

# **Pribilof-Highly SeaProducts, Inc.**

## **Report to the North Pacific Fishery Management Council**

**March 26, 1981**

### **INTRODUCTION**

The Council approved an increased foreign fishing allocation for Taiwan during its December 1980 meeting in support of a joint fishing program involving the community of St. George, represented by their village corporation, and Highly Enterprise Corporation of Taiwan. This report will briefly review the purpose of the project and provide a status report of progress and activities to date. In addition we are making an urgent request that an additional allocation of Pacific cod be provided for the project in the amount of 1,000 mt, for reasons that are spelled out in this report.

### **BACKGROUND**

The community of St. George is unique among Alaskan communities in that a strong but extremely narrow economy was established as the National Marine Fisheries Service provided sufficient employment to support the entire island economy for the purpose of conducting the annual fur seal harvest. Under pressures from animal protection organizations the Commerce Department established a moratorium on the harvest at St. George in 1972. Although the Commerce Department has continued to budget for island employment, that budget and the employment it generates is being reduced by inflation and budget cuts.

Given the Reagan Administration budget cutting program, continued opposition to the harvest by several national organizations, and the fact that U.S. international treaty obligations with respect to the fur seal harvest can be met completely by the harvest at St. Paul, there is substantial reason to believe that the harvest will not be reinstated at St. George and that community's survival is in jeopardy unless a more diversified economy is developed. No government agency has come forward with a program to do that. In the absence of such assistance the people of St. George, through their village corporation, has designed a program to move the island economy from federal dependency to private industry. We have been able to demonstrate that there are renewable resources upon which to build a diverse economy, including tourism, fox and mink farming, halibut and hair crab day fisheries, and a joint effort with a Taiwanese fishing company to develop a high seas harvesting, processing and marketing program. This last project, the subject of this report, is then to be seen as part of a broad and serious effort to establish an economy at St. George independent of federal support.

STATUS REPORT

Allocation

Pursuant to the Council's support of this project last December, an increased allocation was granted to Taiwan by the State Department. The following table indicates our request, the allocation to Taiwan, and the allocation passed through to Highly Enterprise Corporation for our project and the 1980 Taiwan allocation, by species and totals in metric tons.

<u>SPECIES</u>	<u>REQUEST</u>	<u>REC'D TAIWAN</u>	<u>REC'D HIGHLY ENT.</u>	<u>TAIWAN 1980</u>
Pacific cod	1,000	372	147	250
Flounders	1,000	632	254	327
Yellow fin sole	200	926	371	534
Sablefish	400	78	30	96
Turbot	200	924	319	479
Atka mackeral	50	237	96	100
Rockfish	50	81	33	67
Pollock	6,000	12,205		6,557
Pacific ocean perch	200	125	50	120
Squid	200	159	63	120
Other species	300	890	356	430
<b>Totals</b>	<b>9,600</b>	<b>16,629</b>		<b>9,020</b>

There are two points to be noted here that will be discussed further in the report: 1) rather than distributing the entire increased allocation to Highly Enterprise for our project, the government of Taiwan distributed approximately 40% of the entire allocation to Highly based upon the ratio of its gross tonnage compared with the Taiwanese fleet; and 2) the significant reduction in Pacific cod (85%) and flounders (75%) allocations as actually received by Highly Enterprise.

Catch Data

The following table indicates actual catches by species by the Golden Dragon as of March 21.

<u>SPECIES</u>	<u>CAUGHT</u>	<u>ALLOCATED</u>	<u>DIFFERENCE</u>
Pacific cod	301.6	372*	70.4
Flounders	8.7	254	245.3
Yellow fin sole		371	371
Sablefish	12.8	30	17.2
Turbots	11.9	319	307.1
Atka mackeral		96	96
Rockfish		33	33
Pacific ocean perch		50	50
Squid	0.3	63	62.7
Other species	5.3	356	350.7
<u>Pollock</u>	<u>414</u> <u>754.6 net</u>		

\* Highly Enterprise has caught more than its share of the Taiwan allocation.

The most significant factor revealed in this table is that we have specifically targeted on Pacific cod as a directed fishery. Virtually the entire amount allocated to Taiwan will have been taken by the Golden Dragon by the first week of April, when it is scheduled to call at Dutch Harbor.

### Training Program

The Aleut training program is going very well. Rather than recruit ten candidates immediately we decided it would be best to begin at a smaller scale and then expand the program as we worked out any bugs. We have begun with four trainees, all who have held responsible positions with NMFS at St. George and were then laid off due to reductions in force. They are some of the most able men at St. George.

