

FISHING VESSEL IDENTIFICATION FORM (FOREIGN)

No. **UR-78-0238**

1. Name of Vessel SULAK Visual Identifier (Call Sign) UPTO
 2. UPTO
 3. Type of Vessel FISH PROCESSING BAZE 4. Length 174
 5. Gross Tonnage 18011 6. Net Tonnage 11076 7. Speed (knots) 14,3
Maximum
 8. Owner's Name and Address BAZE OF TRAWLING AND REFRIGERATING MARINE,
VLADIVOSTOK, USSR
 9. Types of Processing Equipment FREEZER, PRESERVES LINE, FISHMEAL PLANT,
FISH DRESSING LINE

10. Fisheries for Which Permit is Requested:

Fishery Plans	Target Species	Gear To Be Used	Activity		
			Catching	Processing	Other Support
GOA	Pollock			X	X

11. Are Fishing Activities Requested in Support of Vessels of a Different Flag:

No Yes. (If yes, attach supplemental sheet showing flag of other vessels, fishery, species, quantities, dates, locations and specific activities requested.)

To conduct the support operation to U.S. catchers working for Marine Resources Co., Inc.

Support of approximately 5-6 U.S. flag vessels
fishing for Marine Resources Co. of Seattle.

FISHERY - G.O.A.

SPECIES - pollock and about 20% of other finfish
as a by-catch

QUANTITIES - approximately 10,000 MT to be processed
for Marine Resources Co. from catches they
will purchase from U.S. fishing vessels

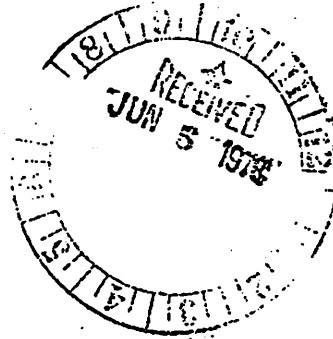
DATES - July - December 1978



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
Washington, D.C. 20235

JUN 1 1978

Mr. Harold E. Lokken
Chairman, North Pacific
Fishery Management Council
c/o Executive Director
P.O. Box 3136DT
Anchorage, Alaska 99510



Harold
Dear Mr. Chairman:

In accordance with the provisions of Section 204 of the Fishery Conservation and Management Act of 1976, transmitted herewith is a supplementary list of approved applications for vessels of the Government of the Union of Soviet Socialist Republics indicating fisheries and activities applicable to each vessel.

The conditions and restrictions applicable to the approved applications enclosed with my letter to you of December 22, 1977, apply to the vessels on the supplementary list contained herein. Attention is invited to the authorization for the vessels SULAK and TIKHVIN to conduct activities in support of vessels of the United States in the Washington, Oregon and California Trawl Fishery and the additional conditions and restrictions applicable thereto.

Sincerely,

Terry L. Leitzell
Terry L. Leitzell
Assistant Administrator
for Fisheries

Enclosure



U.S.S.R.

APPROVED APPLICATIONS - 1978

<u>APPLICATION NUMBER</u>	<u>VESSEL NAME</u>	<u>VESSEL IDENTIFIED</u>	<u>FISHERY*</u>	<u>ACT*</u>	<u>FISHERY*</u>	<u>ACT*</u>	<u>FISHERY*</u>	<u>ACT*</u>
UR-78-0213	TIKHVIN**	UJUT	WOC	2				
UR-78-0238	SULAK**	UPTO	WOC	2	BSA	2	GOA	2

*Fishery Codes: BSA - Bering Sea and Aleutian Islands Trawl, Longline, and Herring Gillnet Fishery
GOA - Gulf of Alaska Trawl Fishery
WOC - Washington, Oregon and California Trawl Fishery

*Activity Code: 2 - Processing and other support only

**Permit for this vessel will authorize Other Activities and will be subject to the Additional Conditions and Restrictions shown on the attached pages.

