

APR 20 1989

For Six Month Period Ending _____

(Insert date)

Name of Registrant

Paul D. Kelly

Registration No.

4130

Business Address of Registrant

2263 Spenard

Anchorage, AK 99503

I-REGISTRANT

1. Has there been a change in the information previously furnished in connection with the following:

(a) If an individual:

(1) Residence address

Yes ☐

No ☒

(2) Citizenship

Yes ☐

No ☒

(3) Occupation

Yes ☐

No ☒

(b) If an organization:

(1) Name

Yes ☐

No ☐

(2) Ownership or control

Yes ☐

No ☐

(3) Branch offices

Yes ☐

No ☐

2. Explain fully all changes, if any, indicated in item 1.

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, and 5.

3. Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Name

Position

Date Connection
Ended

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CRIMINAL DIVISION
MAY 15 1989
INTERNAL SECTION
REGISTRATION

4. Have any persons become partners, officers, directors or similar officials during this 6 month reporting period?
 Yes ☐ No ☒

If yes, furnish the following information:

<i>Name</i>	<i>Residence Address</i>	<i>Citizenship</i>	<i>Position</i>	<i>Date Assumed</i>
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5. Has any person named in Item 4 rendered services directly in furtherance of the interests of any foreign principal?
 Yes ☐ No ☒

If yes, identify each such person and describe his services.

6. Have any employees or individuals other than officials, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

<i>Name</i>	<i>Position or connection</i>	<i>Date terminated</i>
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7. During this 6 month reporting period, have any persons been hired as employees or in any other capacity by the registrant who rendered services to the registrant directly in furtherance of the interests of any foreign principal in other than a clerical or secretarial, or in a related or similar capacity? Yes ☐ No ☒

If yes, furnish the following information:

<i>Name</i>	<i>Residence Address</i>	<i>Position or connection</i>	<i>Date connection began</i>
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II—FOREIGN PRINCIPAL

(PAGE 3)

8. Has your connection with any foreign principal ended during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Name of foreign principal

Date of Termination

-
9. Have you acquired any new foreign principal¹ during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish following information:

Name and address of foreign principal

Date acquired

-
10. In addition to those named in Items 8 and 9, if any, list the foreign principals¹ whom you continued to represent during the 6 month reporting period.

North Pacific Longline Association (NPL)

III—ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 8, 9, and 10 of this statement? Yes ☒ No ☐

If yes, identify each such foreign principal and describe in full detail your activities and services:

I have continued to represent the NPL before the North Pacific Fishery Management Council in their request for foreign fishing allocations (talff). My representation also included representing the NPL before the administrative bodies responsible for release of the talff - the National Marine Fisheries Service (NOAA) and the United States State Department. I have been in contact with the various agency personnel on issues of talff, fish releases, whaling sanctions, and other issues affecting our request for foreign fishing rights. I also worked with various officials from the State of Alaska in our continuing joint venture fishing projects and in our cooperative research project with the Northwest Alaska Fisheries Center in Seattle.

¹The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual or organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a)(9)).

A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those foreign principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity² as defined below?
 Yes ☒ No ☐

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

I have met with the Foreign Allocations Board of NMFS - NOAA, with the fisheries section of the U.S. State Department, with the North Pacific Fishery Management Council and staff, with the Congressional delegation and staff from Alaska & with officials from the State of Alaska, all for the purpose of securing an allocation of foreign fishing rights in the exclusive economic zone (EEZ) off the State of Alaska.

13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals? Yes ☐ No ☒

If yes, describe fully.

The above statement describes fully my activities on behalf of the NPL.

²The term "political activities" means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policy of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV—FINANCIAL INFORMATION

14. (a) RECEIPTS—MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes ☒ No ☐

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.³

<i>Date</i>	<i>From Whom</i>	<i>Purpose</i>	<i>Amount</i>
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SEE ATTACHED

\$66,318.71

Total

(b) RECEIPTS—THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value⁴ other than money from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal? Yes ☐ No ☒

If yes, furnish the following information:

<i>Name of foreign principal</i>	<i>Date received</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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³A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, as part of a fund raising campaign. See Rule 201(e).

⁴Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) **DISBURSEMENTS—MONIES**

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement? Yes ☐ No ☒

(2) transmitted monies to any such foreign principal? Yes ☐ No ☒

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

<i>Date</i>	<i>To Whom</i>	<i>Purpose</i>	<i>Amount</i>
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Total

15. (b) DISBURSEMENTS—THINGS OF VALUE

During this 6 month reporting period, have you disposed of anything of value⁵ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in items 8, 9 and 10 of this statement?

Yes ☐ No ☒

If yes, furnish the following information:

<i>Date disposed</i>	<i>Name of person to whom given</i>	<i>On behalf of what foreign principal</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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(c) DISBURSEMENTS—POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value⁵ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes ☐ No ☒

If yes, furnish the following information:

<i>Date</i>	<i>Amount or thing of value</i>	<i>Name of political organization</i>	<i>Name of candidate</i>
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V—POLITICAL PROPAGANDA

(Section 1(j) of the Act defines "political propaganda" as including any oral, visual, graphic, written, pictorial, or other communication or expression by any person (1) which is reasonably adapted to, or which the person disseminating the same believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions, or (2) which advocates, advises, instigates, or promotes any racial, social, political, or religious disorder, civil riot, or other conflict involving the use of force or violence in any other American republic or the overthrow of any government or political subdivision of any other American republic by any means involving the use of force or violence.)

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any political propaganda as defined above? Yes ☐ No ☒ It is the registrant's opinion that the filing is exempt under 39 of the FRA since the documents concern formal & informal proceedings by an agency. Attached are these documents.

IF YES, RESPOND TO THE REMAINING ITEMS IN THIS SECTION V.

17. Identify each such foreign principal.

NPL

⁵Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating political propaganda? Yes ☐ No ☒
 Except to pay my fees and costs incurred in representing my client.
 If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of political propaganda include the use of any of the following:

- ☐ Radio or TV broadcasts ☐ Magazine or newspaper articles ☐ Motion picture films ☒ Letters or telegrams
☐ Advertising campaigns ☐ Press releases ☐ Pamphlets or other publications ☐ Lectures or speeches
☐ Other (specify) _____

20. During this 6 month reporting period, did you disseminate or cause to be disseminated political propaganda among any of the following groups:

- ☒ Public Officials ☐ Newspapers ☐ Libraries
☐ Legislators ☐ Editors ☐ Educational institutions
☒ Government agencies ☐ Civic groups or associations ☐ Nationality groups
☐ Other (specify) _____

21. What language was used in this political propaganda:

- ☒ English ☐ Other (specify) _____

22. Did you file with the Registration Section, U.S. Department of Justice, two copies of each item of political propaganda material disseminated or caused to be disseminated during this 6 month reporting period? Yes ☒ No ☐
 The items are enclosed.

23. Did you label each item of such political propaganda material with the statement required by Section 4(b) of the Act? Yes ☒ No ☐

24. Did you file with the Registration Section, U.S. Department of Justice, a Dissemination Report for each item of such political propaganda material as required by Rule 401 under the Act? Yes ☒ No ☐

VI-EXHIBITS AND ATTACHMENTS

25. EXHIBITS A AND B

- (a) Have you filed for each of the newly acquired foreign principals in Item 9 the following: N/A

- Exhibit A⁶ Yes ☐ No ☐
 Exhibit B⁷ Yes ☐ No ☐

If no, please attach the required exhibit.

- (b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period? Yes ☐ No ☒

If yes, have you filed an amendment to these exhibits? Yes ☐ No ☒

If no, please attach the required amendment.

⁶The Exhibit A, which is filed on Form CRM-157 (Formerly OBD-67) sets forth the information required to be disclosed concerning each foreign principal.

⁷The Exhibit B, which is filed on Form CRM-155 (Formerly OBD-65) sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

26. EXHIBIT C

If you have previously filed an Exhibit C⁸, state whether any changes therein have occurred during this 6 month reporting period. Yes ☐ No ☐

N/A

If yes, have you filed an amendment to the Exhibit C? Yes ☐ No ☐

If no, please attach the required amendment.

27. SHORT FORM REGISTRATION STATEMENT

N/A

Have short form registration statements been filed by all of the persons named in Items 5 and 7 of the supplemental statement?

Yes ☐ No ☐

If no, list names of persons who have not filed the required statement.

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this registration statement and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in attached Short Form Registration Statement, if any, insofar as such information is not within his (their) personal knowledge.

(Type or print name under each signature)

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

Paul D Kelly
Paul D. Kelly

Subscribed and sworn to before me at Anchorage, Alaska,

this 8 day of May, 19 89

Bernadine M. Threl
(Signature of notary or other officer)

In & For Alaska
My Commission expires: 7/27/91

⁸The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, constitution, and bylaws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, Internal Security Section, U.S. Department of Justice, Washington, D.C. 20530.)

UNITED STATES DEPARTMENT OF JUSTICE
REGISTRATION UNIT
CRIMINAL DIVISION
WASHINGTON, D.C. 20530

NOTICE

Please answer the following questions and return this sheet in triplicate with your supplemental statement:

1. Is your answer to Item 16 of Section V (Political Propaganda - page 7 of Form OBD-64 - Supplemental Statement):

Yes _____ or No XX

(If your answer to question 1 is "yes" do not answer question 2 of this form.)

2. Do you disseminate any material in connection with your registration:

Yes XX or No _____

(If your answer to question 2 is "yes" please forward for our review copies of all such material including: films, film catalogs, posters, brochures, press releases, etc. which you have disseminated during the past six months.)

Paul D Kelly
Signature

5-8-69
Date

Paul D. Kelly

Please type or print name of signatory on the line above

Attorney

Title

RECEIVED
MAY 15 25:00
69

ATTACHMENT

14. (a) RECEIPTS-MONIES

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.

DATE	FROM WHOM	PURPOSE	AMOUNT
10/26/88	NPL	Attorney's fees and costs extended (hotel, airfare, taxi, etc.)	\$ 20,060.41
11/01/88	NPL	"	\$ 163.78
11/17/88	NPL	"	\$ 14,360.77
01/04/89	NPL	"	\$ 9,682.59
01/26/89	NPL	"	\$ 27.33
01/31/89	NPL	"	\$ 8,872.60
02/28/89	NPL	"	\$ 4.80
03/15/89	NPL	"	\$ 4,163.34
03/16/89	NPL	"	\$ 90.32
03/22/89	NPL	"	\$ 2,689.00
04/21/89	NPL	"	\$ 121.25
04/26/89	NPL	"	<u>\$ 6,082.52</u>
		TOTAL	\$ 66,318.71

JOHN C. STENNIS, MISSISSIPPI, CHAIRMAN

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United States Senate

COMMITTEE ON APPROPRIATIONS
 WASHINGTON, DC 20510-6026

September 27, 1988

John G. Peterson
 Interim Chairman
 North Pacific Fishery
 Management Council
 605 West 4th Avenue
 Anchorage, AK 99501

Dear John:

The North Pacific Fishery Management Council took an historic step earlier this year when they set the TALFF allocation for both the Bering Sea and Gulf of Alaska at zero for 1988. In many ways, this action was the realization of one of the primary goals of the Magnuson Fishery Conservation and Management Act that I helped to enact over twelve years ago. As a participant in this process I am pleased with the progress of Americanization.

Encouraging development assistance to new American fisheries was another goal of the Magnuson Act, and it was to this end that TALFF allocations were sometimes used. As the Council is well aware, there have been several cooperative development projects undertaken between villages in western Alaska and the Japanese North Pacific Longline Association (NPL), which have continued through this year in spite of the absence of a TALFF allocation of Pacific cod to the NPL.

On January 11, 1988, I wrote a letter commending the Council for your commitment to conduct an ongoing assessment of the availability of surplus resources that might be transferred to TALFF. Since that time the NPL have honored the commitments they made to help fishermen in western Alaska. In addition, the United States government has certified the Japanese under the provisions of the Pelly Amendment for their decision to undertake research whaling. As a result of the certification, the President has ordered a 100% reduction in any TALFF allocation to Japan.

John G. Peterson
North Pacific Fishery Management Council
September 27, 1988
Page 2

Notwithstanding the President's decision, I am writing in support of an allocation of surplus cod to the NPL. They have honored their commitments, and I feel this action should not go unreturned if a surplus is available. Should the Council decide to make an allocation to the NPL, I will do my best here in Washington to seek a Presidential exception to reduce the 100% restriction to the 50% reduction in TALFF allocations mandated by law.

I appreciate the Council's consideration of this matter.

With best wishes,

Sincerely,



TED STEVENS

cc: Paul Kelly, Esq.

