishing regulations, they have begun preparing for joint scientific cooperation, and they have

stated that the majority of their allocated catch will be marketed in their own nation or other foreign markets. They have also allowed their U.S partners to participate in other phases of the business beyond just JV fishing. The Chinese stand ready to explore further forms of cooperation as their presence in the fishery becomes more fully established.

and visceras are processed for fish meal and oil, so there is no wastage of fish raw material.

2. The Polish fleet increased considerably joint ventures operations in 1985 creating proportional enhancement of U.S. employment of sea.
3. There was no direct capital through investment in U.S. industry as yet but the Polish fishing fleet bought only in last 12 months in Alaska 19,741 tons of oil for \$ 5,322,141.00.
4. In 1984 the Polish fleet purchased over the side 20,000 tons of Pollock.
In 1985 almost 30,000 tons of Pollock was bought so far and JVP operations will be continued till the end of December.
5. There was no financial problems recorded. Payments are made regularly and in due time.
6. By-catch of U.S. fully utilized species is kept on the low level in 1985.
7. The Polish fleet traditionally comply with U.S. laws, international treaties and regulations.
8. There is no trade barriers to U.S. products in Poland.
9. The ratio of the Polish total joint venture request to the total direct fishing request amounts 1:1.

Sincerely yours,

Tomasz Pintowski
Commercial Attache

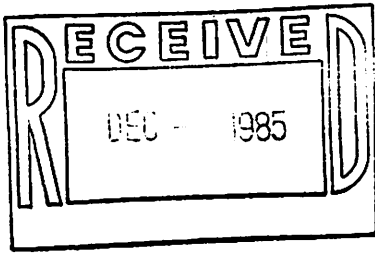
South Korea

AGENDA C-6
SUPPLEMENTAL

United States Department of State

DECEMBER 1985

Washington, D.C. 20520



BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

November 26, 1985

Mr. Myron H. Nordquist
Kelley Drye & Warren
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

Dear Myron:

Thank you for your letter dated November 25 informing me of a possible arrangement between U.S. and Korean fishery interests to process surimi at sea.

As you know, a major objective of U.S. fishery interests under the Magnuson Act is to "Americanize" the U.S. EEZ as rapidly as possible. It appears to me that U.S. interests could be interested in the type of cooperation described in your letter as a positive means to help further this goal. In this regard, I am taking the liberty of forwarding your letter to the North Pacific Fisheries Management Council and to the National Marine Fisheries Service for review and further comment.

Thank you again for keeping us advised of your plans.

Sincerely yours,

Larry L. Snead
Director
Office of Fisheries Affairs

OES/OFA:LLSnead:smd

cc: NMFS:Prudence Fox
NPFMC:James Branson ✓

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November 25, 1985

Mr. Larry Snead
Director of Fisheries Affairs
Department of State
Room 5806
2201 C Street, N.W.
Washington, D.C. 20520

Dear Larry:

As you will recall, my firm represents Korea Wonyang Fisheries Co., Ltd. ("KWF") located in Seoul, Republic of Korea. KWF plans to buy shares in a fishing company incorporated in the United States that is predominantly owned and controlled by U.S. citizens. The American company will contract with and manage U.S. flag vessels suitable for catching Alaska pollock in the Shelikof Straits (January-March) and in the Bering Sea (April-Dec). The American company will contract with KWF's vessel, the Gaecheogho, to custom process into surimi the pollock harvested by the U.S. catcher vessels. The primary market for the surimi will be direct sale by U.S. shareholders of the American company into the United States. There will be no direct fishing by Korean flag vessels for the Gaecheogho surimi processing venture.

KWF is willing to refit the 26,000 gross ton Gaecheogho and outfit its crew for the above venture if financing in Korea can be arranged. Financing, in turn, is dependent upon the attitude of the U.S. government toward the venture. KWF believes the proposed arrangement is a model equity joint fishing enterprise between Americans and Koreans. Substantial transfer of technology and surimi marketing techniques are being contributed by the Korean side. To date, we have been told by U.S. government officials that the Gaecheogho venture is strongly preferred over those with less American participa-

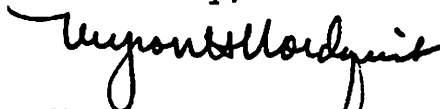
KELLEY DRYE & WARREN

Mr. Larry Snead
November 22, 1985
Page 2

tion. In fact, few surimi ventures in Alaska involve any Americans. We understand that concrete steps toward "Americanization" of U.S. fishery resources are positive factors in the allocation of fishery resources to foreign nations.

The Gaecheogho project is ready to be launched. However, my client needs to provide assurances to the Korean side that direct fishing allocations for the Republic of Korea in 1986 can be favorably influenced by the start-up of the Gaecheogho project. Accordingly, we would be very grateful if you could indicate that the start-up of the Gaecheogho project would be a positive factor in the U.S. government's decision making process for direct fishing allocations in 1986.

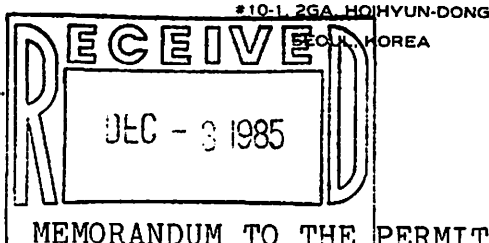
Sincerely,



Myron H. Nordquist

KOREA DEEP SEA FISHERIES ASSOCIATION

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 TEL: 779-0531 ~5



REF NO: _____
 DATE: _____

MEMORANDUM TO THE PERMIT REVIEW COMMITTEE
 OF THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

December 2, 1985

Subj: Replies to "national-level" questions for 1986 joint venture permit applications

1. Is the nation an importer of U. S. processed seafoods? If so, indicate species and volume by weight and value by year.

Answer: See Table #1 below.

TABLE #1
 IMPORTS OF U.S. EDIBLE PROCESSED AND SEMIPROCESSED
 FISHERIES PRODUCTS INTO THE REPUBLIC OF KOREA
 (Volume unit: metric tons; value unit: U.S. dollars)

Species	Import volume	Import value
-----	-----	-----
1981		

Salmon	2,642	7,881,000
Herring	9,993	20,512,000
Pacific cod	1,882	1,543,000
Others*	1,405	1,372,000
-----	-----	-----
1981 total	15,922	31,307,000
1982		

Salmon	2,201	4,148,000
Herring	9,500	16,151,000
Pacific cod	4,428	3,747,000
Others*	694	2,932,000
-----	-----	-----
1982 total	16,823	26,978,000

1983		

Salmon	2,307	5,350,000
Herring	4,388	8,271,000
Pacific cod	4,855	4,337,000
Others*	5,205	4,359,000
-----	-----	-----
1983 total	16,753	22,717,000
1984		

Salmon	2,428	5,006,000
Herring	6,065	8,894,000
Pacific cod	4,637	3,979,000
Others*	7,303	7,222,000
-----	-----	-----
1984 total	20,433	25,101,000
1985 (as of August 31, 1985)		

Salmon	100	158,000
Herring	12,123	19,355,000
Pacific cod	2,270	1,831,000
Others*	1,099	2,376,000
-----	-----	-----
1985 total	15,592	23,720,000

(* Others: trout, pollock, squid, crab, etc.)

SOURCE: Compiled by the Korea National Fisheries Administration

2. a. Is the nation an exporter of processed seafoods to the U.S.? If so, indicate destination by species and volume by weight and value by year.

Answer: See Table #2 below.