OTHER ACTIVITIES AUTHORIZED AND
ADDITIONAL CONDITIONS AND RESTRICTIONS
APPLICABLE TO PERMITS FOR VESSELS
SULAK AND TIKHVIN

SUPPORT ACTIVITIES AUTHORIZED

Fishery support operations in the FCZ, as discussed in Section 611.10 of the Foreign Fishing Regulations, by the vessels SULAK and TIKHVIN in support of vessels of the United States are authorized in the WOC fishery subject to the following additional conditions and restrictions:

- (a) Restrictions on Receipt of Fish.
- (1) The amount of Pacific hake which may be received by both vessels shall not exceed 10,000 metric tons (m.t.).
 - (2) If the Director determines that 41,000 m.t. of Pacific hake have been harvested by vessels of the United States in the FCZ, or if any of the amounts set forth in paragraphs (1), (3), (4), and (5) have been received, no further fish of any species may be received in the FCZ from vessels of the United States. The fishery closure procedures of Section 611.15(c) of the Foreign Fishing Regulations apply.
 - (3) The amount of the species group rockfishes (including Pacific ocean perch) which may be received by both vessels shall not exceed .8 percent of the amount of Pacific hake received.
 - (4) The amount of the species group flounders or the species sablefish which may be received by both vessels shall not exceed .1 percent of the amount of Pacific hake received.
 - (5) The amount of other species, in the aggregate, which may be received by both vessels shall not exceed .5 percent of the amount of Pacific hake received. The term "other species" means all species of fish except Pacific hake, rockfishes, flounders, sablefish, and those prohibited species set forth in Section 611.70(b)(2)(ii) of the Foreign Fishing Regulations.

- (6) Any prohibited species identified in Section 611.70(b)(2)(ii) of the Foreign Fishing Regulations or part thereof which is received shall be treated by the SULAK or TIKHVIN in accordance with Section 611.13 of the Foreign Fishing Regulations.
- (7) The limitations described in paragraphs (3) through (5) shall apply when each successive 5,000 m.t. of Pacific hake is received in the FCZ from vessels of the United States. (For example, should rockfishes exceed 40 m.t., sablefish or flounders exceed 5 m.t., or other species, in the aggregate, exceed 25 m.t. in any successive receipt of 5,000 m.t. of Pacific hake, no further fish of any species may be received in the FCZ from vessels of the United States.)

(b) Season Restrictions.

Any operation in support of vessels of the United States shall be conducted during 1978 from the date of issue of the permit, but not earlier than 0700 G.m.t. on 1 June 1978, until 0800 G.m.t. on 1 November 1978 unless terminated earlier by the conditions and restrictions of the permit or by applicable regulations.

(c) Area Restrictions.

Any operation in support of vessels of the U.S. shall be conducted in the FCZ seaward of the States of Washington, Oregon, and California. No such operations may be conducted in the closed areas specified in Section 611.70(d) of the Foreign Fishing Regulations.

(d) Reporting Requirements.

- (1) Reports shall be submitted to the Regional Director, Northwest Region, NMFS, through the designated representative, each week in accordance with Appendix IV to Section 611.9 of the Foreign Fishery Regulations, regarding the fish received by the SULAK and TIKHVIN from vessels of the United States in the FCZ as if such fish were caught by the vessels SULAK and TIKHVIN.
- (2) Each vessel shall report its projected times and positions for commencing and ceasing operations in support of vessels of the United States not less

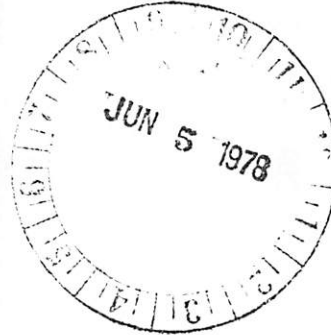
than 6 days prior to such projected times. If fishery closure procedures do not allow 6 days prior notice, the maximum possible advance notification shall be given. These reports of projected commencing and ceasing shall be submitted in the manner prescribed in Section 611.4 and are in addition to the other reports required by Section 611.4(a).



JUN 1 1978

Mr. Harold E. Lokken
Chairman, North Pacific
Fishery Management Council
c/o Executive Director
P.O. Box 3136DT
Anchorage, Alaska 99510

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Dear Mr. Chairman:



In accordance with the provisions of Section 204 of the Fishery Conservation and Management Act of 1976, transmitted herewith is a supplementary list of approved applications for vessels of the Government of the Republic of South Korea indicating fisheries and activities applicable to each vessel.

The conditions and restrictions applicable to the approved applications enclosed with my letter to you of December 19, 1977, apply to the vessels on the supplementary list contained herein. Attention is invited to the additional conditions and restrictions applicable to the conduct of fishing activities by the vessels SOO GONG No. 51 and BOOK NEUNG.