ATTACHMENT A

P-COD SURPLUS IN WESTERN GULF OF ALASKA

A. Analysis of Surplus:

West GOA DAH	19,000.0	mt
West GOA DAP Catch 1st & 2nd Quarter	<2,782.0>	mt
West GOA NMFS Survey 3rd & 4th Quarter	<4,045.0>	mt
West GOA JV Catch	< 0.6>	
West GOA Surplus	12,172.4	mt

B. Analysis of DAH in West Gulf of Alaska

1. JVP W/GOA Quota P-cod	6,000.0	mt
JVP Catch	.6	mt
Balance	5,999.4	mt
Note: JV fishing stopped in W/GOA		
2. DAP W/GOA Quota P-cod	13,000.0	mt
1st Quarter Catch	< 628.0>	mt
2nd Quarter Catch	<2,154.0>	mt
3rd Quarter Projection per NMFS	<1,100.0>	mt
4th Quarter Projected Catch per NMFS	<2,945.0>	mt
Balance of P-cod West GOA	6,173.0	mt

C. Restrictions on Operations

1. Avoid Davidson Banks
2. Western Area Only
3. 900 Tons Catch Each Vessel
4. Fishing Only Inside 200 Meter Contour

D. Bycatch

1. Bycatch Rate

Pollock	2.9%
Flounders	1.09%
Thornyheads	0.002%
Other Species	3.4%

PSC

Sablefish	0.001%
Other Rockfish	0.0001%
POP Complex	0.0012%
Pacific Halibut	1.49%

(Note: Mortality rate is 25% resulting
in actual bycatch of .37%)

2. Bycatch Need

Pacific Cod Catch Level	12,000 mt	6,000 mt
Pollock	348 mt	174 mt
Flounders	131 mt	66 mt
Thornyheads	1 mt	1 mt
Other Species	408 mt	204 mt

PSC CAP

Sablefish	30 mt	15 mt
Other Fish	10 mt	6 mt
POP Complex	6 mt	3 mt

Pacific Halibut	179 mt	90 mt
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(Note: Mortality rate is 25%, reducing
true halibut bycatch)

ATTACHMENT B

NPL REQUEST

A. BSA

1. Operational Area.
55°N $\rightarrow$ Northward, 168°W $\rightarrow$ Westward.

2. Bycatch Rate & Need $\rightarrow$ PACIFIC COD

	RATE	15,000 mt	10,000 mt	5,000 mt
Pollock	2.9%	435 mt	290 mt	145 mt
Other F/Fish	0.2%	30 mt	20 mt	10 mt
Other Fish	3.4%	510 mt	340 mt	170 mt
Arrowtooth	0.8%	120 mt	80 mt	40 mt
Sablefish	0.02%	3 mt	2 mt	1 mt
Turbot	0.09%	14 mt	9 mt	5 mt
Other Rockfish	0.002%	1 mt	1 mt	1 mt
POP	0.0002%	1 mt	1 mt	1 mt
Atka	0.0001%	1 mt	1 mt	1 mt
Y.Sole	0.00004%	1 mt	1 mt	1 mt
		1,116 mt	745 mt	375 mt

* bycatch rate based on 1987 NPL catch data

** Operational restriction same as 1987 NPL proposal.

LAW OFFICES

KELLY & PATTERSON

PAUL D. KELLY
JOHN B. PATTERSON2263 SPENARD ROAD
ANCHORAGE, ALASKA 99503
(907) 258-6777
FAX (907) 279-9216

September 30, 1988

John Peterson, Chairman
North Pacific Fishery Management Council
605 W. 4th Ave.
Anchorage, AK 99501

RE: TALFF Request

Dear Chairman Peterson:

The North Pacific Longline Association of Japan (NPL) is hereby requesting release of surplus Pacific cod to talff. This request is supported by the pages which are attached to this letter which analyze the surplus availability.

PROJECT REPORT

When the NPL lost its talff in December 1987, NPL made a difficult decision to continue with its projects in Western Alaska. At the January, April, and June Council meetings, the NPL was encouraged by various members of the Council to continue the Western Alaska projects. At the same time, it was the understanding of the NPL that if a surplus developed the Council would carefully review the status of Pacific cod and allocate any true surplus. As a result the projects went forward. These projects are noted below.

1. NORTON SOUND JOINT VENTURE. On June 10, 1988, the NPL sent two vessels to purchase all of the production of salmon by the villages of Elim, Koyuk, and Golovin. The fishermen were able to sell all of their product and were paid according to a price schedule negotiated by the fishermen.

2. NUNIVAK AND NELSON ISLAND FISHERY DEVELOPMENT. The Qaluyaat Fishermen's Association (QFA), Kokechik Fishermen's Association (KFA), and the Bering Sea Fishermen's Association (BSFA) entered into a project agreement with the NPL for further development of the groundfish fishery in the Nelson and Nunivak Island area. The operation began June 14, 1988, and continued through July 15, 1988. Three technicians from the NPL worked with the local fishermen providing training and research on fishing methods, fish quality control, and processing techniques.

Chairman Peterson
September 30, 1988
Page 2

The technicians also continued their research on resource assessment. Research was conducted on the optimum vessel size for the fishery and types of fishing techniques necessary to increase yield. Finally, the NPL entered into a loan agreement to enable the local people to expand their fishing capability by the lease or purchase of a larger vessel.

3. ATKA. The NPL agreed to provide a loan guarantee to assist the Atka Fishermen's Association (AFA) in the purchase of a larger vessel costing approximately \$400,000. This vessel is necessary to allow the local fishermen to expand their ability to participate in the local fisheries which are taking place at their local fishing grounds. Future assistance is planned in the area of fishing technology, marketing and other technical assistance. The AFA is presently attempting to locate a suitable vessel.

4. COD IMPORT QUOTA. The NPL has been providing free of charge to U.S. processors a Pacific cod I.Q. In the past, U.S. processors were concerned about their ability to sell their fish into the Japanese market without a cod I.Q. The NPL has been providing free of charge a cod I.Q. to any U.S. company which makes a request for such assistance. The present level of the program is in excess of 6000 tons which has already been provided U.S. companies.

5. U.S.-JAPAN RESOURCE SURVEY CRUISE. The NPL has cooperated with the Northwest Alaska Fishery Center in Seattle whereby the NPL provides a vessel to conduct a research cruise of the Bering Sea and Gulf of Alaska. The research cruise began May 17th and is scheduled to terminate October 17, 1988. This cruise has been an annual project and provides significant information necessary for the development of resource assessment data for the management of the North Pacific Fishery.

SURPLUS AVAILABILITY

The NPL has identified two areas of the North Pacific where Pacific cod is available as surplus. In the Western area of the Gulf of Alaska, 12,194 tons are clearly available as surplus to the needs of DAP. These figures are analyzed in the pages which accompany this letter. Briefly, a DAP of 19,000 tons was established at the beginning of the year. First and second quarter DAP catch was 2761 tons. The JV fisheries were closed with .6 tons of catch. The third and fourth quarter projected needs for DAP are 4045 tons. Consequently, there is a clear surplus.

With respect to the Bering Sea/Aleutians, the original DAP at the beginning of 1988 was 91,000 tons. By the means of

Chairman Peterson
September 30, 1988
Page 3

successive reallocations of DAP to JVP, the DAP has been reduced to 75,000 tons. At the beginning of the third quarter, a clear surplus in access of 31,000 tons existed. Third and fourth quarter JVP needs are minimal. The primary concern is the request of the DAP. A request was made to the NMFS to categorize DAP request as trawl or longline request. NMFS has not provided the requested information. At present, the market for trawl cod has continued to remain poor and has discouraged a directed trawl fishery on cod. On the other hand, the longline cod price has remained steady and has climbed since the beginning of 1988. The cod prices are analyzed in an attached report provided by Clint Atkinson. There will clearly be a surplus of Pacific cod in the Bering Sea because there is no market for trawl cod. In addition, projecting the catch rates of DAP processors from prior years shows that catch trends for DAP processors will continue at a low level. Pacific cod is primarily a bycatch of other fisheries in the last two quarters of the year.

MARKET

Submitted with this letter is a copy of the June 1988, report by Clint Atkinson with an update. The study clarifies that the cod market for longline fish has continued at a strong level since the beginning of the year. On the other hand, trawl cod continues to demand a low price which does not favor a directed DAP fishery for the remainder of 1988. Even more importantly, the study demonstrates that an allocation of Pacific cod to the NPL results in an allocation of a product that does not compete with the U.S. production of trawl cod. The longline cod is sold into a specialized mabuwa market. The trawl cod is sold into a different market which has a separate price structure. The product does not compete with the NPL cod.

In the final analysis, an allocation to the NPL which would be calculated at an approximate 50% recovery rate results in a very low level of product going into the Japanese market. At the same time, this small amount of allocation provides a return to the NPL for its commitment to continued fisheries development in the State of Alaska and Western Alaska.

WHALING SANCTIONS

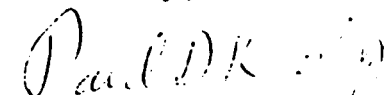
At the present time, the President has imposed a 100% sanction on any talff to be released to Japan. If a talff is recommended, the President has discretionary authority under the Magnuson Act to reduce the sanction to 50%. Should the countries of Japan and the United States undertake action to resolve the whaling issue and should the Secretary of Commerce determine that

Chairman Peterson
September 30, 1988
Page 4

"significant movement" towards resolution of the whaling problem has been achieved, then the sanctions could be further reduced to zero.

In conclusion, the NPL requests that the Council allocate surplus Pacific cod. The NPL has acted in good faith, carrying through on its commitment to the continued development of Western Alaska fisheries and to assistance to the U.S. industry both through the I.Q. program and through the research program. The NPL only ask that its request be considered in this light.

Sincerely,



Paul D. Kelly
North Pacific Longline
Association

PDK:bmz

Filename: GOA88CUR (with notepad)

Current Gulf of Alaska 1988 Apportionme

Species	Area 1/	Species Code	TAC	DAP	JVP	Reserve
Pollock	W/C	701	90,000	89,500	500	0
	E		3,000	3,000	0	0
	(Total)		93,000	92,500	500	0
Pacific cod	W	702	19,000	13,000	6,000	0
	C		60,800	55,750	5,050	0
	E		200	200	0	0
	(Total)		80,000	68,950	11,050	0
Flounders	W	129	1,600	1,550	50	0
	(Total)		23,000	15,950	7,050	0
Other rockfish	W	849	4,850	4,850	0	0
	C		7,100	7,100	0	0
	E		4,850	4,850	0	0
	(Total)		16,800	16,800	432 *	0
Pelagic shelf rockfish	W	849	550	550	0	0
	C		2,350	2,350	0	0
	E		400	400	0	0
	(Total)		3,300	3,300	0	0
Demersal Shelf rockfish 4/	SEO		660	660	0	0
Thornyheads	G+W	749	3,750	3,700	50	
Sablefish	W	703	4,060	4,060	0	0
	C		12,540	12,540	0	0
	W.YK		4,900	4,900	0	0
rockfish 4/						
Thornyheads	G+W	749	3,750	3,700	50	
Sablefish	W	703	4,060	4,060	0	0
	C		12,540	12,540	0	0
	W.YK		4,900	4,900	0	0
More [Y,n]? y	E.YK/SE		6,500	6,500	0	0
	(Total)		28,000	28,000	188 *	0
Other sp 4/	G+W		12,426	10,926	1,500	0
TOTAL			260,936	240,786	20,150	0

Pacific halibut PSC

4,240 240

Footnote: * = Groundfish PSC limits, which are not part of the totals.

SEP 02 13:40 N.M.F.S.-AK(907)586-7131

ATTN:

PAUL KELLY

Used this 3 days in row - P. 175
 unit working JS

31-Aug PACIFIC COD, THIRD AND FOURTH INDUSTRY REQUESTS AND NMFS PROJECTIONS, BY CATEGORY AND QUARTER: AUGUST SUR 1988

TOTAL REQUESTS										TOTAL NMFS PROJECTIONS									
BERING		ALEUT.		WEST		CENTRAL		EAST		BERING		ALEUT.		WEST		CENTRAL		EAST	
QTR	SEA	ISLAND	BSA	GULF	GULF	GULF	GOA	ALASKA		QTR	SEA	ISLAND	BSA	GULF	GULF	GULF	GOA	ALASKA	
1	0	0	0	0	0	0	0	0		1	0	0	0	0	0	0	0	0	
2	0	0	0	0	0	0	0	0		2	0	0	0	0	0	0	0	0	
3	32,623	200	32,823	1,350	12,015	0	13,365	46,168		3	21,073	200	21,273	1,100	8,015	0	9,115	30,388	
4	28,439	520	28,959	3,195	33,207	25	36,427	65,386		4	22,827	520	23,347	2,945	24,297	25	27,177	50,524	
TOT	61,062	720	61,782	4,545	45,222	25	49,792	111,574		TOT	43,900	720	44,620	4,045	32,222	25	36,292	80,912	