TABLE #2
EXPORTS OF MARINE PRODUCTS TO THE U.S.
FROM THE REPUBLIC OF KOREA
(Value unit: \$1,000 U.S. dollars)

Commodity	1981	1982	1983	1984	1985*
-----	-----	-----	-----	-----	-----
Live fish	2,023	3,126	535	1,190	647
Frozen products	16,256	12,197	16,263	15,653	10,869
Seaweed, salted	18,220	1,218	1,744	2,507	1,103
Canned products	18,763	24,790	27,449	25,105	14,564
Others	8,150	7,669	5,705	6,782	8,026
Frozen fillets	50,404	49,196	48,806	63,798	30,065
-----	-----	-----	-----	-----	-----
Totals	113,816	98,196	100,502	115,036	65,274

(* 1985: totals as of August 31, 1985)

SOURCE: Compiled by the Korea National Fisheries Administration

2. b. Will the fish purchased or caught by the nation in the U.S. FCZ be shipped back to the U.S. in processed form, used to free up product from other areas to be shipped to the U.S. in processed form, or compete with U.S. processed fish overseas? If so, indicate species and volume by weight and value.

Answer: The Republic of Korea is a free-market economy, and neither the Government nor the Association would have the data upon which an answer to the above question could be formulated. As noted above, Korea does export fisheries products to the U.S., but the raw material for such exports is part of a pool of fish coming from many sources. For example, in the case of pollock, Korean trawlers fish in international waters and in the conservation zones of other nations. Pollock in the round is also purchased on the international market. Whether or not Korean exports compete with American processed products in third countries is an entirely hypothetical question, and in the case of each individual product, an answer would have to be formulated on the basis of arbitrary assumptions. It is our impression that an attempt to formulate such answers might run the risk of violations of the American anti-trust laws which encourage competition, even competition from imports.

3. What kind of record does the nation and its vessels have in complying with U.S. laws, international treaties, and regulations?

Answer: The Korean industry supplies to American officials and the Council statements at roughly quarterly intervals of its policies in compliance with the provisions of the Magnuson Act. A copy of the most recent of these statements, dated December 2, is attached as Attachment #1, and we ask that it be made part of our reply to the Council's questionnaire at the "national" level. In brief, the Korean Fleet has not, to our knowledge, had any "violations" (serious alleged contraventions in which NOAA seeks a penalty) of the Foreign Fishing Regulations in 1985, and has received only a modest number of "citations" and warnings (usually in connection with radio procedures). There were several Korean violations in the last quarter of 1984, and at the same time NOAA brought civil actions for certain alleged violation going back through the several years when NOAA attorneys had been preoccupied with major cases involving other nations. These cases have all been resolved, with several being withdrawn by NOAA and negotiated fines being paid by the Korean owners in others. The absence of complaints by American fishermen would appear to indicate that the Korean system for avoiding gear conflicts is working well. (For the Council's information, the system, in place since September 8, 1983, involves the designation of a "lead" vessel at all times responsible for circulating in-

formation about American gear to all other Korean vessels on the grounds).

In terms of international agreements, the Korean Government continues to support American policy in the International Whaling Commission. The Korean industry has the burden of supporting financially a readjustment program for the Korean whaling industry, which is being rapidly phased out in compliance with the IWC moratorium resolution. One former whaling company has purchased a trawler for North Pacific ^{whaling} and the Association has been forced to make up a quota for the vessel from Korea's dwindling direct allocations. Korea is well aware of the issue of high seas interception of salmon, and has made certain that its high seas gillnet fishery for flying squid maintains its record of almost no interceptions. Korea has participated in the international effort to reduce discard of nets and vessel debris, and Korean vessels now maintain logs and records for the purpose of preventing discard. Refresher courses on debris and other regulations are given frequently to captains and officers at a center in Busan, and this program will be maintained.

4. What trade, political, or economic barriers exist that impede the shipment of U.S. harvested and/or processed fish to the country of the applicant? What, if anything, is being done to reduce these barriers? What is the overall trade balance in edible fisheries products by species volume and value?

Answer: The Republic of Korea is a developing country with large security expenditures and heavily in debt for development finance, principally to American banks. For the repayment of its foreign exchange debt, it is necessary to maintain a balance of trade surplus. Korea's bilateral surplus with the U.S. is quite modest, and would come close to disappearing if certain "off-balance" expenditures by Korea for military equipment and supplies purchased from the U.S. were taken into account. In connection with the management of its international accounts, Korea maintains an internationally-recognized system of trade and exchange controls. These controls are reviewed continually in bilateral American/Korean discussions with the objective of liberalizing Korean controls over American exports.

The system of Korean controls over fisheries imports is managed with the objective of admitting imports of American fisheries products freely. As a result, almost one-half of Korean fisheries imports come from the U.S. The trade control in place is a 10 per cent tariff/quota, with the quota expanded flexibly to admit American-origin product. American-harvested fish purchased in over-the-side "joint ventures" is admitted without tariff or quota. On the exchange control side, applications from Korean importers to buy dollars to import most species of interest to American exporters are given automatic approval. As noted above, the Korean system in place for fisheries imports, as is the case for all other controls, is under constant review in bilateral discussions with the U.S.

In response to a NMFS request in August of 1985, the Korea Deep Sea Fisheries Association prepared a questionnaire for its members asking them to project their requirements and plans for the imports of fisheries products from the U.S. over the next three years. A compilation of the replies to this questionnaire was compiled and is Attachment #2 to this document. The Korean industry projects substantial increases in fisheries imports from the United States over the three-year period: (1) 1986 -- \$35.9 mln; (2) 1987 -- \$39.9 mln; and (3) 1988 -- \$44.0 mln.

We are unable to respond to the last section of the Council's question because we do not understand its meaning.

5. What is the ratio of the country's total joint venture request to total directed fishing request?

Answer: The Korean request for "joint venture" purchases in 1986 totals 253,000 mt. The Korean direct fishery request for 1986 is 300,000 mt. Thus the ratio asked in the question is 84 to 100. It does not appear likely, however, that the Korean industry will receive its direct fishing request, and the ratio of "joint venture" purchases will no doubt be higher. It appears, for example, that Korea will receive less than 253,000 mt in direct quotas in 1984.

6. Has the foreign nation cooperated in reporting fishery and market information beyond that required by law?

Answer: In "Agreed Minutes" to a Consultation on US/Korea Allocations and Fisheries Trade held in 1981, it was agreed that the two Governments would exchange information on fisheries imports and exports, regulations and amendments concerning fisheries trade, catch data, monthly reports on markets and prices, and general statistics on demand and supply for fisheries products. Korea has continued to fulfill its side of this agreement.

7. How much fisheries research does the country do off Alaska?

Answer: Since 1978, with the sole exceptions of 1979 and 1984, a ROKG-owned research vessel has been sent to Alaskan waters to conduct, in cooperation with American researchers, studies of habitat and distribution of groundfish, biological research and oceanic surveys. Since 1979, annual meetings between Korean and American scientists have been held to exchange data and to make a joint assessment of bottomfish resources. This year, in early November, the annual meeting was held for the first time in Korea, at the Fisheries Research and Development Agency Headquarters in Busan.