Sincerely,


Terry L. Leitzell
Assistant Administrator
for Fisheries

Enclosure



REPUBLIC OF KOREA
APPROVED APPLICATIONS - 1978

<u>APPLICATION NUMBER</u>	<u>VESSEL NAME</u>	<u>VESSEL IDENTIFIED</u>	<u>FISHERY*</u>	<u>ACT*</u>	<u>FISHERY*</u>	<u>ACT*</u>
KS-78-0042	SOO GONG No. 51**	6NEJ	BSA	1	GOA	1
KS-78-0079	BOOK NEUNG**	BF36130	GOA	2		

*Fishery Codes: BSA - Bering Sea and Aleutian Islands Trawl, Longline, and Herring Gillnet Fishery
GOA - Gulf of Alaska Trawl Fishery

*Activity Codes: 1 - Catching, processing and other support
2 - Processing and other support only

**Permit for this vessel will authorize Other Activities and will be subject to Additional Conditions and Restrictions shown on the attached pages.

OTHER ACTIVITIES AUTHORIZED AND
ADDITIONAL CONDITIONS AND RESTRICTIONS
APPLICABLE TO PERMITS FOR VESSELS
SOO GONG 51 AND BOOK NEUNG

SUPPORT ACTIVITIES AUTHORIZED

Fishery support operations in the FCZ, as discussed in Section 611.10 of the Foreign Fishing Regulations, by the vessels SOO GONG 51 and BOOK NEUNG in support of vessels of the United States are authorized in the GOA fishery subject to the following additional conditions and restrictions:

(a) Restrictions on Receipt of Fish.

- (1) If the Director determines that 51,460 metric tons (m.t.) of pollock have been harvested by vessels of the United States in the FCZ, or if any of the amounts set forth in paragraphs (2) through (5) have been received, no further fish of any species may be received in the FCZ from vessels of the United States. The fishery closure procedures of Section 611.15(c) of the Foreign Fishing Regulations apply.
- (2) The amount of other species, in the aggregate, which may be received by both vessels, shall not exceed 15 percent of the amount of pollock received. The term "other species" means all species of fish except pollock and those prohibited species set forth in Section 611.92(b)(1)(ii)(B) of the Foreign Fishing Regulations.
- (3) The amount of the species group rockfishes (not including Pacific ocean perch) or any single species other than pollock which may be received by both vessels shall not exceed 5 percent of the amount of pollock received.
- (4) The amount of Pacific ocean perch which may be received by both vessels shall not exceed 3 percent of the amount of pollock received.
- (5) The amount of sablefish which may be received by both vessels shall not exceed 1.5 percent of the pollock received.

(6) Any prohibited species identified in Section 611.92(b)(1)(ii)(B) of the Foreign Fishing Regulations or part thereof which is received shall be treated by the SOO GONG 51 or BOOK NEUNG in accordance with Section 611.13 of the Foreign Fishing Regulations.

(7) The limitations described in paragraphs (2) through (5) shall apply when each successive 10,000 m.t. of pollock is received in the FCZ from vessels of the United States. (For example, should sablefish exceed 150 m.t., any single species exceed 500 m.t., or other species, in the aggregate, exceed 1,500 m.t. in any successive receipt of 10,000 m.t. of pollock, no further fish of any species may be received in the FCZ from vessels of the United States.)

(b) Area Restrictions.

Any operation in support of vessels of the U.S. shall be conducted in the FCZ of the Gulf of Alaska beyond 12 nautical miles from the baseline used to measure the territorial sea of the United States or between 3 and 12 nautical miles from the baseline used to measure the territorial sea of the United States in the areas and during the times specified in Section 611.90(c)(2) of the Foreign Fishing Regulations. No such operation may be conducted in the closed areas and during the times specified in Section 611.92(b)(3) of the Foreign Fishing Regulations.

(c) Reporting Requirements.

(1) Reports shall be submitted to the Regional Director, Alaska Region, NMFS, through the designated representative, each week in accordance with Appendix IV to Section 611.9 of the Foreign Fishing Regulations regarding the fish received by the SOO GONG 51 and BOOK NEUNG from vessels of the United States in the FCZ as if such fish were caught by the vessels SOO GONG 51 and BOOK NEUNG.