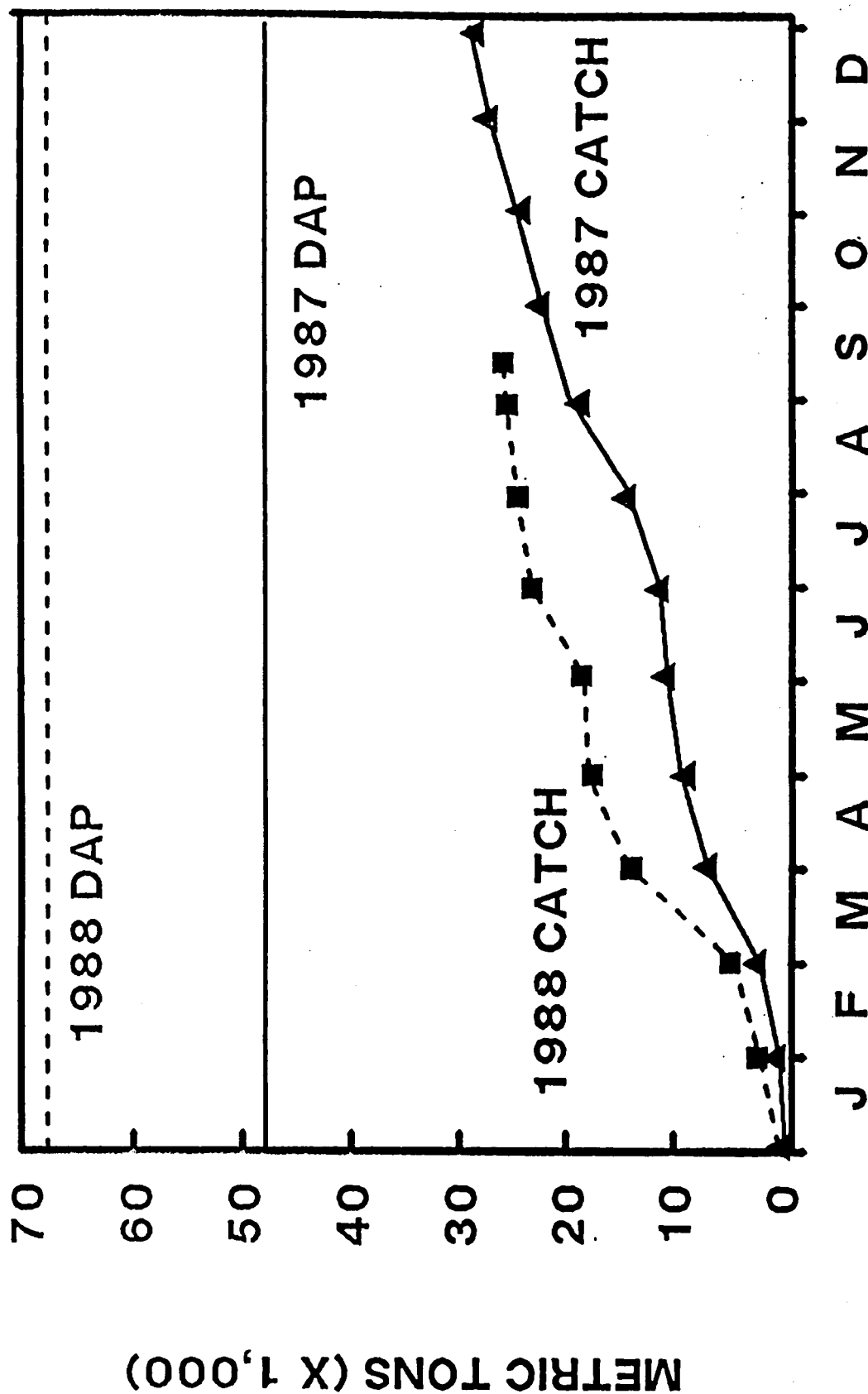
SHORESIDE REQUESTS										SHORESIDE NMFS PROJECTIONS									
BERING		ALEUT.		WEST		CENTRAL		EAST		BERING		ALEUT.		WEST		CENTRAL		EAST	
QTR	SEA	ISLAND	BSA	GULF	GULF	GULF	GOA	ALASKA		QTR	SEA	ISLAND	BSA	GULF	GULF	GULF	GOA	ALASKA	
1	0	0	0	0	0	0	0	0		1	0	0	0	0	0	0	0	0	
2	0	0	0	0	0	0	0	0		2	0	0	0	0	0	0	0	0	
3	2,300	100	2,400	100	7,315	0	7,415	9,815		3	2,300	100	2,400	100	7,315	0	7,415	9,815	
4	2,800	100	2,900	800	16,412	25	17,237	20,137		4	2,800	100	2,900	800	13,412	25	14,237	17,137	
TOT	5,100	200	5,300	900	23,727	25	24,652	29,952		TOT	5,100	200	5,300	900	20,727	25	21,652	26,952	

FLOATERS REQUESTS										FLOATERS NMFS PROJECTIONS									
BERING		ALEUT.		WEST		CENTRAL		EAST		BERING		ALEUT.		WEST		CENTRAL		EAST	
QTR	SEA	ISLAND	BSA	GULF	GULF	GULF	GOA	ALASKA		QTR	SEA	ISLAND	BSA	GULF	GULF	GULF	GOA	ALASKA	
1	0	0	0	0	0	0	0	0		1	0	0	0	0	0	0	0	0	
2	0	0	0	0	0	0	0	0		2	0	0	0	0	0	0	0	0	
3	30,023	100	30,123	1,250	4,200	0	5,450	35,573		3	18,773	100	18,873	1,000	200	0	1,200	20,073	
4	18,954	100	18,954	1,400	14,500	0	15,900	34,854		4	15,104	100	15,204	1,150	8,500	0	9,650	24,854	
TOT	48,977	200	49,077	2,650	18,700	0	21,350	70,427		TOT	33,877	200	34,077	2,150	8,700	0	10,850	44,927	

NEW FLOATERS REQUESTS										NEW FLOATERS NMFS PROJECTIONS									
BERING		ALEUT.		WEST		CENTRAL		EAST		BERING		ALEUT.		WEST		CENTRAL		EAST	
QTR	SEA	ISLAND	BSA	GULF	GULF	GULF	GOA	ALASKA		QTR	SEA	ISLAND	BSA	GULF	GULF	GULF	GOA	ALASKA	
1	0	0	0	0	0	0	0	0		1	0	0	0	0	0	0	0	0	
2	0	0	0	0	0	0	0	0		2	0	0	0	0	0	0	0	0	
3	300	0	300	0	500	0	500	800		3	0	0	0	0	500	0	500	500	
4	6,785	320	7,105	995	2,295	0	3,290	10,395		4	4,923	320	5,243	995	2,295	0	3,290	8,533	
TOT	7,085	320	7,405	995	2,795	0	3,790	11,195		TOT	4,923	320	5,243	995	2,795	0	3,790	9,033	

DAP CATCH

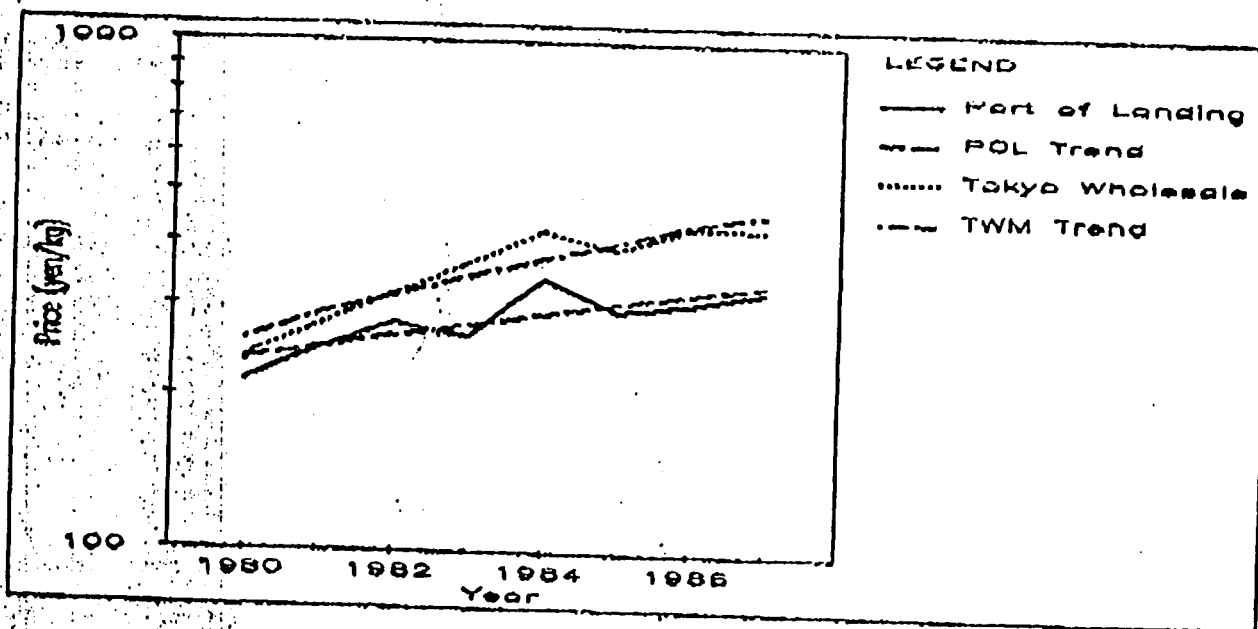
GOA PACIFIC COD



Additional Information on the Japanese Cod Market

At the June meeting of the North Pacific Fishery Management Council, a report and testimony was presented pointing out certain characteristics of the Japanese market for cod - most important was the negligible effect of Japan's supply of cod on the port-of-landing and Tokyo wholesale market prices, and the difference in use and prices between trawl and longline-caught cod. In the interim period, I have been able to obtain additional material to supplement the information given in the previous report

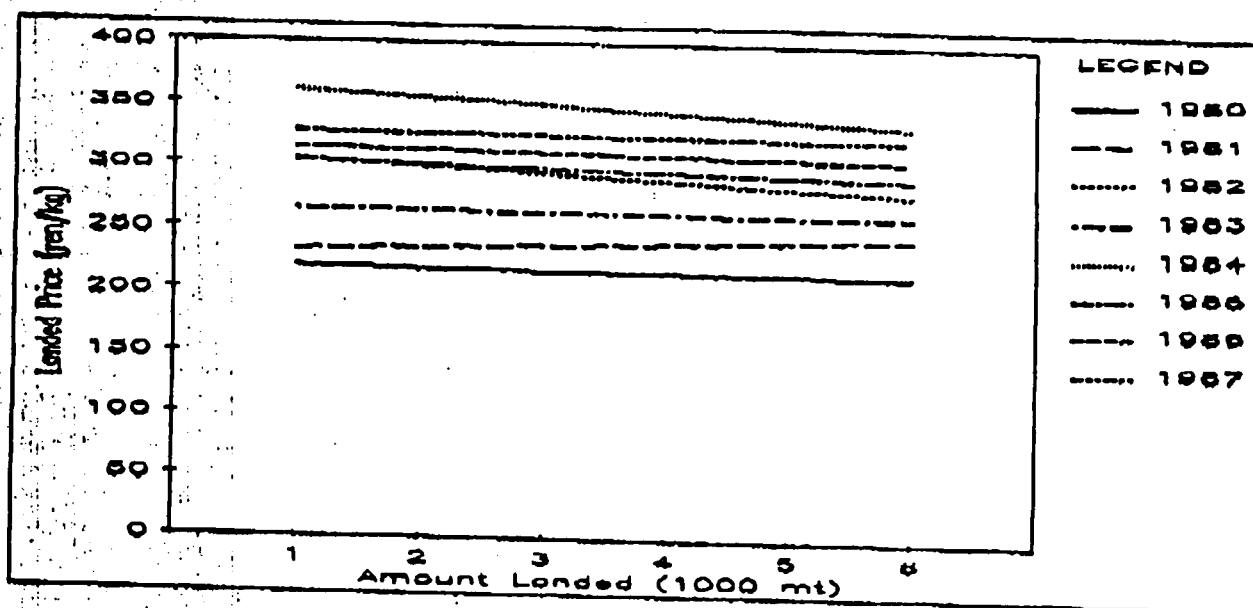
1. The trend of Port of Landing/Tokyo wholesale market prices. Missing from the previous report is a review of the trends in both the landed price and Tokyo wholesale market price since 1980. In order to partially compensate for the cumulative effect of inflation and other long term factors, these data, as shown below, have been plotted on a semi-log scale.



Although detailed statistics on imports/exports of cod are not available, there is a strong indication that the break in prices between 1984 and 1985 was due to an increase imports - whatever the cause, inventory increased from 12,400 mt in 1984 to 19,600 mt in 1985, indicating that the 1984 price was too high for the market. Although difficult to verify without proper trade statistics, there is some indication that the drop in price could be related to an influx of imports of trawl-caught fish first from the JV fisheries and later from our own factory trawlers.

- 2 -

2. Relation between landings and price. Because of the importance attached to the effect of supply on price, four additional years of data (completing the period of 1980 through 1987) have been added to the chart presented in the previous report. Further, the monthly distribution of these prices from year to year was completely random. The results confirm the previous conclusions: With the exception of 1981, the other seven years show only a very slight, almost negligible decrease in price with an increase in supply. In all cases, the difference was less than one cent per pound per ton of product.



Within the limitations of data available for the years 1980 to 1987, there is nothing in these additional statistics and analyses that would change the conclusions reached in the previous report, "...a decrease in the supply of cod does not result in an increase in the price of cod in Japan."

3. Mabuwa and the need for a supply of quality cod. There are two methods used for preparing mabuwa. The head and viscera are removed, the fish carefully washed, and then cut on either side of the backbone and the backbone removed. Either the belly is left intact and the fillets "butterflied", or the fillets separated to form three pieces (two fillets and the backbone). The fillets are then thoroughly washed and immersed in a brine solution (8-14% Baume) for 4 to 17 hours. The fillets are then removed, carefully washed, drained, and marketed either in portions or whole.

- 3 -

The fillets must be blemish free, that is, no dark areas from internal bleeding, no deep scars or other damage to the flesh.

When available, the processors prefer fresh longline-caught cod from coastal waters and when not available, will accept frozen cod from the other longline fisheries. Trawl-caught cod, because of the pressure in the cod-end and mass handling, are generally bruised and not suitable for processing into mabuwa. Thus, longline-caught cod obtain a higher price (as pointed out in the previous report) and occupy a special niche in the Japanese cod market, quite separate from trawl-caught cod.

4. Recent prices for trawl- and longline-caught cod. The following table summarizes the September prices paid in Ishinomaki for frozen cod imports from two US boats, a trawler and a longliner. These prices are "delivered Japan", and include custom duty, insurance, and other import and local handling charges. The prices are comparable to the port of landing prices referred to earlier in this report.

Size (no./ case)	US Trawler (9/2/88)			Size (lbs/ fish)	US Longliner (9/22/88)		
	Cases	Weight (kg)	Price (Y/kg)		Cases	Weight (kg*)	Price (Y/kg)
4-6	393	8055	280	7/over	126	2079	402
7-8	668	13133	285	5-7	200	3300	408
9-10	162	3029	275	5-7	200	3300	406
11-15	424	7420	215	5-7	302	4983	405
16-20	151	175	151	3-5	500	8250	382
26-30	1	20	100	3-5	402	6633	380

* A case will weigh between 16 and 17 kg; have used 16.5 kg/case to determine total weight of each lot.

This is a good illustration of the difference in price between trawl- and longline-caught fish. Converting to equivalent sizes, the present price for these lots of longline-caught cod averages about 44 percent higher than the price for trawl-caught fish.

The price of cod generally increases in the late fall, when the weather becomes cooler and the consumption of fish increases. Based on the monthly port of landing prices from 1980 through 1987, the peak price that we would expect to occur in one of the next three months would be about 10 percent higher than the September price.

- 4 -

5. Amount of cod used by the mabuwa processors. I am still searching for an estimate of the amount of cod that is used each year by the mabuwa processors. The one year where data is available (probably 1983), about 18,000 mt of mabuwa was produced in Japan, equivalent to 21,000 mt of H&G product or about 44,000 mt of raw fish.