KOREA DEEP SEA FISHERIES ASSOCIATION

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SEOUL, KOREA

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REF NO: _____

DATE: _____

Statement of the Korean Fisheries Mission
Visiting the United States
in December, 1985
Administrator Y. S. Kang
National Fisheries Administration
Admiral C. Y. Hwang ROKN, Retired
President of the Association

December 2, 1985

BACKGROUND

1. This Mission began with a visit by Admiral Hwang to Seattle just prior to the Thanksgiving holiday for consultations with American "joint venture" partners and members of the Seattle fisheries policy community. Administrator Kang, Director General S. H. Ha of the Fisheries Promotion Bureau of the National Fisheries Administration, and Admiral Hwang will consult with State, NOAA and Congressional officials in Washington during the week of December 2, 1985. They will then fly to Anchorage, where Admiral Hwang, together with Presidents J. Kim of Dongwon and M. N. Kim of Daerim, will lead a delegation of some 25 Korean fishing industry executives at a one-day meeting on December 7 of the "Steering Committee" of the US/Korea Fisheries Development Conference. The officials and industry representatives will consult with North Pacific Fishery Management Council and Alaska State figures in the early part of the next week, and Administrator Kang will hold his annual reception for the Council and Alaska fisheries community on the evening of December 9th. Administrator Kang and Director General Ha will then return to Korea, with the industry delegation headed by Admiral Hwang remaining on through the Council Meeting.

KOREAN DIRECT QUOTAS

2. As this is written, an allocation of 295 mt of cod is in the allocations pipeline, bringing total Korean direct allocations in 1985 to 247,319 mt. The Korean industry is still hopeful of receiving additional pollock allocations from TALFF which is either unallocated or is to be re-allocated in year-end adjustments. We recognize that, despite an excellent record this year of observing the very strict bycatch and prohibited species

catch limits set by the American side, there have been problems late in the year -- at first with sablefish and now with cod. We are grateful for the adjustments which have been granted us with regard to both species permitting continued operations for our principal target fishery, pollock. Recent allocations of sablefish and cod will not be passed out to individual vessels, but held in reserve by the Association and doled out carefully only for the purpose of meeting shortfalls. Late catch reports indicate that this tactic has resulted in a satisfactory control of bycatches.

3. The Korean industry recognized that direct allocations would decline in 1985. Indeed, our own sharp increase in our 1985 target for over-the-side purchases of American-caught fish indicated a consequent reduction in availabilities for direct quotas. We had hoped, however, by virtue of our cooperation and satisfaction of the Magnuson Act criteria, to maintain our share of the TALFF actually made available to foreign fishermen. Our calculations show that we have not maintained even our 1984 share this year. At this point, we are about half a percentage point down from last year -- a year in which we had already sunk one percentage point in comparison with 1983 despite the larger 1984 allocations of TALFF.

4. The official Korean request for 1986 direct allocations totals 300,000 mt: 270,000 mt in the Bering Sea/Aleutians, and 30,000 mt in the Gulf of Alaska. We request an initial allocation of 100,000 mt. This would be in line with the provision of the Magnuson Act specifying that a fishing nation is to receive 50 percent of its overall yearly quotas in its initial allocation. Our request by species is as follows:

KOREAN REQUEST FOR 1986 ALLOCATIONS BY SPECIES

(Unit: metric tons)

Pollock	231,000
Pacific cod	21,000
Sablefish	600
Yellowfin	
sole	25,200
Turbots	4,200
Other	
flounders	12,000
Pacific Ocean	
perch	300
Atka mackerel	600
Other rockfish	600
Sebastolobus	90
Squid	1,110
Other	
bottomfish	<u>3,300</u>
	300,000

The Korean industry asks that the following species be managed as a single stock in the Bering Sea and Aleutians: pollock, Pacific

Ocean perch, other rockfish and sablefish.

FISHING FEES

5. The Korean industry regards the present fishing fees levied by the United States Government in its fisheries zone as excessive, particularly when the unnecessary and redundant direct and indirect costs of "100% observer coverage" are taken into consideration. We would accept some upward adjustment in the fees if calculated on the basis of inflation, but we do not believe that there should be any tampering with the basic formulae under which the fees are calculated, nor the categories of "Magnuson Act costs" which are included in the sums to be covered by foreign fishing fees. The only adjustment we support would be the use of up-to-date figures for foreign fishing catches in order to reflect in the fee formula the falling TALFF's of recent years. In particular, we do not agree that large elements of the basic overhead of the U.S. Coast Guard should be included in these "costs"; the Coast Guard is a semi-military organization whose equipment costs and staffing patterns are designed to meet eventualities outside those of normal civilian activity.

6. The Korean industry is, quite frankly, distressed by the proposals pending in the U.S. Congress to meet American budgetary exigencies by raising foreign fishing fees some 60 to 80 per cent. We believe that such proposals reflect two false assumptions, one legal in nature, and the other economic. The legal presumption behind such proposals is that the U.S. Government owns the resources in its Zone beyond U.S. territorial waters, and may therefore charge what it likes for their harvest by foreigners. But the U.S. Government has never asserted ownership, because to do so would give foreigners from nations having Treaties of Friendship, Commerce and Navigation with the U.S. (as does the Republic of Korea) "national treatment" with respect to the development of the resources. The entire regime of Magnuson Act discrimination against foreigners would thereby be struck down. In fact, the U.S. Government may only charge legally to the foreigners an amount bearing a demonstrable relationship to the costs of the services provided by the U.S. Government to the foreign fleets fishing their quotas. The false economic presumption, shared with the former policymakers of the OPEC countries, is that both demand and supply for the resource in question is inelastic. In the Korean case, pollock demand is price-elastic and the supply of North Pacific pollock from other nations is also price-elastic.

KOREAN/AMERICAN "JOINT VENTURES"

7. This year, the Korean industry purchased 181,900 mt of American-caught fish in the over-the-side "joint ventures" authorized by the Magnuson Act. This amount was almost three-quarters the size of our direct allocations, whereas the Japanese total approximated just over one-half of their allocations. We continued in 1985, therefore, the very innovative and forthcoming record we have established in this area of Korean/American fish-

eries cooperation, and at the July "Alyeska" meeting of the US/Korea Fisheries Development Conference, the parameters for 1986 cooperation were established to both sides' satisfaction. A substantial contribution to the 1985 Korean "joint venture" effort was made by the Hansung vessel purchased from the West Germans (the former "Fredrich Busse") and dedicated solely to work with American "joint venture" partners. This vessel will continue to operate in a "joint venture" mode in 1986.

8. The Korean industry will present to the North Pacific Council at its December, 1985, meeting proposals for 1986 "joint ventures" totalling 253,000 mt. This target is larger than the anticipated total of direct allocations in 1985, and represents a projected broadening of the Korean "joint venture" purchases in terms of areas, seasons, and species to be purchased. The demand by foreign fleets for over-the-side purchases of American-caught fish has risen to the point where certain species are in short supply. The Korean industry has commented in response to a North Pacific Council request on the various options for allocating the species in short supply, and has advocated the so-called "by-nation" option. The Korea Deep Sea Fisheries Association is in the best position, and has demonstrated over the years its capability of performing the allocation function in such a way as to encourage greater cooperation between Korean and American fishermen.

9. We are informed that there has been a reduction in the Gulf of Alaska pollock stocks which were the basis for the Shelikof Straits roe fishery. The Korean fleet developed this fishery in a "joint venture" mode, and was alone on the grounds between 1979 and 1981. The roe fishery was an easy one for American fishermen to gain experience in, and the employment and profit contributions to the American economy have been considerable. On the basis of this record, the Korean industry asks that we be given 60 per cent of any reduced amount of "JVP" for roe pollock in the Shelikof Straits in 1986. We also suggest that any 1986 roe pollock fishery not be started until mid-February. In a similar vein and as a conservation measure, we suggest that the Aleutians Atka mackerel "joint venture" fishery not be started until June 1st.