(2) Each vessel shall report its projected times and positions for commencing and ceasing operations in support of vessels of the United States not less than 6 days prior to such projected times. If fishery closure procedures do not allow 6 days prior notice, the maximum possible advance notification shall be given. These reports of

projected commencing and ceasing shall be submitted in the manner prescribed in Section 611.4 and are in addition to the other reports required by Section 611.4(a).

- (3) A report shall be submitted each month to the Regional Director, Alaska Region, NMFS, through the designated representative, of the estimated tonnage anticipated to be received from vessels of the United States in the FCZ during the remainder of 1978. Such report shall be submitted in a timely manner so as to ensure receipt not later than the 10th of each month.

JUNE 1978

STATEMENT BY

DR. WALTER PEREYRA, VICE PRESIDENT AND GENERAL MANAGER
MARINE RESOURCES CO., SEATTLE, WA

For FCMA Oversight Hearing by Senate Committee on Commerce,
Science and Transportation at Seattle, Washington, June 5, 1978

My name is Dr. Walter T. Pereyra. I am Vice President and General Manager for U. S. Operations of Marine Resources Company -- the U.S.-Soviet joint venture fishing company headquartered here in Seattle.

FCMA PERFORMANCE

Overall our Company is pleased with the first year's performance under the FCMA. The positive changes which have occurred are living proof that the FCMA was a good piece of legislation. Certainly credit must go to Senators Magnuson and Stevens, and others who had the foresight and tenacity to push this legislation through in the face of substantial opposition.

MARINE RESOURCES CO. ACTIVITIES AND DEVELOPMENT OF OUR DOMESTIC INDUSTRY

Our "joint venture" company was formed to provide domestic fishermen with new markets for underutilized species such as Pacific hake and Alaska pollock -- species for which they do not have markets yet -- which support massive foreign fisheries within our 200-mile zone. As such, we view our joint operation as a logical first step in the evolutionary change from foreign to domestic harvesting, processing and marketing of our underutilized groundfish resources. This change is not going to occur overnight particularly in view of the fact that the United States is in reality a developing country when it comes to processing and marketing perishable, low value groundfish species such as hake and pollock. In our view, our industry needs foreign processing technology and expertise if it is going to expand and develop its full potential. We are kidding ourselves if we think we can do it alone. In this regard, we feel the fisheries development activities of our Company will benefit all segments of the industry.

We are finding it increasingly difficult to accept the argument that our Company's activities are counter to the national interest in light of the fact that companies opposed to us:

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- 1) see nothing wrong with the use of foreign labor in their own shoreside plants;
- 2) export frozen unprocessed fish abroad for final processing rather than processing in the U. S.;
- 3) import freely for their own account processed, frozen fish products which have been caught, processed and marketed by foreign companies and which impact adversely the markets available to U. S. fishermen;
- 4) lease foreign processing vessels to process U.S.-caught fish in roadsteads and in situations which are outside the purview of the FCMA.

The arrangement we have made to have the hake and pollock we buy from domestic fishermen processed on a leased factory vessel at sea does not differ greatly from the existing practice of freezing U. S. caught fish on shore and then shipping it to a foreign country, such as Korea, for final processing and then resale to the United States. In our situation, though, there is greater benefit to the American fisherman in that he is provided with a receiving facility for his catch right on the fishing grounds rather than forcing him to run long distances to shore to offload. Also our domestic corporation will retain ownership of the fish so that the value-added from foreign labor will accrue to the U. S. The advantages to the fisherman of such an at-sea delivery point were recently highlighted by Sig Jaeger of the North Pacific Fishing Vessel's Owners Association. In his analysis he showed that there was 287% greater profit for the fishing vessel delivering to an at-sea processor compared to landing on-shore. Other fishermen around the world are permitted this advantage, why shouldn't the American fisherman be given the same opportunity? Is it reasonable that the American fisherman should be tied to inefficient and less advantageous markets for his catches of underutilized species?

BALANCE OF PAYMENTS AND JOBS

It has been argued by some that by processing hake, which has been bought by our Company from U. S. fishermen, aboard a Soviet factoryship we will be causing an outflow of dollars and a loss of jobs. While on the surface this argument might appear to have merit, upon closer inspection one can see that it has no foundation.