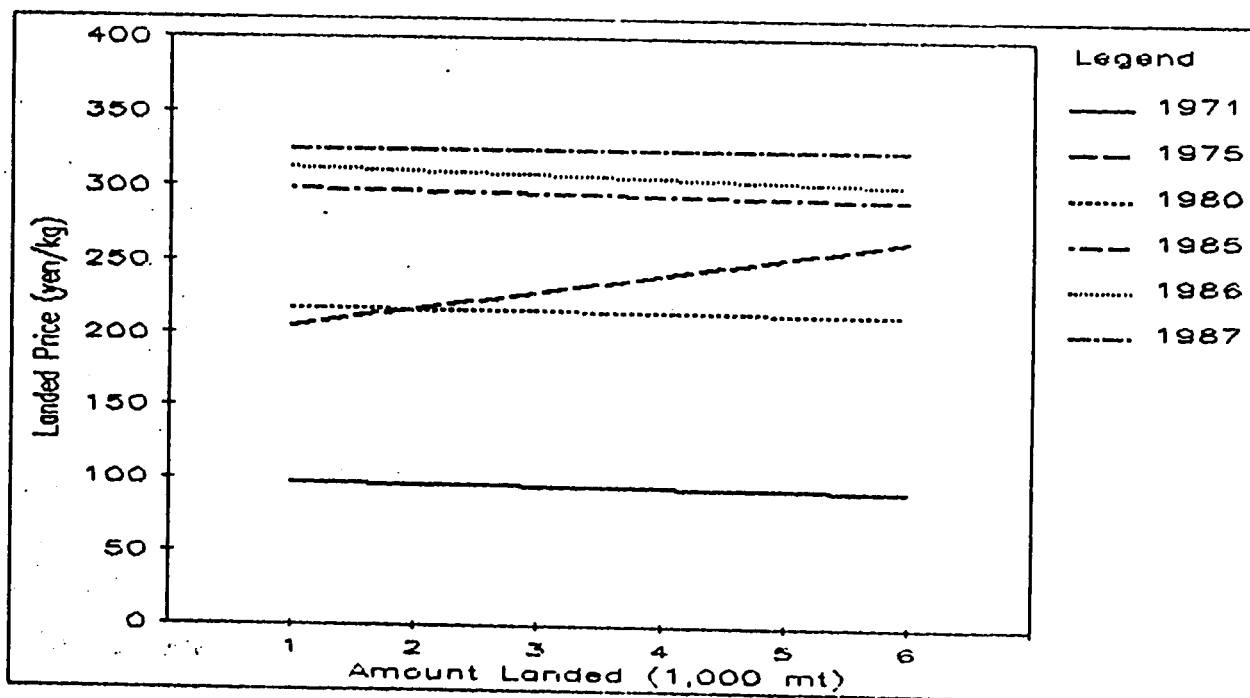
September 25, 1988
Clinton E. Atkinson
Fishery Consultant and Advisor

The Japanese Market for Cod.

With the growth of the United States high seas fisheries in the North Pacific, a number of questions have arisen regarding the Japanese market for groundfish. The most recent problem involves that of cod and hopefully, these few comments may help clarify some of these questions.

1. Japan's supply of cod. In the last two years, both the United States and Japan have expanded their fishery statistics so that it is now possible to obtain a "first" estimate of the total supply of cod being consumed in Japan. The results of the compilation of the landings, imports and exports and inventories for 1986 and 1987 is shown in Table 1, the various values converted to raw fish weight for comparison. Although some refinement of the data will be necessary, this preliminary estimate of total domestic supply of cod in Japan shows a decrease of about 12,200 mt in 1987 from 1986. From these estimates, we can assume that the annual domestic supply of cod in Japan is about 115,000 to 125,000 mt per year (raw fish weight) and of this amount, only about 23,000-25,000 /yr (raw fish weight) from the United States (i.e., US JV and domestic cod products from the North Pacific).

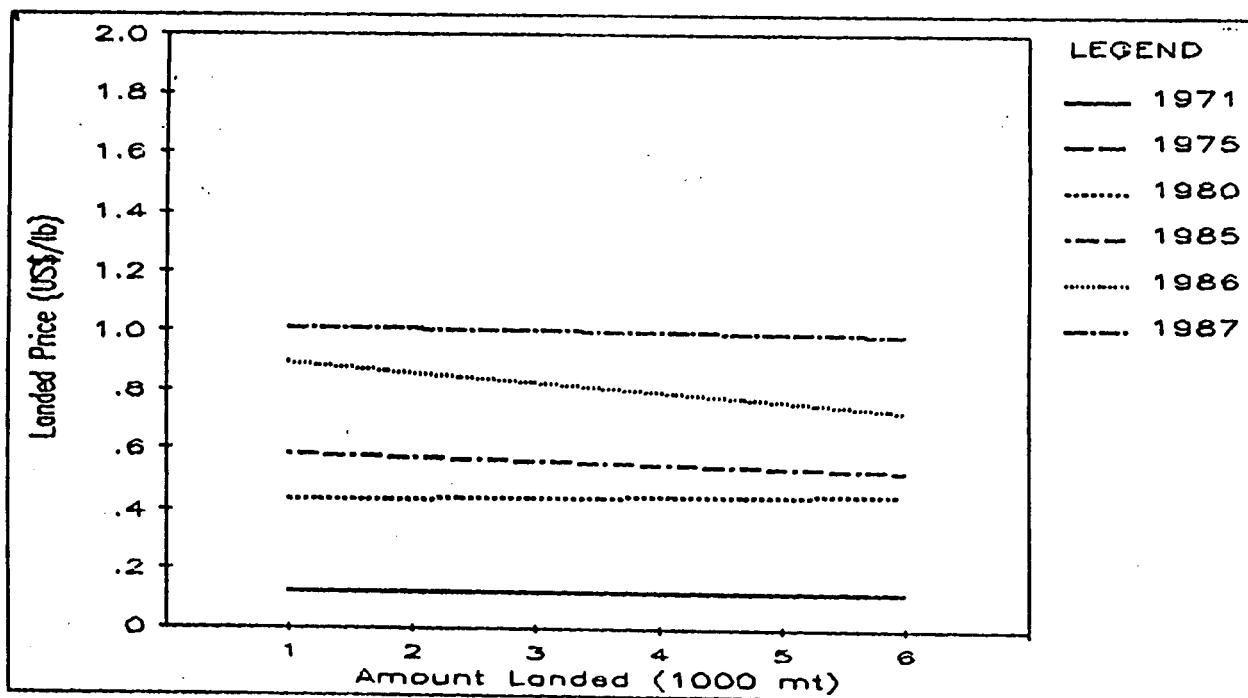
2. Relation between landings and price. One of the problems that is attracting much attention at the present time is the relationship between the supply and the price, best measured by the record of landings at the 51 major ports in Japan. Because of the limited time, I have examined 6 years of landing/price information, plotted the data and determined the trend by least squares. The results are shown in the following chart:



- 2 -

Although four of the six years do show a slight increase in price with a decrease in landings, the difference is very, very small - somewhere between one tenth of a cent to 3 cents per pound per 1,000 metric ton of landings.

These same data have been converted from yen/kg to US\$/lb in the following chart to see what effect changes in the rate of foreign exchange might have on the slopes of the trend lines. The most significant change occurred in 1986 when the yen-dollar rate rapidly fell but even so, the difference is still insignificant.



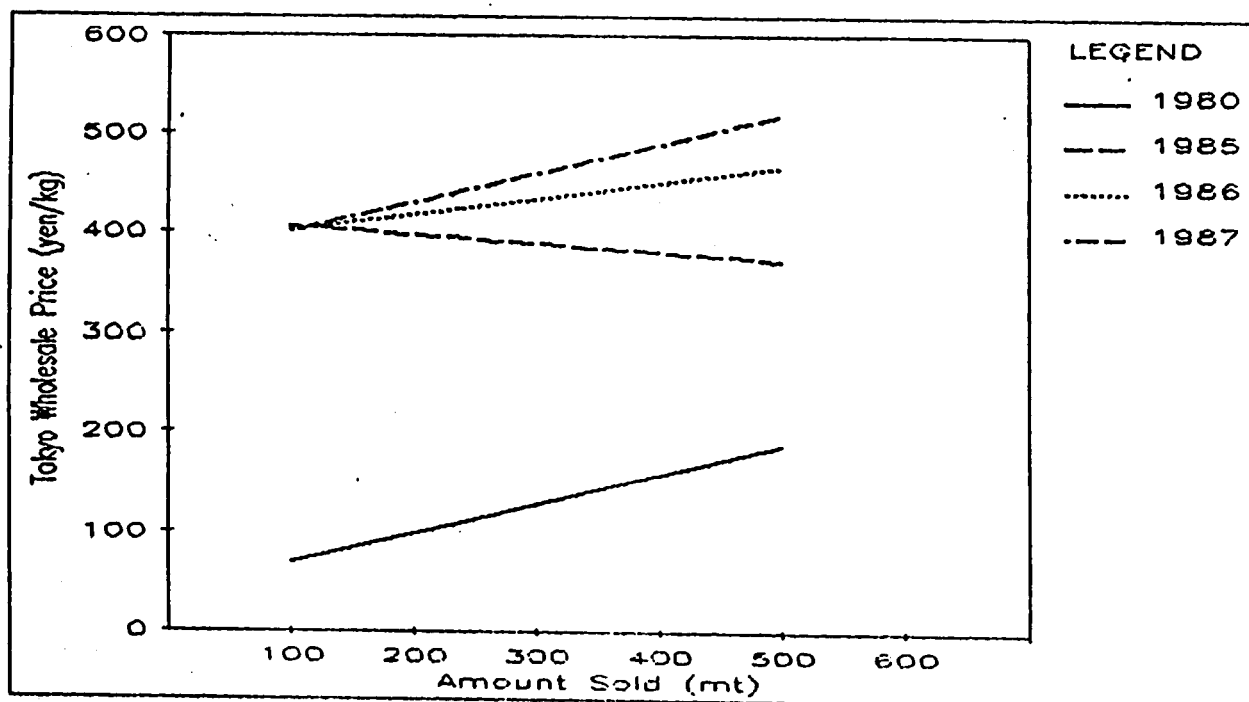
Finally, for reference, a summary of these changes in price due to decreased landings is given below:

Year	Change in Price per 1,000 Metric Tons	
	yen/kg	US\$/lb
1971	0.7	0.001
1975	- 11.8	n/a
1980	0.8	-0.004
1985	1.2	0.010
1986	1.8	0.034
1987	0.4	0.004

From the above, it is quite clear that a decrease in the supply of cod does not result in an increase in the price of cod in Japan.

3. Relation between Tokyo wholesale market sales and price.

For comparison, four years of sales/price information from the Tokyo wholesale market has also been examined. Here the picture is just the opposite. For three of the four years, the greater the amount sold, the higher the price. What happens in the consumer wholesale market, such as Tokyo, however, is that the seller will hold the product in storage until the price is right and then sell in quantity.



4. The difference in price between trawl and longline-caught cod. Information received from Japanese industry sources shows a difference in price between longline and trawl caught frozen cod. In 1986 the landed price for all frozen cod at the major ports was 307 yen/kg while the price for longline-caught cod was 325 yen/kg. Similarly, in 1987 the price for all frozen cod at major ports was 325 yen/kg while the price for longline-caught cod was 344 yen/kg. The real difference in price, however, is much greater: Since about 40 percent of the total landings of cod are taken by longline, the price received for their fish would significantly increase the total price shown for the major ports landing.

Recently, information was received from the Tokyo wholesale market that provides a more reliable schedule of prices for longline and trawl-caught frozen cod - a difference ranging from 70 to 120 yen/kg.

Longline and Trawl, January thru April, 1988.

Size*	Tokyo Wholesale Price (yen/kg)		Difference
	Longline	Trawl	
4-6	370	300	70
7-8	380	310	70
9-10	370	290	80
11-12	350	250	100
13-15	340	250	90
16-20	295	200	95
21 or more	280	150	130

* Number of Fish per pan.

Further, as you will note in the attached page from a recent issue of Bill Atkinson's News Report (BANR), longline cod fill a very special niche in the Japanese market. They are preferred by the Japanese processors for mabuwa (a lightly salted cod) and the trawl-caught cod have scars marks that produce an inferior product. Accordingly, the mabuwa processors are very concerned about the present shortage of longline-caught cod.

4. The substitutability of Atlantic cod. In the past, some mention has been made of the substitutability of Atlantic cod for Pacific cod in the Japanese market. At the present time, very little Atlantic cod is being imported into Japan and the price is lower than that for the Pacific cod. In March 1988, the asking price for H&G Atlantic cod in the Tokyo wholesale market was 260 yen/kg but the quality was poor and the final price was only 150 to 200 yen/kg.

There are other cod-like fish that are now being taken in some quantity from the southern waters. Although of poorer quality and lower price, hoki from off New Zealand and the southern hake from Chile/Argentina are both considered to be acceptable substitutes for the Pacific cod.

June 21, 1988
Clinton E. Atkinson
Fishery Consultant and Advisor

Table 1. An Estimate of Japan's Supply of Cod
(raw fish weight*, metric tons)

Item	1986	1987
Initial Inventory	30900	20600
Total Landings	100500	110000
Imports		
US JV (H&G)	11400	9900
US Domestic (fillets)	14000	13100
Korea (fillets)	7700	500
Taiwan (fillets)	500	0
USSR (H&G)	800	0
Total	34400	23500
Final Inventory	20600	26500
Total Supply	127400	115200

* Raw fish weights obtained from recovery rates of 60 percent for H&G and 28 percent for fillets; inventory a mix of product, mostly H&G, recovery rate estimated at 55 percent.