OTHER MAGNUSON ACT COOPERATION

10. The Magnuson Act provisions concerning international trade focus on trade in fisheries products. But fisheries are closely related to general trade in foodstuffs and in the Government of the Republic of Korea, the Ministry of Agriculture and Fisheries has responsibility for both areas. Minister of Agriculture and Fisheries I. S. Hwang met with U.S. Secretary of Agriculture John Block during the recent United Nations Food and Agriculture Organization session in Rome in November. The Korean side understood that Secretary Block noted the very large role of Korea as an importer of American agricultural products (\$1.7 billion in 1984), and the Secretary agreed to request Secretary of Commerce Malcolm Baldrige to take this aspect of Korean per-

formance into account in considering fisheries allocations to Korea. Furthermore, U.S. allocations of pollock are a vital element of the rations for the Korean armed forces. Under the terms of the U.S./Korea Treaty of Mutual Security, the U.S. has obligations to assist generally in carrying forward the objectives of the Treaty. Administrator Kang wishes to note these two areas of Korea/U.S. cooperation as overriding factors to be considered in setting U.S. fisheries allocations to Korea.

11. Korean performance in terms of imports of American processed and semi-processed edible fisheries products has picked up in 1985. Korean Government statistics show \$23.7 mln of imports through August 31, 1985. American official statistics are quite close to the Korean totals this year, and do not exhibit the puzzling discrepancies of recent years. In accordance with an American request in a recent bilateral meeting, the National Fisheries Administration has prepared a three-year projection of probable imports of American edible fisheries products, based upon Association member companies' response to a questionnaire. The projected total dollar values are: (1) 1986 -- \$35.9 mln; (2) 1987 -- \$39.9 mln; and (3) 1988 -- \$44.0 mln. The details of the projection have been forwarded to NMFS trade specialists.

12. The import and exchange controls on fisheries imports remain as reported in previous Association talking papers and continue to be operated in favor of imports from the U.S. (almost half of Korea's fisheries imports come from the U.S.). The controls consist of a 10 per cent tariff/quota, with the quota expanded flexibly for American applications, and "automatic approval" under the exchange controls for the following species of interest to American exporters: sablefish, Atka mackerel, Pacific Ocean perch, sebastolobus, "other rockfish", and crab.

13. Although it is not a subject covered by the Magnuson Act, the Korean industry continues to believe that many of its export activities are closely related to the welfare of their customers in the U.S. and ultimately to the welfare of the American consumer. Exports of pollock and cod fillet blocks for further processing and marketing by American companies have fallen off in 1985, after a peak year in 1984. Korean exports by value of pollock and cod block in 1984 were \$33.1 mln and \$6.0 mln respectively; totals for September 30, 1985 stood at only \$20.7 mln and \$4.1 mln. Although the companies doing the work are not Association members, we understand that some Seattle-based catcher/processor companies are following our longstanding recommendation by having some of their catches given initial processing in Korea, utilizing our highly productive labor, and importing the resultant semi-processed product for further processing and/or marketing.

14. Discussions and negotiations continue with respect to possible investment or "real" "joint ventures" between Korean and American firms in harvesting, processing or marketing, but no announcements of firm arrangements have been made. Association members continue to study the data made available by the Associa-

tion Investment Study Team which visited Alaska in May of this year, toured shoreside processing facilities, and spoke with many knowledgeable people about investment opportunities.

15. Insofar as we are aware, the Korean record in enforcement in 1985 shows no violations and only a modest number of citations for such infractions as failure to observe the time limits on radio reports of vessel movements. There were several violations by Korean vessels in the fall and early winter of 1984, but these cases have now all been settled and the negotiated penalties paid. In June of this year, the Association held another in its annual series of "Enforcement Seminars" in which member company executives and captains meet with U.S. enforcement experts invited to Korea at Association expense. Unfortunately, the seminar took place prior to the promulgation of the revised Foreign Fishing Regulations. The new Regulations could usefully have been reviewed at the Seminar. The Korean system for the prevention of gear conflicts appears to be working well in the absence of any American complaints.

16. In the area of cooperative fisheries research, the Korean Government research vessel Odaesan Ho made a cruise budgeted at \$550,000 in Alaskan waters in the period July 3 through September 10, 1985. The data gathered during the voyage were exchanged with American scientists from the Northwest and Alaska Fisheries Center at a meeting held in Busan, Korea in November, 1985.

17. The Magnuson Act term "cooperation with other American policies" has come in recent years to mean compliance with American policies in the International Whaling Commission. The Korean Government continues to support American policies in the IWC. The Korean deep sea fishing industry continues to pay the costs of readjustment for the people who are being phased out of the rapidly dwindling Korean whaling industry. One whaling company has purchased a stern trawler for use in the North Pacific, and Korea's reduced quotas must be divided with one additional vessel.

EMBASSY OF THE REPUBLIC OF KOREA
WASHINGTON, D. C.

November 26, 1985


Mr. William G. Gordon
Assistant Administrator
National Marine Fisheries Service
Page Building II, Room 400
3300 Whitehaven Street, N.W.
Washington, D.C. 20235

Dear Mr. Gordon:

I submit herewith the three year (1986-1988) export/import plan for fish products in response to your letter of request dated September 9, 1985. This plan is based on the data submitted by Korean deep sea fishery companies. Regarding the easing of tariffs, my Government has already changed the status of items of concern to the United States from I.Q. to A.A., and we will continue to develop our policies for increasing trade between Korea and the United States.

I hope this satisfies the request of your office, and should you have any questions please call me. I thank you for your cooperation in this matter.

Sincerely,


S.C. Song
Fisheries Attache

Enclosure

1. Import Plan

A. By Species

Unit: M/T, \$1 Thousand

YEAR	1986		1987		1988	
	Volume	Value	Volume	Value	Volume	Value
TOTAL	44,800	35,910	58,920	39,948	61,700	44,034
Roe Bearing Pollock	13,000	4,225	15,000	4,875	15,000	4,875
Dressed Cod	4,000	3,520	5,000	4,400	5,000	4,400
Snow Crab	200	600	5,800	3,900	5,800	4,050
Roe Bearing Herring	7,000	13,040	3,720	6,768	4,200	7,662
Cod	2,800	2,261	5,500	4,395	6,400	5,209
Salmom (Pink)	1,400	1,645	2,650	3,302	3,200	4,065
Herring	700	820	2,800	4,979	3,200	5,563
Pollock	11,000	2,786	15,450	3,863	15,000	3,750
Flatfish	2,000	2,310	2,000	2,316	2,500	2,900
Frozen Herring	1,800	3,663	---	---	---	---
P.O.P	400	340	500	450	800	720
Total	500	700	500	700	600	840

Three Year Total: 165,420 M/T, \$119,892,000

1. Import Plan
 B. By Company
 Unit: M/T, \$1 Thousand

YEAR	1986		1987		1988	
	Volume	Value	Volume	Value	Volume	Value
TOTAL	44,800	35,910	58,920	39,948	61,700	44,034
Marine Enterprise	1,400	1,610	1,650	1,935	2,300	2,635
Oyang Fisheries	17,000	7,745	20,000	9,275	2,000	9,275
Transocean Enterprise	200	600	300	900	300	1,050
Dongwon Industries	2,300	3,285	3,000	3,950	3,300	4,410
Han Sung Enterprise	800	880	800	880	800	880
Sam Ho Moolsan	9,000	6,246	9,670	7,281	10,100	8,237
Dae Rim Fisheries	4,600	6,894	5,200	7,759	6,400	9,337
Silla Trading	6,000	2,000	12,000	4,000	12,000	4,000
Dae Woo	---	---	6,300	3,968	6,500	4,210
Kooil Industrial Co.	3,500	6,650	---	---	---	---