First, with regard to the jobs issue, for all practical purposes there are today virtually none since the United States does not presently have an economically viable hake fishery. Foreign fleets now catch, process and market practically the entire Pacific hake resource so all jobs are foreign. In our operation, though, Americans will be catching and marketing

the fish plus processing the finished blocks into sticks and portions once they enter the U. S. Additionally, our Company will be hiring Americans to be aboard the factoryships and in our offices to say nothing of the jobs created in the various shipbuilding and related industries, together with those in companies providing services and supplies to us and the factoryships. It is obvious, therefore, that our operation will have a positive impact on employment.

On the dollar issue it is useful to compare the revenues involved in a complete foreign operation with that proposed by our Company. If 100,000 tons of hake were caught and processed by foreign companies into fish blocks and then sold on the U. S. market, our currency outflow would be around \$28 million. On the other hand, if the same operation were pursued through our domestic Corporation, the only outflow would be the approximate \$1.7 million for processing aboard the Soviet factoryship. Assuming that our block sales are abroad, or if they occur in the United States that they displace imports of whiting or hake, the net benefit to the U. S. balance of payments would be around \$26.3 million -- certainly a significant benefit to our country.

TAXES AND LABOR COSTS AND EPA, OSHA AND FDA REGULATIONS

It is repeatedly argued that because our leased factoryship will not pay local taxes, has different labor costs, and is not subjected to the same EPA, OSHA and FDA regulations as domestic shoreside processors that we represent unfair competition. While it is true that the factoryship will not pay local taxes, it is also true that the factoryship will not need public services such as schools, roads, police, utilities, etc. for which taxes are usually assessed. The only true public expenses are those associated with enforcing permit restrictions and regulations which are supposedly covered by the permit fee.

It is difficult, if not impossible, to compare labor costs between socialist and capitalist societies. In a socialist country the State pays for many amenities such as health care, retirements, public services, etc. and subsidizes others such as food, vacations and housing. So just because salaries are lower doesn't necessarily mean labor is any cheaper. To get a true picture, it is also necessary to take into account the relative productivity of labor.

As for EPA regulations, the fact that the factoryship is a floating operation on the high seas as opposed to a fixed shore installation is ample reason for differing regulations. The pollution potential of a shoreplant is substantially greater than that of a moving floater. Besides, as long as the factory-

ship is operating in our 200-mile zone it still must meet certain discharge regulations.

As for OSHA regulations, the Soviets have their own set of occupational health and safety standards which must be met. Whether these are more or less restrictive than those imposed on domestic processors is hard to say. Nevertheless any fish products processed off-shore and imported into the U. S. are subject to the same FDA quality standards as are fish products produced on-shore in the U. S. or abroad.

TO AMEND OR NOT TO AMEND THE FCMA

I would now like to offer some observations regarding Senate Bill 3050 to amend the FCMA to provide preferential treatment for U. S. processors. Being a domestic processing company ourselves, we are sympathetic to and can appreciate the concerns of other domestic processors on this issue. Nevertheless, amending the FCMA at this time by the vehicle of S. B. 3050 may create more problems than it will resolve by virtue of the imprecise language "capacity and intent to process". Everyone is going to have a different interpretation of this intent which can only result in continuing controversy, dispute and probably legal entanglements. Furthermore, in light of the fact that the conditions and restrictions which are being attached to the permits for foreign processing vessels closely track the foreign fishing regulations, it would appear that the problem of protection for U. S. processors can be handled within the authority of the existing legislation. Allow me to briefly elaborate.

The recently approved permits for the Sulak and Tikvin have the following attached conditions and restrictions:

- 1) the amount of Pacific hake which may be received by both vessels can not exceed 10,000 metric tons;
- 2) as soon as the total domestic catch reaches 41,000 metric tons, no more fish may be received from domestic fishermen regardless of whether the 10,000 ton limit has been reached;
- 3) incidental catches may not exceed 0.8 percent rockfish, 0.1 percent sablefish and flounders and 0.5 percent other species;
- 4) no prohibited species such as salmon, crab, shrimp and halibut may be retained on board; and
- 5) season and area restrictions are the same as those for the foreign fisheries.

In view of these stringent restrictions and conditions on our operation, it is obvious that:

- 1) The optimum yield will not be exceeded (in fact 25,000 to 30,000 tons of the 41,000 ton domestic quota will have to be allocated back to the foreigners due to underutilization by the domestic fishermen);
- 2) Other domestic processors will not be denied hake for their operations as the amount remaining in the domestic quota is six times their projected requirements;
- 3) There will be no impact on any of the species which presently form the resource base for other domestic processing operations as none are permitted on board the processing vessels or the amount is severely restricted.