NORTH PACIFIC LONGLINE ASSOCIATION

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October 8, 1988

Mr. Paul D. Kelly
KELLY & PATTERSON LAW OFFICE
2263 SPENARD ROAD
Anchorage, Alaska 99503

RE: Market Information

Dear Paul;

According to your request, Mr. Ogata contacted Shioyama and Ishinomaki market. I enclosed general market information which he received from both market people. They said they ordered longline P'cod at the beginning September, then received those products at the end of September. The products showed breakdown with U.S. longline at Seattle and U.S. longline at Kodiak. The products from U.S. longline at Seattle was real longline caught and processed onboard and that price was high at Japanese market. The products from U.S. longline at Kodiak, however, was not processed fish on board. They were caught by U.S. longline and processed at shore base processing facility at Kodiak. That products was very bad freshness and the Japanese market respected them worse than products of trawler's, so nobody show yet to wish to buy it.

In conclusion, good quality longline caught P'cod is still high stable in price at Japanese market, in another words there is no fact that there is no change of price after Sep. Council meeting.

If you have any question, please let me know.

Average price of Pacific Cod at Ishinomaki

Longliner

(Yen/Kg)

	Aug.	Sep.	Oct.
4 - 6	360	380	400 - 410
7 - 8	380	390	410 - 420
9 - 10	370	380	400 - 400
11 - 12	330	340	370
13 - 15	300	300	330
16 - 20	260	260	300
21 -	220	220	250

Trawl

	Aug.	Sep.	Oct.
4 - 6	240	250	280-290
7 - 8	250	260	300 - 310
9 - 10	240	250	300 - 300
11 - 15	170	180	230 -
16 - 20	130	150	180
21 -	80	90	120 -

EXCERPT FROM THE
HEARINGS BEFORE THE
NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

October 1, 1988

Anchorage, Alaska

CLARENCE PAUTZKIE: Last December, the Council determined that the Bering Sea, Aleutian Island groundfish available harvest would be full utilized by U.S. fishermen. We had discussions during the B3 agenda item about the utilization of the various groundfish species and what would be needed through the rest of the year. The Council needs to determine if any ground fish is available for foreign allocations. In your notebooks, I put a copy of the President's certification of Japan and you have to just review the availability groundfish for foreign allocations... Yes, I think you need... I don't know if we have a SSC report. He did or was supposed to take it up on their. Mr. Chairman, I think it was on their agenda but it looks like they did not get to it or did not address it for one reason or another.

JOHN PETERSON: I don't see any report in the SSC committee report either so I would suggest that we move into public testimony as of right now and do we have the cards? Alright. Ted West. I will state again on public testimony, when the bell goes off, that's all she wrote.

TED WEST: Yes sir, I'll keep it short. And I just want to make sure that this is on C8, Foreign Allocation?

JOHN PETERSON: Yes.

TED WEST: My name is Ted West of Key Fisheries Management Group and we are interested in developing the true cod markets and the true cod potential of this resource in our waters here in Alaska. We would support that we continue with the no directed fishery on true cod on a basis that what we have seen take place since we've had that policy in place. Prior to the distinction for no directed fishery in 1988, we saw a situation where it was practically impossible economically for us to target on true cod as a longline and fixed gear industry due to the low prices in the market place because we had no control over the resource. Now that the situation has come to pass where we have no directed fishery, we saw the prices of true cod at the time of the announcement go up markedly in an abrupt rise and then come back over the year as we have seen DAP put products into the market place we have seen the products stabilize in approximately the dollar per pound area at this time, FOB Alaska. This is a situation where now it makes it very feasible for the longline and fixed gear groups to go after this particular specie with a very good economic return; and we expect that with the continued policy in place, we can only expect the increase of these products in value over the next several years. So we would very much hope that the Council will continue with the policy at hand and allow us to capitalize on this new industry. We see that since we've had this policy also I've seen a great interest in

investors to back interested individuals who have the experience to prosecute this fishery and we find in a very good attitude in these investors and only because this policy is in place. They see a future and they see ability to capitalize on a resource that has just recently become 100% DAP. So we urge that particular continuance as well, we saw this year... That's all. On this subject, that's all I have.

JOHN PETERSON: Thank you Ted very much. Does anyone have questions for Ted? Thank you. Next will be Mark Springer followed by Jay Hastings.

MARK SPRINGER: Thank you Mr. Chairman. My name is Mark Springer. I am the Assistant to the Mayor of the city of Hooper Bay. I am here to speak in favor of the request by the North Pacific Longliners for an allocation of cod. The North Pacific Longliners is the only organization, the only real industry group that has come into Western Alaska and dealt with the people there, the fishermen there, in helping them develop fisheries. They had come to Nelson Island and helped the Yupik fishermen there to establish a small in shore cod fishery. They shared what for the people down there and people from my community, people from Hooper Bay, with some new fishing technology, and has given them an opportunity to develop that. They also buy fish up in Norton Sound providing a port market for the Western Alaska fishermen up there. The North Pacific Longliners have made a long term commitment what is essentially is strategic investment, been a partnership with a group of coastal residents who otherwise would have little or no opportunity to utilize the resources right outside their front doors. We view our support of their request as an investment of our own and in a sense certainly a return on theirs. They are making a long term commitment to working with the fishermen of Western Alaska, they had an excellent operating record that they are a good example for the fishermen in Western Alaska to follow from their operations and we hope that you will give as much consideration and to come to terms to the fact that their presence in Alaskan waters is good for the developmental fisheries of Western Alaska. We hope you will give that at least as much weight in your deliberations as you will the fact that if they are not given their allocations... given the allocations they request, it will have a similar economic effect for the other Americanization of fisheries that the previous speaker mentioned. But I feel sure that their request will get a good fair hearing here. I know that there is a lot of information yet to be presented so I thank you for your time.

JOHN PETERSON: Thank you Mark. Any questions for Mark?

ROBERT MACE: I have a question. This is a one year proposal, just for 1988 and I am wondering what... as we look down the road, it is pretty obvious that this is not gonna continue... surplus for talff and I'm wondering what really effective impact this one year allocation would have upon continuing Japanese cooperation with your development.

MARK SPRINGER: Any extension of NPL's presence in Alaska has a positive benefit for Western Alaska fishermen both through existing and potential business arrangements with fishermen's groups in the Central Bering Sea Coast so we... we're willing to ah... take it year by year.

JOHN PETERSON: Any further questions? Mark thank you very much. Jay Hastings.

JAY HASTINGS: Good morning Mr. Chairman and members of the Council, my name is Jay Hastings. I'm here this morning speaking on behalf of the Japanese Fisheries Association in support of an allocation to the North Pacific Longline gillnet association. I do not intend to speak to the substance of this issue. I am going to leave that the longliners themselves. However, I do have some information which I believe will help you in your decision making process. There have been a number of questions recently regarding who is NPL; who are these people; and why are they here requesting this allocation. The information I'm gonna give to you is based upon my last three trips to Japan, each of which has been about two weeks duration. I have funded those trips myself. I have no obligation to go to Japan. I have never sold any fish. My intent to go to Japan was to find out about Japanese market and much more about the people I represent so I can represent them better here in the United States. Who is NPL? A 18 small/medium companies in Japan that operate a total of 22 longline vessels. Most of these companies are located in two prefectures in Japan, Hokkaido and Miyagi prefecture. Miyagi prefecture is on the main island, it's just north of Tokyo. The main area there is Shiogama or Sendai, the Sendai area where the Shiogama port is located. There are two major ports there where longliners deliver their product, Shiogama and Ishinomaki. In Hokkaido, most of these companies that are in Hokkaido are in Nemuro. Now these small companies, why are they here requesting this allocation. These companies are fishing companies. I think there has been some misconceptions that when phase out came, that these companies would over night turn into trading companies and come here and buy product. That is not so easy in a structured Japanese society. These are fishing companies. There may be two or three of those companies that have trading sections but even those companies will probably not expand their trading sections too much. They are fishing companies and that is why they are here requesting an allocation, this is where they have

traditionally fished and to the extent there is a surplus, they would like to request that be allocated to Japan. If there is an allocation to Japan for Pacific cod, it will go to the longline association. Now, the second reason... I've come up with three reasons why these people are here. The second reason is because they are trying to fill a market that is currently... or supply a market that is currently not being supplied by U.S. product. We have had a lot of U.S. product going to Japan this year. Most of that product goes through the Shiogama market. Most of that product is trawl product and most of that product is being utilized in Japan but it is not going to the same market that the longline product from the NPL goes to. There is a void in that market. It's basically a market that they will describe to you as the mabuwa market. There is a void in that market that is currently not being filled. And there is some inventory left over from last year. There will be a fishery off Hokkaido this year that will particularly supply that market but these mabuwa they do not buy trawl product because they are looking for higher quality product and I think there is a void in that market that if we don't fill it, either with our product from the North Pacific either through our own fishery or through the Longline Association, that market is going to be filled by somebody else around the world, or it's going to be lost. Thirdly, these people here are requesting this allocation for the benefit of the fishermen on those vessels. Mr. Takaoka and Mr. Hamaya are not requesting that allocation specifically for themselves. And that is because the fishermen on these vessels and Japan fishermen are very, very closely associated with family enterprise. Many of these fishermen have been on these vessels for 15 years. This past year, some of those owners told the fishermen, "Yes, you may go ahead and look for some other job", but most of those fishermen stayed with the vessel; because in Japan, once that person identifies his employment of life in that structured society, it is very, very difficult to change their role. And that is way these people are here requesting an allocation and again to the extent there is surplus I would hope that this Council would be willing to support it. In conclusion, the information I have given to you today which is brief, but information which I hope that our industry, people who have testified here against this allocation will at some time go to Japan, they talk about prices FOB Alaska, FOB Alaska, FOB Alaska. I would like these people to go to Japan as I have done and take a look at these markets, talk to the brokers. Talk to the people who use this product to find out exactly what it is, because I think we found some opportunities in other markets in Japan too because of the manner of which our fisheries have probably developed in which our fisheries have developed very, very rapidly. Again, my information may not be justification for this allocation. I will leave that part up to NPL but where our... as our fisheries relationships between the United States and

Japan become more and more interdependent, I think there is a need for closer communication and better information on decisions. And what... if there is any type of break down... it's kind of like a marriage, it's becoming like a marriage and when we have some break down in our information or communication some times it fails. I have seen that as my job that as representative of Japan Fisheries Association to provide you with this type of information, these people that are here today requesting this allocation are good people. They are excellent people and that's who I represent before this Council and I would ask this Council to give their requests fair consideration. Thank you Mr. Chairman.

JOHN PETERSON: Thank you, Jay. As usual your testimony is very good. Does anyone have any questions for Mr. Hastings?

BOB ALVERSON: I have a question.

JOHN PETERSON: Oops, excuse me.

BOB ALVERSON: There has been suggestion that something might come out... if an allocation were made, there might be some quid pro quo of some action on the whaling actions that some of your members are involved in, or Japanese Fisheries Association is involved in. Are you... has that been discussed with your group with the Government of Japan of what might... what accommodations to the United States certification issue might come forward if an allocation is made?

JAY HASTINGS: It has... has been discussed. The Japanese Government has decided to go ahead with the whaling research this year but if there is an allocation made, I intend to go back to Washington D.C. along with these other people on this certification issue and sit down and say "we have one of two issues for the United States Government to consider. One is economic, one is political." And my feeling is is that the NPL people here... they want to do business in the United States, there is people here in the United States who want to do business with them. That business has been conducted. That should be a major consideration of our Government in terms of these types of sanctions they impose. Sanctions do not benefit the United States. The whales that these people are taking are sperm whales in the South Pacific. There is from my understanding a very large population of those sperm whales, they are taking a very few of them and I am not sure that Japan will quit whaling. But it is certainly my intent to go back there and show them from the economic stand point that those sanctions are ridiculous.

BOB ALVERSON: Sir, I hear what you are saying...

JOHN PETERSON: Well, I don't really think we ought to discuss the whaling issue. Ah, ah. It is clear that Japan has been certified, there has been recently a meeting in Japan regarding this. I understand Japan will continue their research on minke whales.

JAY HASTINGS: That is correct.

BOB ALVERSON: Not sperm whales. Mr. Chairman, I... it was appropriate the United States President specifically certified cod fish and I believe my question is totally appropriate.

JOHN PETERSON: That is what I was getting back to Mr. Alverson, is that we do have a copy of the President's letter and although we are not involved in whaling, we are aware of what is going on. Thank you Jay. John Jemewouk and Fred Bradley followed by Mark Snigaroff and then Mr. Takaoka.

JOHN JEMEWOUK: Mr. Chairman, members of the Council, my name is John Jemewouk. I'm a fisherman from Elim, Alaska. I have with me Fred Bradley also a member of KEG Fisheries and Craig Willoya a member of KEG Fisheries in Golovin. We are representatives from the three villages Koyuk, Elim and Golovin in the Norton Sound region in northern Norton Sound and we have been having a joint venture with the Japanese Longliners ever since 1984 when the domestic industry refused to go back into Norton Sound. They provided us with markets that have benefited the 140 families that we represent and have supplied a very good market and have lived up to their contracts that they signed with the KEG fishermen. In 1984 when this first started, we were at an impasse with finding markets, having people participate in the salmon fisheries when the Longliners came up and made a request to the fishermen that they would... they would come out and buy our product and would the fishermen fish for them and we... after some research found... that... you know... the companies that we are dealing with were very good and would provide the markets that we were looking for. The fishery we started... we had a limited access to that market and... and... it was ah stopped about midway through the fishing season with promises from the State that ah... that other markets would be available. And we reluctantly agreed in the process got burned by a company that flew out all our fish and we are still looking for that guy for payment of that fish. Since 1984, the Longliners have come in and have provided us with a very good market for our chums and pinks, silvers and kings. And our fishermen are very... are very happy with this market. It has benefited everyone that has been involved with the fishery and that consequently we are supporting the allocations that the Longliners are requesting from the Council. As you know, last December we approached the Council for an allocation and were put

on hold pending markets that would surface and would provide our fishermen with those markets but... our correspondence went out, no requests came in and we again requested the Longliners to come in. They agreed. We've signed contracts that were lived up to and had the 1988 salmon fishery. We were very happy with that and any allocations that are requested by the Japanese Longliners we'll... we'll back them up and ask that the Council consider very strongly that these allocations be given or those requests be filled.