2. Export Plan
 A. By Product
 Unit: M/T, \$1 Thousand

YEAR	1986		1987		1988	
	Volume	Value	Volume	Value	Volume	Value
TOTAL	29,568	55,335	32,418	62,195	33,842	66,482
Pollock Block	4,200	5,921	4,620	6,514	4,480	6,316
Cod Block	2,240	5,183	2,800	6,479	2,800	6,479
Snow Crab	200	1,400	200	1,500	250	2,000
Flatfish	3,318	7,810	3,788	9,007	4,172	9,862
Cod	1,450	3,381	1,200	2,834	2,050	3,698
Pollock	840	1,110	1,260	1,666	1,260	1,666
Pollock Fillet	12,730	18,770	12,220	18,029	11,610	17,880
Cod Fillet	790	1,903	1,900	4,623	2,250	5,491
Flatfish Fillet	620	1,562	830	2,092	830	2,092
Frozen Pollock Fillet	2,000	2,740	2,200	3,036	2,500	3,500
Oyster (I.Q.F.)	300	1,145	400	1,528	500	1,925
Oyster (Block)	600	1,632	700	1,911	800	2,200
Shrimp	280	2,778	300	2,976	340	3,373

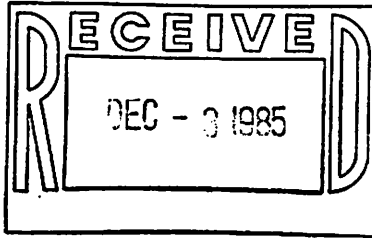
Three Year Total: 95,828 M/T, \$184,012,000

2. Export Plan
 B. By Company
 Unit: M/T, \$1 Thousand

YEAR		1986		1987		1988	
COMPANY	Volume	Value	Volume	Value	Volume	Value	
TOTAL	29,568	55,335	32,418	62,195	33,842	66,482	
Marine Enterprise	1,180	4,365	1,380	4,915	1,600	5,662	
Oyang Fisheries	6,440	11,104	7,420	12,993	7,280	12,795	
Transocean Enterprise	200	1,400	200	1,500	250	2,000	
Dongwon Industries	3,108	6,966	3,948	8,659	4,182	9,226	
Nambug Fisheries	1,200	1,590	1,200	1,602	1,200	1,620	
Han Sung Enterprise	1,100	1,990	1,100	1,990	1,100	1,990	
Samho Moolsan	6,440	10,718	7,570	13,213	7,630	13,564	
Dae Rim Fisheries	4,900	9,702	5,600	11,323	6,600	13,625	
Silla Trading	5,000	7,500	4,000	6,000	4,000	6,000	

Sea-Alaska Products

December 2, 1985



ACTION	ROUTE TO	INITIAL
	Exec. Dir.	J
	Deputy Dir.	
	Admin. Off.	
Cc: JC	Exec. Sec.	hla
	Staff Asst. 1	
	Staff Asst. 2	
	Staff Asst. 3	
	Extensionist	
	Sec. / Typist	

James O. Campbell, Chairman
North Pacific Fisheries Management Council
411 West 4th Avenue
Anchorage, AK 99510

Dear James:

Enclosed please find the "Memorandum of Discussions Concerning Cooperation Between the U.S. and Japanese Fishing Industries for 1986". Also enclosed is a recap of the 1985 Agreement compared to the new 1986 Agreement.

During our negotiations the U.S. side stated they had no idea of what TALFF would be for 1986 as established by North Pacific Fisheries Management Council. The Japanese side expressed their expected level but we made no commitment as to this level. We did, though, strongly feel that because of Japan's cooperation in helping the processing industry in the production of groundfish products and the substantial increase negotiated in over-the-side joint venture purchases that they be awarded an allocation over their historic percentage. This is referred to in page 2, paragraph 2.

Please note also on page 4, paragraph D the strong language that was inserted regarding Import Quotas and Non-Tariff Trade Barriers. Please note also page 5, paragraph G, as we discussed with them the importance on their side of resolving the high seas salmon interception issue.

Our opening statement to them read as follows:

"Both the U.S. and Japanese Governments have linked the high seas salmon problem to Bottomfish Allocations. The U.S. industry is concerned about salmon. We believe that the Japanese have to seek a resolution of the salmon issue -- failure to do so will jeopardize any agreement on bottomfish."

The industry representatives in Anchorage voted unanimously for this agreement. I hope that you can do everything possible to help implement this between our two industries.

Sincerely,

SEA-ALASKA PRODUCTS

Ronald R. Jensen-jed

Ronald R. Jensen
President

cc: Jim H. Bronson

	<u>1985</u>	<u>1986</u>	<u>1986</u>	<u>1987</u>
	Old Agreement		New Agreement	
Over-the-Side Joint Venture				
Pollock				
Shelikoff & Gulf of Alaska	120,000			
Bering Sea	310,000		525,000	
Other than Pollock	30,000		57,500	
U.S. Harvested/Processed				
Pollock *1985 (1)	35,000	105,000	40,000	100,000
Agreement 1986 (2) Purchased			14,000	
U.S. Harvested/Processed Other than Pollock	5,000		20,000	
TOTAL	500,000	105,000	656,500	100,000

Over-the-Side Joint Venture Increased	122,500
U.S. Harvested/Processed Pollock Increased	14,000
U.S. Harvested/Processed Other Than Pollock Incr.	<u>15,000</u>
	<u><u>151,500</u></u>

- (*) 1985 Agreement Purchased
 - (1) 1986 & 1987 Purchased & Delivered
 - (2) 1986 Purchased
- # in Metric Tons

C-6
Supplemental

JAY D. HASTINGS
ATTORNEY AT LAW

SUITE 3305
1111 THIRD AVENUE
SEATTLE, WASHINGTON 98101

(206) 292-0792
TELEEX: 32-8024
ANSHK, FOSTER LAW SEA

December 6, 1985

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

Re: Council Policy on Joint Ventures & Allocations/Japanese
Directed and Joint Venture Fisheries off Alaska for 1986

Dear Jim:

The purpose of this letter is to provide the Council with information for evaluating Japanese directed and joint venture fishery requests off Alaska for 1986. Our requests for 1986 are based upon the agreement concluded between the U.S. and Japanese fishing industries during the fourth U.S./Japan industry meeting held in Anchorage on November 24-27. The agreement covers the purchase of approximately 656,500 mt (round weight) of joint venture and processed bottomfish products by Japanese fishing companies from the U.S. industry during 1986. A copy of the agreement is attached for your review.

Below I have responded to the criteria for review of joint venture and directed allocations requests in accordance with the Council policy on joint ventures and allocations. The policy and the criteria were included in an October 3 Council distribution to foreign fishing representatives and prospective joint venture operators for 1986.

- Level of U.S. industry involvement in all phases of Japanese joint operations: Japanese at sea joint ventures are typical "over-the-side" operations wherein the U.S. partners harvest the fishery resource and the Japanese partners process and market the finished product.

It should be noted that all products produced in Japanese joint ventures are marketed in Japan. None of these products compete with U.S. products in the U.S. market.

- Enhancement of U.S. employment at sea and ashore: During 1984 five Japanese companies employed as many as 34 U.S. trawl vessels in Japanese joint venture operations. This year the number of Japanese companies participating in joint venture

Mr. Jim H. Branson
December 6, 1985
Page two

operations increased to twelve. These Japanese companies employed 40 U.S. vessels in the pollock joint ventures and 22 U.S. vessels in the yellowfin sole joint ventures.

The U.S. trawl vessels participating in the Japanese joint ventures employ from five to nine U.S. crew members. In addition, each joint venture operation employs at least one U.S. observer and one joint venture representative stationed aboard each Japanese processing vessel. Japanese joint venture operations have generated additional shoreside employment in Alaska, Washington and Oregon for maintenance and repairs and the purchase of fishing and vessel gear and other provisions.

Japanese equity investments in U.S. shoreside facilities have also generated new employment opportunities for American citizens in both Alaska and Washington. The two new surimi plants in Dutch Harbor are expected to create approximately 200 new employment opportunities for processing and fishing.