The Golden Dragon called at St. George on February 12, provoking a great deal of excitement on the island. A number of villagers went on-board for a tour of the vessel and had lunch with the captain. The Golden Dragon has been trawling since that date and expects to put in at Dutch Harbor the first week of April, to transfer cargo at sea and back for another five weeks of trawling. We have received telex communications stating that the Aleut crew are doing well and expect to put out for the second trawling period. One Aleut is a third mate trainee and the other three are second engineer trainees.

Meanwhile we have obtained a commitment from the Pribilof School District to fund all transportation, room, board and tuition expenses for the class room portion of the training program. The first phase of class room training will take place at APU and will stress general skills of seamanship and math. If the trainees stick with the program through this phase arrangements will be made with other institutions offering programs leading to engineers and skippers licenses.

### Other Items

The relationship between the St. George Tanaq Corporation and Highly Enterprise has developed very well. The joint-venture corporation, Pribilof-Highly SeaProducts, Inc., is firmly established with an operating budget, board of directors, officers, personnel and necessary equipment. Highly Enterprise has been completely forthcoming in all of their commitments to St. George and to the joint-venture corporation. The Aleut board members are gaining very valuable experience in the international fisheries business, and we are intent upon our original objective to purchase American vessels for long term Bering Sea operations.

The people of St. George are pleased and excited by the project, and the St. George Tanaq Corporation considers the project an extremely important part of its long range economic development program for the community.

In addition to the high seas program, Highly Enterprise has extended

a significant offer to assist the community in developing a day fishery targeted on several species by purchasing product, providing expert technicians at no charge to St. George, and financial assistance. It has become clear that this business relationship has significant potential in broadening the island economy.

#### REQUEST FOR ADDITIONAL PACIFIC COD ALLOCATION

When we appeared before the Council in December our written presentation included a species mix breakout that specifically requested 1,000 mt each for Pacific cod and flounders. In our discussions with Highly Enterprise they put great emphasis on the importance of their allocation request for these two species, and stated that they would just as soon not request an additional Pollock allocation for Taiwan at all. Two factors went into this formulation: 1) unlike Japan, Taiwan does not have a domestic Pollock market; and 2) most importantly, the contributions that Highly Enterprise agreed to make toward the future purchase of American vessels was predicated on the higher earnings that would be realized from the Pacific cod and flounder allocations. In our subsequent conversations with NMFS Juneau staff we were advised that the cod catch would be about 5% of the Pollock catch and that it was therefore important for us to include a large Pollock allocation request, to which Highly Enterprise reluctantly agreed.

A few days after the allocations were announced we traveled to Taipei to execute the final corporate and agreement documents. It became apparent during our conversations that the severe reduction in the Pacific cod allocation as actually received by Highly is an extremely serious matter, and the point was strongly made that if Highly is to make significant contributions toward an Aleut training program and a capital fund to purchase American vessels, it must have available to it the higher rate of earnings that a 1,000 mt allocation of Pacific cod would bring.

This whole question was reviewed thoroughly in a joint meeting of the St. George Tanaq Corporation and the village council on March 20. It was agreed that the benefits this project potentially holds for the community are very substantial and must not be jeopardized. The Board of Directors of Tanaq also feel strongly that, given the extraordinary objective of this project, to move a community economy wholly dependent upon federal support toward a private economy, the request is more than justified. Accordingly, the St. George Tanaq Corporation and village council, as expressed in the attached resolution, request the Council's support and recommendation that the State Department grant an additional allocation of Pacific cod in the amount of 1,000 metric tons from unallocated reserves to the government of Taiwan and that this allocation be earmarked as specifically as possible for our project.

## STATUS REPORT

### Allocation

Pursuant to the Council's support of this project last December, an increased allocation was granted to Taiwan by the State Department. The following table indicates our request, the allocation to Taiwan, and the allocation passed through to Highly Enterprise Corporation for our project and the 1980 Taiwan allocation, by species and totals in metric tons.

<u>SPECIES</u>	<u>REQUEST</u>	<u>REC'D TAIWAN</u>	<u>REC'D HIGHLY ENT.</u>	<u>TAIWAN 1980</u>
Pacific cod	1,000	372	147	250
Flounders	1,000	632	254	327
Yellow fin sole	200	926	371	534
Sablefish	400	78	30	96
Turbot	200	924	319	479
Atka mackeral	50	237	96	100
Rockfish	50	81	33	67
Pollock	6,000	12,205		6,557
Pacific ocean perch	200	125	50	120
Squid	200	159	63	120
Other species	300	890	356	430
Totals	9,600	16,629		9,020

There are two points to be noted here that will be discussed further in the report: 1) rather than distributing the entire increased allocation to Highly Enterprise for our project, the government of Taiwan distributed approximately 40% of the entire allocation to Highly based upon the ratio of its gross tonnage compared with the Taiwanese fleet; and 2) the significant reduction in Pacific cod (85%) and flounders (75%) allocations as actually received by Highly Enterprise.