JOHN PETERSON: Very good... ah... are there any questions for these two gentlemen?

LARRY COTTER: One question, Mr. Chairman.

JOHN PETERSON: Yes, Larry.

LARRY COTTER: If NPL did not provide markets to your area this summer, what would have happened to your people?

JOHN JEMEWOUK: We received ah... one proposal of a fly-out operation out of Moses Point which is central to the fisheries there and ah... this ah... fly-out market was targeted only at chums and kings and ah... would have left the fishermen without markets for their pinks... our pinks... and there are chums coming up the same time and there is the... the amount of fish that's taken there is just about equal, so some of the fishermen are very reluctant to fish in those kind of conditions and the company agreed to take the pinks but ah... without paying the fishermen for them. So basically you know... we were left without markets that the fishermen would readily agree on.

JOHN PETERSON: Very good, any other questions? Thank you very much Mark and John. Now Mark Snigaroff and Bill Nicholson followed by Mr. Takaoka and following him, Paul Kelly.

MARK SNIGAROFF: Thank you Mr. Chairman, I aware you are very pressed for time at the moment, that's why we put our cards together.

JOHN PETERSON: Thank you.

MARK SNIGAROFF: I am here to... I am here supporting the Longliners request for talff... an allocation of talff because we are... they are... we have been dealing with them since 1985 in our fishery development efforts. I understand that ah... ah this morning, earlier in my testimony we were saying we are having a hard time getting developed out there and these guys are a vital component in our development efforts since U.S. industry is not gonna come in and help us, these people came in and agreed

to help us develop our fishery and this... even one more year would make a lot of difference in our development efforts in Atka. That one year.... in the last three years, we have come a long way. And they have sent two delegations from Japan, visited Atka, and checked out our resources and they are providing... going to provide us with technical assistance on processing techniques and fishing techniques. And this year, if they go forward in getting an allocation, we might be able to get away from looking for an allocative area for next year. Then we will be on a competitive basis with the big boats. Right now I understand that the big boats are worried about us having a small boat fishery forever. We don't plan to be a small boat fishery forever. With the assistance of the Longliners, we plan to expand our operation and be ah... play a vital role in the economic stability of the State of Alaska and our community and also helps domestic industry in that area. When we have succeeded in our shore based operation then the domestic industry can benefit from it also. And this is part of the Americanization process anyway so, I think ah... the Longliners should be given and equal hearing at this meeting and ah... seriously consider their allocation for talff. Thank you.

JOHN PETERSON: Thank you very much.

WILLIAM NICHOLSON: Mr. Chairman, members of the Council, I would like to thank you for the opportunity to present testimony specific testimony on behalf of the North Pacific Longline Association's efforts for an allocation of Pacific cod. My name for the record is William Nicholson and I continue to represent the Bristol Bay Herring Marketing Cooperative from Dillingham, Alaska, and I really don't want to sound like a broken record. I've been here before you several times but for the last seven years, we have experienced excellent relationships with members of the NPL and they have always lived up to their commitments to us in several well known herring projects in Togiak, Alaska. For your information, last Spring for the first time, ah happily... I guess... for many, many people... ah... we have become fully Americanized as several American processors now take 100% of our herring. This process and its culmination was enhanced directly because of the NPL's past involvement with us. So, consequently, it is our contention that the North Pacific Fishery Management Council membership should give the NPL a fair hearing ah... today. Because of the Council action December, 1987, the NPL continued to live up to its commitments to other fishermen groups in Alaska with the promise that if surpluses are available that these would be given to the NPL in the future and for the last several days we've been here, listening to various people, listening to the members that have been available and it's our contention that there is surpluses available and ah... it may be strictly a political situation that may develop here but

surpluses are there and lets do it one more time and the fishermen from Bristol Bay are wholly in support of that. Thank you for your time. Mr. Chairman, thank you.

JOHN PETERSON: Fine, thank you. Are there any questions for Mark or....

HENRY MITCHELL: How many families are there on Atka?

MARK SNIGAROFF: There is approximately 30.

HENRY MITCHELL: How many full time jobs are there?

MARK SNIGAROFF: Full time jobs? Maybe 6.

HENRY MITCHELL: Thank you.

JOHN PETERSON: Any other questions? Thank you very much. Mr. Takaoka?

S. TAKAOKA: Good morning Mr. Chairman and all the members of the Council. I am Sadao Takaoka, Chairman of the NPL, North Pacific Longline Association. I would like to introduce all the members who are here this morning. Mr. Ogata, NPL Vice-Chairman, Mr. Hamaya, Head of U.S. Project Committee, Mr. Homa, NPL Director, Mr. Ohyama, NPL Anchorage Representative ah... stationed in Anchorage, Executive Director, Mr. Sagae, NPL Executive Secretary in Tokyo and myself, Minegishi, the interpreter. I sincerely appreciate this opportunity to testify this morning here. My intention in this testimony is to give the Council a report on the result of our cooperative projects carried out throughout this year by NPL and also to make a request for an allocation and to have your full understanding of where we stand at this point. The rest of the testimony will be read by the interpreter due to the time limit. NPL made a commitment to carry out the following five projects although there is no release of talff for this year. 1) Norton Sound salmon joint venture; 2) Groundfish fishery development in the Nelson and Nunivak Island area; 3) Atka Fishermen's Association fisheries development project; 4) Sharing of Pacific cod import quota; 5) U. S. /Japan joint groundfish resource survey cruise. We have carried out all of these projects including the currently on going Pacific cod import quota. The total direct costs for the projects was approximately \$2.8 Million. There are many indirect costs which have also been expended. We received an advice from the former Chairman and the Council members saying that the NPL's continuous efforts on the cooperative project will be essential conditions to obtain an allocation due to a severe situation for foreign allocations. In addition, we received a strong request from the State of Alaska to continue the

cooperative projects and furthermore, we took a great value in our long established mutual friendship. Thus, these factors made us to carry out the projects with our deep trust that some allocation would be released towards that later half of this year. Today, at this meeting, which would be our last chance to attend, NPL wishes to make a sincere request that a fair and just discussion will take place so that the efforts we have made will be somewhat compensated. Thank you very much. Thank you very much and if you have questions, we will entertain.

JOHN PETERSON: Are there any questions for Mr. Takaoka?

LARRY COTTER: Mr. Takaoka, this may be an unfair question, but that happens some times. If... there is any possibility that NPL would consider continuing their cooperative projects in 1989?

S. TAKAOKA: For the project for 1989, we of the association think that the during the time between September and December, we have to discuss.

JOHN PETERSON: Are there any...

LARRY COTTER: Mr. Chairman, let me try again if I can. Mr. Takaoka, in the event that there is no talff release in 1988, would that affect your decision to conduct projects again in 1989? And if so, how?

S. TAKAOKA: Depending on the projects... depending on the assets of the projects, we will... may have to consider continuing the cooperative efforts.

LARRY COTTER: Thank you.

JOHN PETERSON: Are there any other questions? Takaoka thank you very much. Ah... Paul Kelly and then Harold Spark.

PAUL KELLY: Thank you Mr. Chairman and members of the Council. Ah... before this section began this morning, there were handed out to you these hand outs which basically outline our concerns and our requests and on the first page, there is a letter from Senator Stevens which was already handed out to the Council and page 3 outlines the request and how we think a surplus can be located and page 4 further explains that. Page 4 identifies bycatch issues. Page 5 is an alternative proposal and I am going to review these briefly, explaining the index of this booklet here. Page 6 is a summary, at least my letter summary of our request. Page 10 is the status of the GOA apportionment as of June 16, per NMFS Juneau, their computer service that I use. And page 11 is a NMFS report, the projection for the last two

quarters and I have highlighted an area which is the top left corner which shows the area where identifiable surplus at least can be deducted from the figures that are provided by NMFS projections. And finally, on page 13, it's an update... there is an update on the market information which has been a chief concern of the Council in the past when they discuss talff issues. Thank you. As Mr. Takaoka explained, the NPL did something this year they have never done before and that is they began their projects without any allocation and they have worked very closely with various members of the Council and have talked with various members of the Council and the Council has been very forthright, explaining that they can not promise the surplus, that was the bottom line I think from the beginning of the year. But the Council did say that they would review carefully the numbers and if the surplus develops, that they would give serious consideration to allocating that surplus. Regarding the question on the projects future... future of these projects, there is a meeting scheduled in the next several weeks and all of the projects are going to be reviewed. The Longliners have expressed to me... they feel a strong commitment to these people no matter what the decision, they feel a strong commitment and they are going to have to give... they will give serious consideration to continuation of various of these projects. I will point you to page 3 which is one area where there is clear identifiable surplus and that's the Western GOA, Gulf of Alaska. There was a DAH identified at the beginning of the year a quota of 19,000 tons. The first and second quarter catch levels were 2782 tons and the NMFS survey has projected for the last two quarters of 4045 ton catch. The JVP caught approximately half a ton and they are no longer fishing in that area and they have no further intentions to fish in that area at least according to the NMFS survey. So the clear identifiable surplus is 12,172.5 tons. The issues of bycatch are explained on the second page and this... a surplus, if you want to call it that, of the bycatch in the PSC we're under the cap there ah... in addition, any concerns about bycatch can be addressed since we have 100% observer coverage during the operation of the fishery. So, these bycatch ah... data... are at least appended here in order to assist you in understanding the bycatch issues that will be affected. I think it's these... this information has been obtained from the prior observer data which was provided NMFS in 1982 to 1985 the GOA fisheries and they... these were also compared against Bering Sea fisheries for Longliners just to verify the data. One of the concerns that the Council has is the market impact. Since the beginning of the year, there has been... we have been working in identifying and providing greater specificity about the... what exactly is the Pacific cod market in Japan. In the past, the reports have shown... have been reported by the Japanese Government as cod and cod like species when they reported imports. We have been working closely with Clint Atkinson in

providing reports and showing a discrete market between the trawl and longline cod. He has been obtaining that information and providing it to the Council and provided that in the June meeting and the conclusions of his report is that there are two separate markets. He has found price trends, there has been about a 44% price differential between the trawl and longline cod price. What we are looking for here is a longline allocation of cod, not a trawl allocation. There is no competitive... we see no competitive effect between U.S. Longline or excuse me... Japanese longline cod and the U.S. trawl cod. Those are two separate markets. The mabuwa market is clearly... has been explained before and unless the Council wants me to explain it again, I think the document here speaks for itself. One of the issues that has come up is market share and I think that the issue raised by Mr. Hastings was that at this time there is a shortage in the mabuwa market. There is... there are very limited new supplies going into the market. There are inventories that are existing from the past. At this time, from best we can tell, there... the U.S. Longline fleet has not really targeted that market and if any benefit comes out of this process, I think we have identified a market that the U.S. longliners can benefit from and when they engage in their traditional Spring fisheries in the cod fisheries, I think that they will see that they can make different plans than they've made in the past. But I think maintaining market share is necessary if we don't maintain a presence of North Pacific longline cod in the Japanese market, there is a serious concern that other sources could come in and start filling that and establish their own market presence so I think it is critical. So I am suggesting to the Council that an allocation of longline cod to the North Pacific Longline Association would maintain a presence for that cod. It is very clear I think that there is going to be a full utilization in the Spring of that resource and that that... they can benefit... the U.S. longliners can benefit from that market share that's been maintained. There was one point that was raised in an earlier public testimony and that is that there is 100% DAP utilization of the resource, I think that it... we... there is not 100% DAP utilization of the resources this time. I think there was a JV operation in the past year that effectively fished on cod. So, there was... it is a DAP issue I think. Next, with regard to the whale sanctions, I know the Council is very concerned. Why should we allocate fish if there is going to be a nonrelease of that fish due to the whaling sanctions. Well first, we are only asking for a surplus. It would have no effect on the fishery if in fact we are talking about a true surplus so it's a small gesture, I think, to put the fish on the table. It doesn't effect any U.S. interest here and right now the U.S. and Japan has many difficult issues between them. One of these points made by Mr. Hastings is now is the time I think to encourage communication and

cooperation. The Longliners have been one of the few groups that has actively participated in the development of U.S. fisheries in more ways than I have time to relate to you, but this is the chance for the Council to reward and hold up the Longliner as an example of U.S./Japan cooperation when we are facing a lot of these difficult issues. This also provides an incentive for both parties to sit down and begin working towards a resolution of the issues. No, there is no guarantee that an allocation of this fish is definitely going to solve the whaling problem but I think it provides incentive for the parties to sit down and start discussing these issues. At this time, there has been very little communication on how this problem is going to be solved between the two countries so I think this is a small gesture that the Council can make to get that process moving. That is the end of my comments.

JOHN PETERSON: Right, your timing is excellent Paul. Are there any questions for Paul?

HENRY MITCHELL: Mr. Chairman...

JOHN PETERSON: Yes Henry.

HENRY MITCHELL: Paul, exactly what would your requests be and what would the mechanics of that be the Council would have to request the available surpluses being transferred from DAP into a talff category and in what amounts.

PAUL KELLY: We would request that the surplus DAH because there is 5999.4 tons of identified JV in the Western GOA and there is 6173 tons of DAP in the Western GOA that the DAH surplus in the West GOA be transferred into, we would hope at this time, into a talff identified... or... as longline talff for the Longliners.

HENRY MITCHELL: I don't believe that we can make the distinction identifying it as longline talff. We can identify it as talff...

PAUL KELLY: for Japan...

HENRY MITCHELL: for... and make a recommendation, you know, to the Secretary of Commerce, that... that ah... that be for Japan for the Longliners.

PAUL KELLY: That would be our request.

BOB ALVERSON: Mr. Chairman...

JOHN PETERSON: I didn't recognize the voice.

BOB ALVERSON: Bob Alverson.

JOHN PETERSON: Bob, excuse me. I'm getting a sound from both directions.

BOB ALVERSON: Actually it was Joe Blum but...

JOHN PETERSON: You look like him.

JOE BLUM: I would like to make the record clear on this Mr. Chairman, he is not Joe Blum.