- Transfer of capital through investment in the U.S. industry: Overseas investment statistics of the Japan Fishery Agency estimate that Japanese equity investment in the infrastructure of the U.S. fishing industry was \$36.322 million through March 1984 and \$36.546 million through March 1985. The two new surimi facilities in Dutch Harbor will represent an additional \$20 million investment by Japanese fishing companies. These figures do not include loans, advances and the value of technology transfer.

- Technology transfer: All Japanese fishing companies have been sending specialists to the United States to provide technical instruction and assistance to U.S. fishermen and processors in the handling, preparation, and processing of marine products to meet the standards of the Japanese market. We believe this technical assistance has been a major factor contributing to the steady increase in exports of marine products from the United States to Japan, especially from the North Pacific. This year Japanese fishing companies have also offered technical assistance to some U.S. factory trawlers and Japanese technicians are now working onboard.

Since the 2-day surimi workshop sponsored by the Japan Deep Sea Trawlers Association in Seattle during October 1984, Japanese fishing companies have now become directly involved in providing technical assistance for U.S. surimi operations. This year technical assistance for the APS/AFDF pilot surimi project in Kodiak was provided by a major Japanese fishing company. More recently Japanese surimi technicians from the two largest Japanese fishing companies have been directly involved in the planning and

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December 6, 1985
Page three

will be directly involved in the operation of the two new surimi facilities to begin production in Dutch Harbor during 1986.

The North Pacific Longline Gillnet Association has conducted a number of technical workshops with U.S. longline fishermen in Southeast Alaska, Kodiak and Seattle for the purpose of demonstrating the processing and handling techniques necessary to produce product acceptable in the Japanese marketplace. Those workshops directly contributed to the success which U.S. longline-caught blackcod has recently enjoyed in Japan.

The North Pacific Longline Gillnet Association has also conducted a number of test fisheries for hair crab, flounder and other underutilized species with U.S. fishermen in Western Alaska. The purpose of those test fisheries was to assess the possibility of diversifying the fisheries available to local fishing communities in Western Alaska. The Association provided gear, technology and fishing technicians to explain the techniques necessary to conduct the test fisheries involved.

At the request of various fishermen and fishing groups, the North Pacific Longline Gillnet Association has also provided the services of fishing technicians to consult with fishermen in Kodiak, Seattle, Sitka and on Atka Island regarding vessel and fishing gear design and layout.

The National Federation of Medium Trawlers has continued its efforts in the Pribilof Islands to assist in the development and promotion of the Pribilofian commercial fisheries. Japanese technicians have been sent to the Pribilofs, fishing vessels and gear have been provided to the Pribilofs at no cost, and fishermen have been invited to Japan for training. More than \$750,000 has been expended on this project.

Recently the Japan Fisheries Association and the Overseas Fishery Cooperative Foundation concluded a cooperative agreement with the state of Alaska involving a vocational training project for Alaskans in the processing of fishery products, including surimi, and a feasibility study for the development of marine culture in Alaska. The first meeting of a joint committee between the state of Alaska and Japan was held in Anchorage on December 6.

- Achievement of joint venture goals during previous seasons: The achievement of Japanese joint ventures goals since 1981 is set forth in Table 1. Japanese joint venture purchases have increased significantly over the past few years from a total of 12,353 mt in 1981 to a total of 461,938 mt in 1985.

In 1981 the Japanese initiated their first pollock joint ventures and purchased 11,400 mt of pollock from U.S. fishermen.

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Page four

Pollock joint venture purchases expanded to 66,200 mt during 1982, 211,600 mt during 1983, 341,000 mt during 1984, and 432,800 mt during 1985.

A yellowfin sole joint venture was also initiated during 1984 with a purchase amount of 4,700 mt. During 1985 this fishery expanded rapidly to a total purchase of 26,451 mt, including other flatfish. Although the total target for species other than pollock was not fully achieved this year due to a couple of technical problems, the fishery is expected to improve during 1986.

The North Pacific Longline Gillnet Association has been engaged in the purchase of herring from Togiak fishermen since 1981. Purchase amounts have been 953 in 1981, 2,453 mt in 1982, 2,632 mt in 1983, 3,230 mt in 1984, and 2,371 mt in 1985. The fishery this year supported 188 U.S. vessels of the Bristol Bay Herring Marketing Cooperative.

Japanese longline vessels have also participated in a program to purchase chum and pink salmon from fishermen in Norton Sound since 1982. During 1985 a total of 299 mt of salmon was purchased from 60 U.S. vessels in this operation.

The North Pacific Longline Gillnet Association has also conducted marketing projects with U.S. fishermen in Sitka and Seattle. The purpose of those marketing projects has been the promotion of U.S. longline-caught bottomfish products in Japan and the provision of marketing assistance to U.S. fishermen interested in selling their product through the Association's marketing channels in Japan.

- Proof of financial responsibility by Japanese partners:
The financial responsibility of the Japanese companies engaged in joint venture fishery operations has been excellent.

- Compatibility of Japanese joint venture operations with other U.S. fisheries and incidental species: Since joint venture fisheries are U.S. fisheries harvesting that portion of the OY reserved for the U.S. industry, this question is best answered by the U.S. partners in the individual joint venture operations. However, the Japanese have expressed serious concern regarding the incidental catch of fully-utilized species in their joint venture operations and have stressed the importance for the U.S. joint venture operators to develop measures to resolve this problem.

- Economic contribution of Japanese joint ventures to U.S. harvesting, processing, and support industries: Each Japanese

Mr. Jim H. Branson
December 6, 1985
Page five

Joint venture operation provides one or more Japanese processing vessels to purchase pollock and other underutilized groundfish species from U.S. fishing vessels. Table 1 lists the approximate exvessel values paid to the U.S. fishermen in the Japanese joint venture fisheries. In addition, these operations do generate economic benefits for other sectors of the U.S. industry. However, I do not have the information available to estimate the total value of these benefits.

- Purchase of U.S. processed product, especially underutilized species: Japan is the most important export market for U.S. fishery products. In fact, Japan is the only major nation with whom the U.S. enjoys a balance of trade surplus in fisheries trade. The total estimated value to the U.S. industry of Japanese purchases for all fishery products was \$649 million during 1983 and \$678 million during 1984.

Under the 1985 U.S./Japan industry agreement the Japanese industry agreed to purchase 140,000 mt of processed pollock based upon offers by U.S. processors of available processed products at a price and quality mutually agreed to by the contracting parties. Unfortunately, the available pollock product offered to the Japanese companies has an extremely small and limited market in Japan and the Japanese market price is much lower than the price offered by the U.S. processors. For these reasons purchase arrangements could not be concluded between the U.S. and Japanese fishing companies.

With respect to surimi, the Japanese fishing companies received no concrete offers of available product for purchase negotiations. However, despite the unavailability of processed surimi, two Japanese fishing companies agreed to establish joint venture companies for the production of surimi in Dutch Harbor. These two facilities represent an effort on the part of the Japanese industry in excess of the Japanese obligation under the 1985 industry agreement but which is intended to assist the U.S. industry get a start in surimi production. When these two facilities become operative this next year they should be capable of processing 40,000 mt (round weight) of pollock during 1986.

Under the 1985 industry agreement, the Japanese fishing industry also agreed to purchase 5,000 mt (dressed weight) of processed bottomfish products other than pollock. This goal has already been exceeded. By the end of October the Japanese fishing companies had purchased 8,700 mt (dressed weight) of processed bottomfish products. The goal for 1986 is 20,000 mt (round weight).