We understand there has been a suggestion that the Act be amended to require that all catches of underutilized species delivered by domestic fishermen to foreign processing vessels be counted against that nation's quota. We are in total opposition to any such change in the Act because:

- 1) It would substantially undermine and weaken the very important preferential allocation right granted American fishermen under the Act. As we are all aware, this allocation provision is a cornerstone of the FCMA. The importance of this provision was recently underscored in a report by Nathan and Associates to the Department of Commerce. In their report they predicted that by 1985 U. S. landings of food fish will more than double to 5.0 billion pounds. Moreover 85% of this increase will be due to the preferential allocation right granted to U. S. fishermen to harvest resources within our FCZ.
- 2) The enthusiasm being shown by foreign nations to have American fishermen harvest underutilized resources which are currently allocated to foreign nations would wane overnight. Why should any foreign nation be interested in having their fishermen displaced by Americans if the catches so obtained come out of that nation's quota?
- 3) It would substantially reduce competition for underutilized resources and thereby weaken the market for American fishermen. If a foreign nation has and controls a certain portion of the total foreign allocation of a species, they would be able to control their share of the market and thereby the return which the American fisherman would get for his efforts. Moreover, in any one year they could decide how much of their quota they wanted harvested by American fishermen and how much by their own fleet -- an unsettling thought to say the least.

IMPORT RESTRICTIONS

We realize that one important intent of S.B. 3050 is to pressure foreign nations into loosening up their import restrictions on underutilized species, such as Alaska pollock, so as to improve the markets available for our domestic industry. We applaud this concern by Congress as we also are concerned about such restrictions on our markets, particularly in Korea and Japan.

We feel, though, that the best way to achieve this end is to strengthen the competitive position of the American fisherman by expanding the total spectrum of markets available to him -- not by restricting his off-shore market opportunities through a consideration of tariff or non-tariff conditions imposed by applicant nations on the importation of fish or fish products.

The situation with Japan is a case in point. It is quite apparent that Japan has substantial control of the Alaska pollock resource and market. They are presently allocated 78 percent of the foreign Alaska pollock quota within our FCZ and they have a prohibition against the importation of pollock into Japan. They also are able to exercise substantial control over the operations of many shorebased fish companies in Alaska through their foreign investment strategies. Efforts by U. S. to get Japan to reduce or eliminate import restrictions on pollock from U. S. will be frustrated until their control of pollock supply is broken. Providing economic at-sea markets for U. S. fishermen through joint ventures would achieve this end by increasing domestic harvest and allocation at expense of Japanese quota and thus force Japan to loosen import restrictions in order to acquire needed pollock supply. Moreover, this approach would not involve trade or tariff concessions.

SUMMARY

. Certainly the issue of foreign vs. domestic processing, whether it is at sea or on shore, is complex and must be viewed from a national perspective. If we restrict domestic access to at-sea foreign processing and thereby compromise markets for domestic fishermen, are we also prepared to balance this inequity by restricting the importation of fishery products which are entirely caught, processed and marketed by foreigners? Will we extend such protection to other agricultural commodities such as grain and demand that it be made into bread before it can be exported? How would we feel if OPEC decided to implement a restrictive trade policy and require that all crude petroleum be refined before export? And what about consumer impacts?

These are just some of the questions that must be addressed in developing an overall national policy on this important issue.

The bottom line in this whole argument is that nobody likes competition when it affects them directly. Our Company represents a competitive element in the domestic fish processing industry. Because of this fact I can appreciate the concern of those who would like to see the status quo maintained. But that is not the American way. We operate on the basis of a competitive marketplace and as long as that competitive marketplace is maintained, the fishing industry will remain healthy and grow vigorously. On the other hand if restrictions are imposed anytime someone comes up with an innovative and better way of doing business, then our industry is not going to prosper.

In the final analysis the ones who will benefit and be strengthened the most from restrictions placed on the ability of the American fisherman to economically market his catches of underutilized resources such as hake and pollock, are the very foreign fleets which we all want to see replaced by an expanded domestic harvest. For this reason I would strongly urge that considerable caution be exercised in amending or modifying the Act lest this fine piece of legislation be weakened.