### Catch Data

The following table indicates actual catches by species by the Golden Dragon as of March 21.

<u>SPECIES</u>	<u>CAUGHT</u>	<u>ALLOCATED</u>	<u>DIFFERENCE</u>
Pacific cod	301.6	372*	70.4
Flounders	8.7	254	245.3
Yellow fin sole		371	371
Sablefish	12.8	30	17.2
Turbots	11.9	319	307.1
Atka mackeral		96	96
Rockfish		33	33
Pacific ocean perch		50	50
Squid	0.3	63	62.7
Other species	5.3	356	350.7

\* Highly Enterprise has caught more than its share of the Taiwan allocation.

ST. GEORGE VILLAGE COUNCIL

ST. GEORGE TANAQ CORPORATION

JOINT RESOLUTION 81-

- WHEREAS: St. George is an Aleut community that is completely dependent upon federal employment (Commerce Department, NOAA/NMFS) generated by the Pribilof Islands fur seal harvest for all primary income, and;
- WHEREAS: the fur seal harvest moratorium at St. George established by the Commerce Department in 1972 has created an increasingly serious unemployment problem on the Island, and;
- WHEREAS: the fact that international fur seal treaty obligations can be met by the U.S. government by harvesting at St. Paul only, and repeated political efforts to terminate the Pribilof fur seal harvest altogether, creates the serious possibility that Commerce Department operations and employment at St. George may be terminated or reduced so drastically that the community of St. George will no longer have an economic base upon which to survive, and;
- WHEREAS: the people of St. George have a strong desire and commitment to survive and grow as a community, and;
- WHEREAS: there are other resources at hand upon which St. George can build a diversified and enduring economic base, notably the rich fisheries of the Bering Sea and tourist attractions on the island, and;
- WHEREAS: the people of St. George, through its village corporation, St. George Tanaq, has taken the initiative in developing a diversified economy for the island community, and;
- WHEREAS: a key element in this development program is a Bering Sea fishing joint-venture in the form of an Alaskan corporation, Pribilof-Highly SeaProducts, Inc., with 75% ownership in St. George Tanaq and 25% ownership in the Highly Enterprise Corporation of Taiwan, which agreement provides that \$350,000 annually of revenues produced by the fishing effort of the Highly Enterprise 1,900 gross ton freezer/trawler, Golden Dragon No. 1, will be committed to support our joint-venture program, of which \$250,000 annually will be remitted to a capital fund for the future purchase of American vessels, and also provides for jobs and training for St. George Aleuts in Bering Sea fishing and vessel operations, and;
- WHEREAS: the economic feasibility of this project, with contributions to St. George and the capital fund, was based upon the provision of adequate allocations of Pacific cod and flounders as requested, specifically 1,000 mt of each, and;
- WHEREAS: the actual allocations of these species received by Highly Enterprise is approximately 25% of the amounts requested, and;

...the ... of ...

...and ... of ...

...the ... of ...

...the ... of ...

...the ... of ...

...the ... of ...

...the ... of ...

...the ... of ...

...the ... of ...

...the ... of ...

...the ... of ...

...the ... of ...

...the ... of ...

WHEREAS: Highly Enterprise projects that it will catch its limit of Pacific Cod by mid-April, following which it must shut down its fishing operations if an adequate supplemental allocation is not received, and;

WHEREAS: this would destroy the relationship between St. George and Highly Enterprise and bring to an end a project that holds so much promise in assisting the people of St. George to become more independent of the federal government, and;

WHEREAS: Highly Enterprise Corporation has been faithful to its agreements with St. George in every respect;

NOW THEREFORE BE IT RESOLVED by the St. George Tanaq Corporation and the St. George Village Council that the State Department provide from its reserves, a supplemental allocation of Pacific cod, specifically for use by Highly Enterprise Corporation of Taiwan, for application to our joint project, in the amount of 1,000 mt and that such allocation be available and effective no later than April 12, 1981.

PASSED UNANIMOUSLY AT ST. GEORGE THIS 20TH DAY OF MARCH, 1981.

Board of Directors, St. George  
Tanaq Corporation

*Flora Lepand Sr.*  
*Jacob J. Malwanosky*  
*Lusia Ann Mercurio*  
*Mark Mercurio*  
*Anthony B. Mercurio*  
*Alfred Chelmon*

St. George Village Council  
Members

*Max M. D. J.*  
*Stacey Ritenour*  
*Boris R. Mercurio*  
*Imaharty J. J. J.*



... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...

... of the ...  
... of the ...  
... of the ...