Mr. Jim H. Branson
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Page six

- Compliance with U.S. laws, international treaties, and regulations: Please refer to the National Marine Fisheries report to the Council dated November 18, 1985.

- Existence of trade barriers to U.S. fish products and efforts to remove them: Japan's tariffs on fishery products are quite low when compared with those imposed by other nations. Since the 1979 Multilateral Trade Negotiations (MTN) the Japanese have taken a number of steps to facilitate the import of U.S. fishery products. Tariff reduction schedules agreed upon during the trade negotiations for some fishery products have been accelerated by the Japanese voluntarily. Areas of major progress on tariff reductions and import quotas are as follows:

(1) April 1982. The MTN reduction schedules for tariffs on 24 individual marine products were accelerated from 1984 and fully achieved by 1982.

(2) April 1983. Under the MTN schedule the tariff on frozen herring roe and salted roe for other species was to be reduced by the end of 1987. However, the Japanese accelerated the schedule by more than 4 years and reduced the tariff to the rate agreed upon by April 1983.

(3) 1985. This year the Japanese accelerated tariff reductions schedules agreed upon during the MTN negotiations for a number of fishery products important to the U.S. industry, such as cod, herring, pollock, pollock roe and hake.

(4) June 1985. The Japanese government amended the import quota for pollock and established a new quota to facilitate the import of pollock and processed pollock products from the United States under the 1985 U.S./Japan industry agreement.

- Ratio of Japan's total joint venture request and purchase of U.S. processed product to total direct fishing request: In accordance with the 1986 U.S./Japan industry agreement concluded in Anchorage on November 27, the Japanese industry has agreed to purchase from the U.S. industry 582,500 mt of joint venture product and 74,000 mt of processed bottomfish products for a total purchase of 656,500 mt. In exchange for this commitment the Japanese industry has requested a directed allocation to Japan of 700,000 mt, including 230,000 mt of species other than pollock. The ratio of Japanese purchase commitments to its total direct fishing request for 1986 is fast approaching a one to one ratio as compared to 1985.

It should be noted that Japan is the only nation which commits itself in advance to the purchase of bottomfish and

Mr. Jim H. Branson
December 6, 1985
Page seven

bottomfish products through industry negotiations with the U.S. fishing industry. Japan has participated in these industry negotiations since 1982 pursuant to the U.S. policy of "fish and chips" under the Magnuson Act based upon the principle that fishery allocations to Japan could be ensured for maintaining stable fishery operations within the U.S. fishery conservation zone.

The directed fishery allocations to the Japanese fishing companies are critical to fulfilling joint venture and processed product purchase commitments under the industry agreement. The importance of the directed fishery allocations to the Japanese fishing companies has been emphasized time and again by the Japanese industry. These allocations are essential to diversify Japanese fishing operations in the U.S. fishery conservation zone in exchange for the purchase commitments under the industry agreement. Without these directed allocations, Japanese purchase commitments standing alone would be financially too risky.

- Reporting of fishery and market information beyond that required by law: The results of Japanese research surveys off Alaska are made available to the United States as soon as possible. Information on the Japanese market is readily available through daily Japanese publications or upon request to a U.S. Japan Fisheries Trade Office or a Japanese fishing company. One U.S.-Japan Fisheries Trade Office is located in Washington, D.C. (202-965-1280) and a second office is located in Seattle (206-624-1800). These two offices offer various services such as providing information on the Japanese market and fisheries and introducing potential business partners.

- Japanese participation in fisheries research off Alaska: The following research surveys have been conducted off Alaska by the Japanese for the past several years.

(1) The U.S.-Japan joint stock survey of sablefish and Pacific cod has been conducted every year in the Aleutian Islands area since 1979 and the eastern Bering Sea area since 1982. Japanese longline vessels are used for these surveys.

(2) Groundfish surveys using Japanese stern trawlers were conducted in the eastern Bering Sea during 1979, 1981, 1982, and 1985 and in the Aleutian Islands area during 1980 and 1983. The Japanese have tentative plans to participate in a cooperative research survey in the Aleutians during 1986.

(3) Since 1982 surveys have been conducted for testing gear improvements to reduce the incidental catch of prohibited species

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December 6, 1985
Page eight

and other bycatch species in the Japanese trawl fishery. Two Japanese stern trawlers have been used for these surveys.

(4) In 1985, for the 8th consecutive year, the North Pacific Longline Gillnet Association contributed the use of one of its vessels to participate in the U.S./Japan cooperative longline survey of groundfish stocks in the Bering Sea/Aleutian Islands and Gulf of Alaska. Data from the longline survey provides one of the best indexes of groundfish stock abundance currently available for the areas covered.

(5) A joint U.S.-Japan stock survey on groundfish in the Gulf of Alaska was conducted during 1984. Japanese stern trawlers were used for this survey.

Japan conducts more fisheries research off Alaska than any other nation and is planning to continue its survey research efforts during 1986. The results of this research are analyzed by the Japanese scientists and reports are submitted for use during INPFC and bilateral scientific meetings. Japanese research contributes significantly to groundfish stock assessments within the 200-mile fishery conservation zone off Alaska.

In conclusion, Japan is the United States' best partner in the development of U.S. fisheries and fisheries trade. The two industries have cooperated closely in technology transfer and the development of underutilized resources. In exchange for the cooperation from the Japanese industry, the individual Japanese companies are dependent upon surplus fishery resources within all areas of the fishery conservation zone to ensure stability in their North American fishery operations.

I will be attending the December Council meeting and I will be ready to supplement this letter with an oral presentation for the benefit of both the Permit Review Committee and the Council. I shall also be prepared to answer any questions during these sessions.

Sincerely,

Jay D. Hastings
on behalf of the
Japan Fisheries Association

Attachments

TABLE I

JAPANESE JOINT VENTURES
1981 - 1985

Year/Species	Target	Achieved	Value (\$US)
1981			
Pollock	14,000	11,446	\$1,700,000
Herring		953	460,000
Total		12,399	2,160,000
1982			
Pollock	70,000	66,219	5,400,000
Herring		2,453	1,100,000
Salmon		309	270,000
Total		68,981	6,770,000
1983			
Pollock	179,800	211,626	19,500,000
Herring		2,632	1,400,000
Salmon		No operation	
Total		214,258	20,900,000
1984			
Pollock	330,000	340,878	32,500,000
Yellowfin sole	4,900	4,789	600,000
Herring		3,230	1,800,000
Salmon		270	100,000
Total		349,167	35,000,000
1985			
Pollock	430,000	432,817	
Other species	30,000	26,451	44,000,000*
Herring		2,371	1,700,000
Salmon		299	220,000
Total		461,938	45,920,000

* Combined preliminary estimate for pollock and other species.

MEMORANDUM OF DISCUSSIONS
CONCERNING COOPERATION BETWEEN THE
U.S. AND JAPANESE FISHING INDUSTRIES FOR 1986

A. Delegations of the commercial fishing industries of the United States and Japan met in Anchorage, Alaska, on November 24-27, 1985 to discuss mutual cooperation in fisheries development and trade during 1986. These discussions have been held annually since 1982 pursuant to the U.S. policy of "fish and chips" under the Magnuson Fishery Conservation and Management Act of 1976. The major issues discussed were Japanese purchases of bottomfish and bottomfish products from the U.S. industry and directed allocations to Japan within the U.S. 200-mile fishery conservation zone during the 1986 calendar year.

Mr. Clement Tillion served as the meeting chairman. The Japanese delegation was headed by Mr. Fumio Imanaga, Vice President of Nippon Suisan Kaisha, Ltd., and Director of the Japan Deep Sea Trawlers Association. The United States delegation was headed by Mr. Ronald R. Jensen, President of Sea-Alaska Products. Government officials from both the United States and Japan attended the meeting. Members of the delegations and government attendees are listed in the attachments.