BOB ALVERSON: Paul, I am confused... looking at your request, what the total amount your asking for in terms of an allocation.

PAUL KELLY: Ok. I would refer to you to page 3.

BOB ALVERSON: I am on page 3.

PAUL KELLY: Ok. And item A where you see West GOA surplus, 12,172.4 metric tons.

BOB ALVERSON: Period? That's the request?

PAUL KELLY: That is the request.

BOB ALVERSON: Paul, the Japanese were in negotiations with the Department of Commerce and U.S. Trade Representatives and what copy of a letter from Mr. Carmen Blonden to the Council dated August 1, 1988, indicated that the Japanese Longline Association which controls the import quotas on cod fish into Japan ah... negotiated an increase from \$8 to \$40 or \$50 Million Dollars. ah... to... and Mr. Sato of Japan is projecting that imports from the United States will reach somewhere around 60,000 tons for 1988. What impact can you foresee if this allocation having on those projected exports to Japan that Mr. Sato was quoted in this letter of August 1, 1988, having.

PAUL KELLY: Ok, ah... First of all, I think I may have misheard you but it's said that the Japanese Longliners control the I.Q., was that the reference?

BOB ALVERSON: Well, that's what I've been told. Is that inaccurate?

PAUL KELLY: That is inaccurate. The Longliners only hold a portion of the I.Q. and they are providing that free of charge to any U.S. processor who wishes to use it. That's part of the cod I.Q. program and in fact to the date, U.S. processors have

utilized about 6300 metric tons of that free I.Q. The Longliners by the way have promised that if they go above the 10,000 ton level, that they are working with the Japanese Government to increase that ceiling ah... to meet the U.S. needs so...

BOB ALVERSON: I'm concerned about the market impact of your request on the flow.

PAUL KELLY: I would have to again refer back to the Atkinson report that has been provided in June again this... ah... at this meeting there has been a supplemental provided to it also if you may recall in December of 1986, a report was provided to the Council and I don't have that with me right now which explains the economic impacts of allocations of Pacific cod but to answer your question more specifically, I think we would have to identify how much of that is trawl versus longline as far as U.S. imports and to date most of that is trawl. So far there has been very little export of U.S. longline cod into Japan.

BOB ALVERSON: Ah... Paul, one last question, you made a comment that there was separate markets for trawl versus longline. Would you explain to me which markets ah... longline ah... participate in and which ah... trawl cod that participates in, why they do not compete with each other in the Japanese market.

PAUL KELLY: Ok, ah... again referring to page 13 of the booklet, in the reports that have presented, the longline market has been treated as generally a higher quality cod fish, at least it is perceived as such by the Japanese market and is processed as mabuwa cod, meets a mabuwa market demand, whereas the trawl cod has been meeting a separate demand and has been finding a separate market and the best way we can identify it is the trawl cod is processed differently... it reaches... it is not used in mabuwa market and it generally receives a price that is about 44% less than longline. And that is true for U.S. longline cod that is going into Japan, it is generally received at 44% and that's an approximation, the 44%, higher priced than the trawl cod and that is the sum and substance in the report anyway. Ah... I hope that answers your question.

BOB ALVERSON: I'm not sure what market you identified but...

PAUL KELLY: It is the mabuwa market. If you are talking about location, most of the product goes, as Jay Hastings explained earlier....

BOB ALVERSON: What does mabuwa mean?

PAUL KELLY: The mabuwa market...

JOHN PETERSON: We really don't need to become experts on the terms of marketing in Japan Bob. As interesting as it is and perhaps as significant as it is, ah... in the marketing in Japan, even though you may think you understand it, in all probability, you don't because it is a very complex market. Some of the things that you mentioned, Paul, about maintaining a presence which would be continuity of supply in the fish business, that is very difficult and ah... ah... I guess ah... I would only ask if there are any more questions for Paul.

LARRY COTTER: Ah... Mr. Chairman.

JOHN PETERSON: Yes Larry.

LARRY COTTER: As I understand it, ah... the request you make in the Gulf is for a release of 12,000 metric tons which in the best case scenario from your perspective I guess would become 6000 metric tons.

PAUL KELLY: Ok, that's a point I did not raise earlier. Under the Magnuson Act sanctions which relate to whaling. The President has discretion or the President is mandated to impose a 50% ah... reduction in talff as a result of the whaling sanction. The President... is mandated is required by the law to have at least a 50% reduction in any talff that is allocated or proposed to be released. He chose in the Spring to increase that to 100% but he still has the discretionary authority to lower it to 50%. Now, there is some further refinements on that in February of 1999, it becomes 100% mandated sanction but that is another issue. But at this stage, he is mandated to have a 50% and he has authority to lower it back to 50%. As my letter explains to the Council, if significant movement occurs between U.S. and Japan, the Secretary can then decertify Japan and the sanction in all probability be removed. But at least at this stage, we are looking at 50% catch rate which also translates in, if you talk about recovery rate, it would be about 25% So, you are talking about 3000 tons going into the Japanese market.

JOHN PETERSON: But Paul, I think you are talking about 100% right now, you're talking about 50% providing the President relaxes it. So that is another hurdle that needs to... we do not know officially what occurred during the whaling meetings in Japan except that I understand the Japanese are continuing their research efforts on 300 minke whales which would keep them in the same mode they currently are and with that decision on the part

of the whalers in Japan, I would doubt there would be any change in the certification but then that's strictly an opinion. Ah...

PAUL KELLY: Mr. Chairman, there is someone here from NOAA who might be able to speak to that issue.

JOHN PETERSON: I... I... just as soon not get into it.

PAUL KELLY: OK

JOHN PETERSON: It is there and we have a copy of the President's proclamation and unless we had final information, I don't believe it's available at this time. Are there any other questions for Paul?

PAUL KELLY: Senator Stevens has also addressed that issue in his letter.

JOHN PETERSON: I noticed that. Thank you Paul.

PAUL KELLY: Thank you very much Chairman and members of the Council.

JOHN PETERSON: Harold Spark and then Dave Woodriff.

HAROLD SPARK: Thank you Mr. Chairman, my name is Harold Spark. I am speaking to the Council representing Kokechik and Qaluyaat Fishermen's Associations. It is a combination of seven villages. They have worked since 1985 with NPL, a very successful program in trying to help us pioneer a Pacific cod fishery in and around the Nunivak Island in Western Alaska. The area that I am talking about has 620 families in it. There are 400 boats available to participate in the fishery. This is an area Mr. Chairman which is unique from most areas in Western Alaska. We are what is called a "cape" area. There are no indigenous salmon populations which are taken commercially in this area. It is unique in that herring is the only commercial resource, that is in surplus as is authorized by the State. Being a herring fishery is quite limited. You have many more people seeking employment in order to support the modern way of life than you had in the past. The herring fishery is moving into limited entry. The cod fishery is the next best opportunity. We have a small halibut fishery. The Council members are already well aware of that halibut fishery is 100,000 pounds and we have ah... over 70 boats participating in that... they are all small boats. We look for a future and we look for the opportunity of entering into the bottom fisheries. NPL has offered us that assistance. They have shown up each year, they've given us technical assistance. They have helped us set up our shore based plants. We are working very diligently with

the State in order to develop an infrastructure in these islands. We know that the resource is there. U.S. getting from here to there is really dependent upon NPL being our assistance. I bring this point to the Council because the Council is probably not familiar with the economy of Western Alaska. The people of Western Alaska do not own the land underneath their houses. In most cases, they are renting their houses. They do not have standard equity that you would need to go into the private sector. What they do have though is their presence on earth and where they are located. We can not easily enter the banking system, into the private sector banking. NPL and the Council is aware of this, has offered to assist us in loans ah... in buying larger boats. Right now the fish have to come to us. This year we got hit with 52" water. It's 11"-12" centigrade water, the fish moved off shore, we couldn't move off shore with them. We were not able to complete some of our fisheries on account of that. It is the interest of our people to move off shore. We need to develop the ah... technology and we need the security to go off shore and harvest the fish and again we are talking about 400 boats. The Council members are well aware that I as an individual have been around the Council since 1976 since its inception and I have seen this Council when it has wanted to help other fishing sectors and help other regions of the State. The Council is knowledgeable of the fisheries, it knows where the opportunities exist. Ah... we don't mind other people having benefitted. This is our opportunity of coming to the Council and asking the Council for assistance. We support the request by NPL that a surplus be declared. Ah... Senator Stevens is in support of working with this group and working with the people in Western Alaska of going to the White House and going through Commerce and dealing with the issue of certification and dealing with the current ban and working out a solution for this year. Our fisheries will benefit. As of this time, we have no other alternatives. This is our mechanism of getting into the ocean. Thank you Mr. Chairman.

JOHN PETERSON: Fine, thank you. Any questions for Harold? Thank you Harold. Ah... Dave Woodruff, is the last testifier.

DAVE WOODRUFF: Mr. Chairman, Dave Woodruff representing the Kodiak Seafood Processors and myself, as a plant owner in Kodiak. I would first like to say that I've known most of these gentlemen for the last 5 years or longer and I understand what they are doing in the Westward area and I think its very commendable and I was doing real well with being content to stand back there and let them look for surpluses in the Bering Sea or some other part of the State until they got to the Gulf of Alaska. And when they got to the Gulf, all of a sudden, they affected at least 12 plants that I represent in Kodiak. We have offered longline cod three day or less old, iced, slush iced, what ever they wanted,

quality type fish, headed and gutted. We offered them prices that has been down so low that it was trading dollars for us when you're talking about \$.55 per pound out the back door in 50 pound boxes, graded in plastic liners as we would do salmon, you know you are talking about the highest quality we could produce for these people and yet we were doing it at prices that it was... we were... actually just trading dollars and keeping fishermen busy and keeping plant people busy throughout the winter to be able to hold our work force. We got into those markets just slightly and then all of a sudden they dried up. And so ah... you know I believe that if there is 12,000 tons out there, we have the catchability to catch it with longlines or with pots. The pot caught cod is excellent. In some cases, I'm taking live deliveries of fish that are one and two days old that is probably the finest quality you can get anywhere. The longline fish that I am catching, the oldest is three days old, it is bled, it is well taken care of and I feel that it will compete in any market anywhere. The only thing would might be better would be frozen at sea product coming right aboard and... but the point I'm trying to make is if there is 12,000 tons out there, we have the people to catch it, we have the plants to process it, we are willing to work with them at numbers that... you know... all we are asking for is either a break even or a small margin of profit to keep the doors open on the plant and I feel if we... if you're thinking about giving them some directed fishery that you should take a hard look at it. Number one-it will require halibut bycatch, it's going to require black cod bycatch and maybe an occasional pollock bycatch which we don't have so if anybody needs to harvest those fish, it's the American sector around Kodiak who is looking at a Winter with possibly not doing any cod because the domestic and foreign markets are so low on filets that we can't compete so pollock is the only real thing that we had to look at this Winter and I would certainly like to produce some of that fish for anybody that wants it at a market price that's reasonable that both the fishermen and the plant can come out. Thank you.

JOHN PETERSON: Thank you Dave. Any questions for Dave? Yes, Oscar.

OSCAR DYSON: A question Dave. You've seen the reports on the pollock of course. Now as disasterous as that may look and ah... whatever it may be from 1 to 50,000, could be finished in a short time. Would that mean that your fishermen and processors would swing more to cod fish?

DAVE WOODRUFF: Oscar, if the market doesn't come back of course in cod, no. Ah... we are facing that shutting the plant down this Winter and I think there are several plants that are in our position that ah... if those markets on cod don't come back,

rather than... than try to minimize our loss by running, that we would just shut down. I'm hoping that we don't have to do that but ah... if the domestic market on cod fish comes back of course, we will process it and then we'll need any surplus that is there.

LARRY COTTER: Mr. Chairman.

JOHN PETERSON: Yes, Larry.

LARRY COTTER: Dave... ah... in the event that ah... a surplus was identified in the Bering Sea instead of the Gulf of Alaska, would that change your comments at all? I think you indicated earlier that it might.

DAVE WOODRUFF: Larry, I hate giving product away from my other fellow processors in the Bering Sea but if it comes down to them or us, I'm going to protect Kodiak.

HENRY MITCHELL: Mr. Chairman.

JOHN PETERSON: Ah... Henry.

HENRY MITCHELL: Ah... Dave, you mentioned that you would like to have some fish out there this Winter. Currently, ah... is anyone processing longline cod in Kodiak and what sort of volumes?

DAVE WOODRUFF: At this time, I know of nobody that is processing cod whether it's drag or longline because I don't believe any of us have... when I left last week and ah... I had met with the processors, nobody indicated they had any kind of contracts for headed and gutted, and the ones that did indicate they had been negotiating on prices, ah... for that product, ah... had indicated they were at such low levels that they weren't going to be doing them.

HENRY MITCHELL: You stated that the cod market was down in the U.S. and do you know the reason why that is?

DAVE WOODRUFF: Well, I believe it is because of foreign imports from Canada and from Norway and probably from our own domestic factory trawl fleet and just a combination of things. You know and have seen the ah... literature that I laid on your desks yesterday of how many factory trawlers now we are facing and ah... so I think it is a combination of our own domestic fleet coming on line, foreign allocations coming in, ah... to us at cheaper prices, we know that the... since they have removed the tariffs from the Canadian fish, that we are being hammered by cod from Canada at low levels so ah... we are under the gun.

HENRY MITCHELL: Dave, in your opinion, don't you think it would be best to... to perhaps develop a better working relationship with some of the foreign countries to try and get more of our product moving into their... their market?

DAVE WOODRUFF: Henry, I don't know how far you are going, trying to... with negotiations with other foreign nations but we are doing it through ASME, we are doing it through our local contacts, any time any of these representatives come through, ah... you know I personally ah... try to see that ah... they are introduced to anybody that they would like to be ah... I have personally ah... taken groups of them around to the different canneries ah... so it isn't that we are not searching and that our sales divisions are not searching for ways... you know we... we would like nothing better than to be able to run product, you know that's what we are there for, to run any kind of product as long as we can do it at a level that we are not going backward.

