

M E M O R A N D U M

TO: Council, SSC, and AP Members  
FROM: Jim H. Branson *CLB*  
Executive Director  
DATE: May 12, 1982  
SUBJECT: Joint Venture Permit Review

*ACTION REQUIRED*

*Approve a policy on joint venture permit review.*

BACKGROUND

On March 11 the Council's Policy and Planning Workgroup met in Juneau and discussed joint venture permit review criteria. The draft criteria were referred to the Advisory Panel at the March meeting and the Panel deferred action until May. Therefore, at this meeting, the AP will consider the joint venture permit review criteria [C-1(a)] and provide their recommendations to the Council.

DRAFT STATEMENT  
COUNCIL POLICY ON ALLOCATIONS AND JOINT VENTURES

The North Pacific Fishery Management Council has responsibility under the law for assuring the conservation and wise use of fishery stocks in its area of jurisdiction and to foster the development of the United States fishery for those stocks currently unutilized by this country, though they may be fully exploited by other nations. The equitable allocation of harvest privileges in accordance with the principles established by the Magnuson Fishery Conservation and Management Act is an element of the Council's management responsibility. The Council will use its ability to allocate harvest privileges to increase American participation in underutilized fisheries consonant with the wise use of the resource.

The Council believes that it is in the greatest national interest for the resource to be both harvested and processed by U.S. industry. However, as long as there is any surplus allocated to other nations, the Council will encourage joint ventures between Americans and foreigners that will increase U.S. participation in the utilization of these resources. Joint ventures are generally considered to be operations in which U.S. fishermen deliver raw fish to foreign processors at sea. Ownership of the finished product may remain in foreign hands or be retained by a United States company, usually working in conjunction with a foreign partner. Other forms of joint ventures are possible and will be appraised on their individual merits as they are formulated.

The Council believes that the best foundation for a successful joint venture is mutual profitability to the concerned partners. The Council will monitor

the performance record of joint ventures and future allocation levels will depend upon the degree to which those operations demonstrate good faith satisfaction of commitments to U.S. fishermen and the U.S. fishing industry.

Joint venture projects are expected to make realistic requests for allocations that lie within their capability for harvesting and processing. The Council will scrutinize performance records of joint venture projects in relation to requested allocations and will not continue to make allocations significantly in excess of those performance records.

When reviewing permit applications from foreign processors asking to accept deliveries of raw or semi-processed fish from U.S. fishermen and requesting (or submitting) an amount of fish they expect to receive, the Council will use the following criteria:

1. The applicant's history of participation in fisheries off Alaska and the rest of United States.
  - a. Length of participation.
  - b. Species and volume taken.
  - c. Compliance with U.S. laws and treaty agreements.
  - d. Cooperation in scientific studies of the resource off Alaska.
  - e. Exchange of fishing and processing technology with U.S. industry.
  - f. Extent to which they purchase finished fishery products from U.S.
  - g. Trade barriers, both tariff and non-tariff, to U.S. fishery products by applicant country.

2. The applicant's history in joint ventures with U.S. fishermen or companies.
  - a. Length of participation.
  - b. Species and volume purchased/processed in past.
  - c. Degree to which past ventures have attained their targets (was JVP estimate reached?) *reasons for failure, if available*
  - d. Record of dealing with U.S. fishermen or partners: price/weight disputes?, availability of processors, payment delays.
  - e. Does finished product return to U.S.? (Can be a disadvantage or an advantage).
  - f. Does finished product compete directly or indirectly with U.S. fisheries products?
  - g. Degree of technology transfer to U.S. fishermen.
  - h. Impact JV fishing operation has on other U.S. fisheries, particularly those delivering to U.S. processors, including direct competition for resource and indirect impact through incidental catches of such species as crab, halibut and salmon.

Joint ventures, in whatever form, will only be considered for species and resources that are not being fully utilized by U.S. industry. The Council will continue to give priority to fishery operations that are wholly American through whatever management measures are reasonable and equitable. When a resource no longer has a surplus for a foreign allocation, the Council intends to phase out joint ventures involving foreign processing as rapidly as is ~~consonant~~ *and w/ intent of the MFCMA*   
 *consistent*

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The Council believes that it is in the greatest national interest for the resource to be both harvested and processed by U.S. industry. However, *until the* ~~as~~ *domestic industry can both harvest and process the total allowable catch (TAC),* ~~long as there is any surplus allocated to other nations,~~ the Council will encourage joint ventures between Americans and foreigners that will increase *provided that such joint ventures will not adversely affect development of totally domestic harvesting and processing operations focused upon the same species.* U.S. participation in the utilization of these resources, *Joint ventures are*

generally considered to be operations in which U.S. fishermen deliver raw fish to foreign processors at sea. Ownership of the finished product may remain in foreign hands or be retained by a United States company, usually working in conjunction with a foreign partner. Other forms of joint ventures are possible and will be appraised on their individual merits as they are formulated.

The Council believes that the best foundation for a successful joint venture is mutual profitability to the concerned partners. The Council will ~~monitor~~ <sup>consider</sup> the performance record of joint ventures and future allocation levels will depend upon the degree to which those operations demonstrate good faith satisfaction of commitments to U.S. fishermen and the U.S. fishing industry.

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When reviewing permit applications from foreign processors asking to accept deliveries of raw or semi-processed fish from U.S. fishermen and requesting (or submitting) an amount of fish they expect to receive, the Council will consider the following criteria:

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  - g. Trade barriers, both tariff and non-tariff, to U.S. fishery products by applicant country.

2. The applicant's history in joint ventures with U.S. fishermen or companies.

a. *Record of reporting of fishery statistics from individual fishing vessels, domestic and foreign.*

b. *Willingness of domestic partners to cooperate in observer programs.*

c. Length of participation.

d. Species and volume purchased/processed in past.

*and reasons for failure, if available*

e. Degree to which past ventures have attained their targets, <sup>^</sup>(was JVP estimate reached?).

f. Record of dealing with U.S. fishermen or partners: price/weight disputes?, availability of processors, payment delays.

g. Does finished product return to U.S.? (Can be a disadvantage or an advantage).

h. Does finished product compete directly or indirectly with U.S. fisheries products?

i. Degree of technology transfer to U.S. fishermen.



- j. Impact JV fishing operation has on other U.S. fisheries, particularly those delivering to U.S. processors, including direct competition for resource and indirect impact through incidental catches of such species as crab, halibut and salmon.
- k. *Ratio of joint venture harvest to directed fishing harvest by the foreign partner.*

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