B. The two delegations reviewed and discussed the 1985 MEMORANDUM during the course of the meeting. Both sides agreed that the

1986 MEMORANDUM would be based on these principles:

1. That the U.S. delegation will assist in securing reasonable TALFFs for bottomfish species in all areas where surpluses exist and that Japanese fishing vessels will have reasonable access to surplus fishery resources in all such areas. Domestic harvest for 1986 should be estimated on the basis of realistic estimates of potential domestic catch. Uncertainty with respect to the possibility of a higher domestic catch is adequately accounted for by the reserve system.

2. That the U.S. delegation will use its best efforts in securing the maximum allocation possible to Japan within the available TALFF in 1986. This allocation should exceed Japan's historic percentage and be released fully and in a timely manner. Releases of unutilized reserves, DAP and JVP to TALFF should also be made on a full and timely basis. The Japanese delegation based its commitments on this effort by the U.S. delegation. Both sides recognize that the allocation to Japan would depend upon the level of TALFF established by the North Pacific Fishery Management Council. The Japanese side expressed its expectation that the allocation to Japan in 1986 would be 700,000 MT, including 230,000 MT of species other than pollock.

3. That the U.S. delegation will assist in securing by-catch allowances at a reasonable level sufficient to permit the harvest of target allocations.

4. That the governments of both the United States and Japan will support this MEMORANDUM and take the appropriate measures to facilitate its implementation.

C. The parties expressed their willingness and desire to participate in the enhancement and development of the mutually beneficial economic relationships in the fisheries field which they have enjoyed for many years. In the spirit of their long history of mutual cooperation, the parties agreed to the following:

1. The two delegations agreed that for calendar year 1986, Japanese over-the-side joint venture operations arranged on an individual company basis would be as follows:

a. Pollock - 525,000 MT. Both sides agreed to use their best efforts to achieve 120,000 MT of this amount in the Shelikof Strait or other areas of the Gulf of Alaska.

b. Species Other Than Pollock - 57,500 MT.

2. The Japanese delegation agreed to purchase and take delivery of U.S. harvested and processed pollock products (round weight equivalent) as follows:

a. in 1986 -- 40,000 MT

b. in 1987 -- 100,000 MT

(It is agreed that, in the case of surimi, the conversion equivalent shall be 22 percent). The parties agreed that

these purchases are conditioned upon a stable supply of fish. Both sides agreed to cooperate to achieve these purchase amounts. At the end of 1986 the performance for 1986 will be evaluated. The commitment for 1987 may be revised by mutual consent of both parties only for biological reasons.

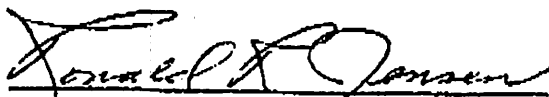
In addition, the Japanese delegation agreed to purchase on a commercial basis an additional 14,000 MT of U.S. harvested and processed products (round weight equivalent) in 1986.

3. The Japanese delegation agreed to purchase 20,000 MT of marketable U.S. harvested and processed bottomfish products, other than pollock, from the Gulf of Alaska and Bering Sea on an individual company basis.

- D. This agreement is based on the understanding between the two delegations that any U.S./Japan commercial transaction regarding processed products for the purpose of implementing this agreement not be limited by the availability of an import quota or discriminatory non-tariff trade barriers. The Japanese side acknowledged this U.S. concern and the Japanese delegation agreed to use its best efforts to solve this issue.
- E. The U.S. delegation expressed the desire that the number and variety of Japanese companies participating in U.S./Japan joint ventures will increase in 1986.
- B

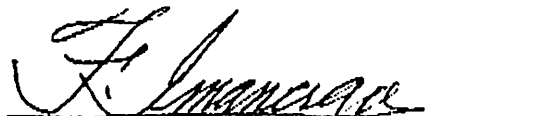
- F. It is the intention of both delegations that this MEMORANDUM shall in no way affect existing fishing agreements on other species, nor result in adverse trade barriers on other species. This agreement relates solely to aggregate projections of purchases and sales by the fishing industries of the United States and Japan. The two delegations agreed that this agreement shall not restrict independent actions by any company or person.
- G. Both delegations discussed the high seas salmon issue. The Japanese delegation requested the understanding and support of the U.S. delegation to prevent this issue from frustrating the successful implementation of this agreement and any negative impact on Japanese fishing allocations. The U.S. delegation also expressed its concern regarding the high seas salmon issue noting that failure to satisfactorily resolve this conflict could adversely affect this agreement.

DATED: This 27 day of November, 1985.



RONALD R. JENSEN

United States Spokesman



FUMIO IMANAGA

Japanese Spokesman

Mrs. Paul's Kitchens, Inc.
5830 Henry Avenue
Philadelphia, Pa. 19128

December 12, 1985

Mr. James O. Campbell
North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, Alaska 99501

Dear Mr. Campbell:

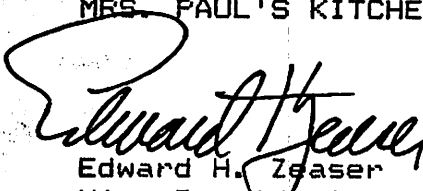
I presented the testimony attached hereto to the Permit Review Committee on December 8, 1985.

We feel it necessary that the North Pacific Fishery Management Council weigh the testimony carefully in forming its fishery management and allocation policies.

We thank you for Council's kind attention to the needs of Mrs. Paul's and our industry.

Sincerely,

MRS. PAUL'S KITCHENS, INC.



Edward H. Zeaser
Vice President
Purchasing

EZ:km

I am Edward Zeaser, Vice President Purchasing, Mrs. Paul's Kitchens, Inc. of Philadelphia, Pennsylvania.

We are appearing here as a member of the Steering Committee of the U.S./Korean Development Conference and on behalf of my own company.

We urge the Council in its deliberations to consider the very large requirement of pollock blocks needed by the so called "secondary processors" of which Mrs. Paul's Kitchens is so classified.

The "secondary processors" are chiefly manufacturers of seafood products for the domestic retail trade. We convert pollock fillet blocks into quality finished products, at reasonable prices, prepared in a manner enjoyed by a large segment of the U.S. consumer. We invite Council's attention that Mrs. Paul's and other like businesses;

1. Employ thousands of U.S. citizens
2. Expend well over 20 million dollars annually in marketing funds and promote the consumption of seafood products in the U.S.
3. As retailers, we take the lead in raising the over all quality of seafoods sold and in the continued development of wholesome seafood products which meet the consumers needs.

Over the years, our foreign suppliers of pollock blocks, including South Koreans, have an excellent record of continually producing good quality pollock fillet blocks, and have quickly responded to the quality improvements dictated by U.S. regulatory agencies and the U.S. consumer. I might add, at costs permitting companies such as ours to convert these blocks to reasonably priced consumer products.

It was retailers such as Mrs. Paul's who took the lead in the development of Alaskan pollock as an acceptable species to the U.S. consumer. Today, other domestic processors, harvesters and marketers of pollock products (Surimi products included) are beneficiaries of Mrs. Paul's pioneering efforts.

We of Mrs. Paul's welcome the development of the U.S. as a completely integrated seafood processing nation able to compete on a worldwide basis. We support joint venture operations and believe this is where the capital will be generated and support future processing capital.

However, we need a continued supply of quality blocks at reasonable prices to assist us in generating the funds and market items using further processed commodities which might be attractive for U.S. processors/harvesters to supply.

Mrs. Paul's has a clear record of seeking out and lending any assistance we can to help in the development of U.S. processors.