HENRY MITCHELL: Thank you.

JOHN PETERSON: Thank you.

BOB ALVERSON: Mr. Chairman.

JOHN PETERSON: Bob.

BOB ALVERSON: There was mention by ah... one of the other testifiers that trawl caught... codfish was not supplying the longline market in Japan. Is it possible that U.S. longline vessels and other fixed gear could supply that market?

DAVE WOODRUFF: Well, I have four vessels that if the price became competitive enough, that could supply 5 to 7 million pounds of that product this Winter and would love to get out and do it.

BOB ALVERSON: Out of Kodiak, there was a proposal because of black cod problem in the Bering Sea district, ah... those vessels may not have access to concentrations of black cod to make it profitable to them... to operate the ah... maybe all of 1989 in the Bering Sea district, seems to be important to them. Ah... does cod fish niche or lack ah... ah... what do I want to call it... I guess it is a... a void they called it in a previous testimony ah... would that supply that void, do you think, for this sufficient demand that these vessels could be employed through... in the Gulf?

DAVE WOODRUFF: Well, I believe that yes, if the market was there and they were fishing....

BOB ALVERSON: Apparently a market is there.

DAVE WOODRUFF: Market is there. The void referred to... but there is a void there that needs to be filled and I believe that we can fill it.

BOB ALVERSON: Ah... you said you represent ah... One last question Mr. Chairman. You indicated that the... you represent 10 processors out of Kodiak or thereabouts, what would you say their amount of Alaskan employment is... up until this period and into the Winter months, what sort of layoffs do you usually see?

DAVE WOODRUFF: Well, normally, ah... if you go down to just our Winter crew, you probably be dropping down to 1500 to 1800 people ah... in Kodiak there would be employed in canneries ah... through the Spring and Summer months, that swells to 3000 plus workers but ah... in the last few Winters due to the lack of shrimp and crab, you know we are... a lot of our employees have spun off into civil service and other places where they can work at least 8 hours a day, 5 days a week but... ah... I would say that there is a chance if ah... this pollock were to fail, ah... to be honest that you'd be seeing a tremendous amount of layoffs this Winter. You know I personally keep about ah... 15 people on the payroll year round and sometimes when there is anything to do ah... you can only paint and scrape and clean and do so much ah... to your operation until you've run out of things to do but ah... we keep them employed year round.

JOHN PETERSON: Fine. Any other questions? Thank you Dave very much. That concludes our public testimony. The ah... issue before us is the request for the Longliners. We heard on ah... Wednesday from National Marine Fishery Service that their estimates and projects are that there is no talff available in either the Gulf or the Bering Sea.

HENRY MITCHELL: Mr. Chairman. Mr. Chairman. That is not true as far as the Gulf.

JOHN PETERSON: I asked Mr. Books specifically that question ah... Mr. Mitchell but I was going to go on and say that the issue of whale surplus in the discussion this morning and we've also heard ah... reports on illegal fishing by Japanese in our zone for trawl fish and also interceptions of salmon. So ah... what's the pleasure of the Council at this point.

JIM BROOKS: Mr. Chairman, let me clarify a point. I don't recall ah... telling you that there was no surplus ah... available, and if you understood it that way, I am sorry, that was certainly not my intention.

JOHN PETERSON: I asked a specific question regarding that Mr. Brooks.

JIM BROOKS: I don't know how I could have conveyed to you that there is no surplus in the Gulf.

JOHN PETERSON: Alright, that's immaterial... We are concerned with the facts at this time and if there has been a misunderstanding, that....

JIM BROOKS: There has been a misunderstanding. I'm sorry about that.

JOHN PETERSON: Let's... Let's get the facts before it is time. What are they.

JIM BROOKS: The facts, Mr. Chairman, is that we have identified a 12,000 ton surplus in the... of codfish... in the ah... Gulf of Alaska.

JOHN PETERSON: Are the figures in Paul Kelly's handout your figures?

JIM BROOKS: Ah... they are not our figures but ah... they may have been derived from information which we provided to him. I am not certain on that point.

HENRY MITCHELL: Mr. Chairman.

JOHN PETERSON: Yes ah...

HENRY MITCHELL: Maybe it would be appropriate to get the best available figures from Mr. Brooks staff at this time?

DALE EVANS: Mr. Chairman, I ah... just received the handout during the testimony on on this item and I've compared it with the data that I brought with me and ah... I would say that they're essentially the same.

JOHN PETERSON: Which page are you looking at?

DALE EVANS: I am looking at page 3 of the handout.

JOHN PETERSON: So there is a 12,172 ton surplus.

DALE EVANS: Yes sir.

JOHN PETERSON: Has that been discounted for bycatch needs?

DALE EVANS: I believe so.

JOHN PETERSON: What ah... would be required in bycatch of halibut, black cod, or pollock, on that in the Gulf?

DALE EVANS: On page 4 of the handout, they have broken down their estimates of ah... the bycatch requirements of various species: pollock, flounders, rockfish and so on the PSC and ah... I believe those are available in ah... remaining ah... amounts in the Gulf.

LARRY COTTER: Mr. Chairman.

JOHN PETERSON: Has there been any survey made by NMFS of joint venture requirements for ah... cod.

DALE EVANS: Joint venture ah... fishery for cod was closed down in August because they had taken their halibut allocation, PSC for halibut.

LARRY COTTER: Mr. Chairman.

JOHN PETERSON: Yes ah... Larry.

LARRY COTTER: I think we understand the Gulf now, at least I do. Ah... I do have a couple of questions regarding the Bering Sea. I just glanced through the NMFS Management Report and looked at the tables and charts and that type of thing and it appears that ah... ah... very possibly there might be a surplus ah... in the case of cod. Yesterday, we got some testimony I think from Mr. MacGregor when we were talking about the sable fish issue where he indicated that 60,000 metric tons would probably be all that DAP would take in the Bering Sea this year. That doesn't seem too far distant from ah... ah... the projects that would occur. Ah... I don't have the exact figures in front of me but it appears from the chart that the DAP portion of the DAP of Pcod in the Bering Sea is approximately 75,000 metric tons. So it appears that there could be a slight surplus there. Likewise it indicates the JVP on Pcod in the Bering Sea... I think we've had reports that JVP ah... may indeed be entered this week or next week and if that is the case, then it may well be that ah... if there is a portion of JVP Pcod as well, which is left over surplus. Ah... can you enlighten us as to ah... any of the comments just made whether they are accurate, whether you have any numbers that you could plug in real quick.

DALE EVANS: I've not attempted to calculate JVP cod potential surplus in the Bering Sea based on the fact that ah... ah... directed fishing for pollock might end shortly ah... they have ah... requested that we look at additional allocation of yellowfin sole and other flatfish because their present harvest rates or present JVP would not satisfy their needs so there may

be some additional cod requirement there and I have not attempted to estimate that here in the last few days. Their directed DAP fishery for cod.... the best we could make out of our August survey, is that they will come out almost exactly on target.

LARRY COTTER: And in the case of JVP, again it appears there maybe 10,000 or more metric tons ah... that could develop in surplus. Are you saying that that may be a possibility but you just can't fix any numbers on it now.

DALE EVANS: Well I can't put any numbers on it right now but ah.. my impression is that it would not be that amount.

LARRY COTTER: Thank you.

JOHN WINTHER: One question Dale? Do you anticipate any JV requests for (unintelligible) cod fisheries?

DALE EVANS: We have not had any indications of that, no.

DON COLLINSWORTH: Mr. Chairman.

JOHN PETERSON: Yes, Don.

DON COLLINSWORTH: To get this subject on the floor in the form of a motion, I would move that the Council direct the National Marine Fisheries Service or recommend to the National Marine Fisheries Service that ah... cod in the Western Gulf of Alaska that has been determined to be surplus to DAP and JVP needs be ah... transferred to the talff category. It appears from the data that we have in front of us that that is 12,000 metric tons.

HENRY MITCHELL: Second.

JOHN PETERSON: Ok, there is a motion before the Council.

DON COLLINSWORTH: Mr. Chairman. I would like to speak on my motion.

JOHN PETERSON: Yes, please.

DON COLLINSWORTH: Mr. Chairman, I have listened to the remarks made by those who would not favor this transfer and have listened to those who believe it ought to be made. I've said several times over the course of this last year that we ought to impute into our determinations of DAP and JVP and ah... considerations and the OY's or TAC's, the kind of social and economic factors ah... which we believe are pertinent and include

those in the determinations that we make in December and January when we set those levels. I certainly have no problem with setting ah... the TAC's equal to our DAH requirements but once we make those kind of social and economic considerations, I believe that we should then follow an accounting ah... throughout the rest of the year and ah... where there are identified surpluses ah... transfer those surpluses to the categories in order of their priority. Ah... I made a commitment ah... early this year and have stated that commitment on record that should the ah... NPL engage in their cooperative efforts that they had identified to us that we would consider that to be a good faith gesture; and that we in return would do that kind of accounting process over the course of the year and if in fact there were a surplus of product in excess of the DAP and JVP needs, that we would support that surplus being transferred to a talff category and then further recommend that that talff be ah... directed to Japan and the NPL. Ah... the Japanese have no commitment of talff, there was 0 talff at the beginning of the year and they did ah... move forward with their cooperative projects to the benefit of those Western Alaska communities that they were cooperating with. I think they have in good faith engaged in their part of the bargain and I think we need to in good faith engage in our part of the bargain. Ah... if there were not a surplus, I would have, I would not ah... try to "gin one up". Ah... and ah... have that transferred to talff but there appears to be a legitimate surplus and I think that we ah... have a responsibility to allocate that surplus to talff.

BOB ALVERSON: Mr. Chairman.

JOHN PETERSON: Yes, ah... Bob.

BOB ALVERSON: This is very difficult choice ah... It is hard to not recognize the economic help that the Japanese longline industry has given many segments of the industry in the Gulf and Bering Sea throughout their 10 year participating in front of this Council. In that regard, I went back and... to look at what optimum yield was all about in the Congressional record and expressed by John Forsythe on the House side and he stated,

"It is within the authority and the purpose of the Councils to establish optimum yield which have the effect of restricting foreign fishing for the purpose of expanding the markets available to U.S. fishermen. If foreign nations can secure fish from their fishermen operating in the U.S. fishery zone, there may be no need or incentive to purchase U.S. harvested fish."

Now in my opinion to deny a surplus to foreigners, has to have a compelling reason and I have identified in my own research at least 20 freezer longliners that will be in participation throughout this Fall and into next year and they are quite capable of harvesting and participating in the market voids mentioned here. They represent probably \$30 to \$40 Million Dollars from Alaska residents up and down the coast of investment. I remember our past Chairman, Mr. Campbell, pride accomplishment of eliminating foreign fishing from the Gulf and I would not like to see that returned to the Gulf. I can not support this motion.

JOHN PETERSON: Are there any other comments.

OSCAR DYSON: Mr. Chairman.

JOHN PETERSON: Oscar ah... Larry, Henry and Bob Mace did you have your hand up?

BOB MACE: Maybe.

JOHN PETERSON: Ok, I'll put you down for a maybe. You go ahead Oscar.

OSCAR DYSON: Yes, Mr. Chairman. There apparently is a surplus in the Gulf however there are many reasons for it. As you heard the report say that ah... the ah... trawlers and the longliners were cut out in the early Summer because of the bycatch of halibut. That was one reason they couldn't take the rest of that fish. Regardless, with the low forecast of pollock in the Gulf, there is no other place to go to but to the cod fish and I believe you did hear of the 11 or 12 processors they did not use every single cod fish that is available, that will be available of 1989. I don't think there is a true surplus, not in my mind.

JOHN PETERSON: Fine, ah... Larry and then Henry.

LARRY COTTER: Mr. Chairman, you know this is a very difficult subject for all of us and I think that none of us particularly foreign fishing and I think that Japan has certainly given us every reason not to support foreign fishing by the Japanese in the United States EEZ. Activities in the doughnut hole, illegal forays, activities along those lines make you consider that something very, very severe ought to take place and so people seem to reach the conclusion that ah... the appropriate way to do that is to say no to NPL and their request for 12,000 metric tons which really is 6000 metric tons which really is 3000 metric tons of product. I suggest that ah... if we are really concerned about communicating our ah... our distress with the

type of illegal activities that have taken place over the past few years that ah... you know the appropriate approach is not to do this. Ah... because it's ah... not going to have any impact. The appropriate approach is to ah... refuse to allow any Japanese joint ventures at all, in 1989 and that may have impact and that may also be into impact the people who are closer to ah.. the type of activities that concern us than NPL. But we are not going to do that and the reason we are not going to do that is because that would impose great economic hardship on a substantial segment of the United States industry and United States citizens. Now, that makes a lot of sense to me. But on the other hand, how then can you turn around and justify making a decision to deny 3000 metric tons of product to NPL and hence create a situation where a host of other American citizens who are not even in the same economic realm as the American citizens who benefit from joint ventures. The Western Alaska folks are going to suffer economically. We are ignoring them. They are out there. It sounds like a double standard. I simply don't think that that can be justified. You know, it is not easy to sit up here and advocate talff particularly in the Gulf of Alaska. But on the other hand, I don't think it is real easy to ah... to try to survey and live in a lot those Western Alaska communities. They need help and to the extend that the American industry or American society has been unable to step in a provide them with assistance, NPL has. They followed through on their commitments this year. There is every indication that they may follow through on it next year. The whaling issue, we can let the President decide whether or not he wants to modify that. Senator Stevens is willing to take it up. That's really not an issue before us. I urge the people on this Council to consider the fact that if joint venture industry was stepping forward to us today like they did yesterday, with a very severe economic problem that they had yesterday, which we all fell over backwards with to... to... do away with the split season so that we could accommodate their needs. I suggest that we apply the same set of standards to the needs of the people of Western Alaska or else we come up with some legitimate reason why they should be treated differently. Thank you.

JOHN PETERSON: Thank you. Henry.

HENRY MITCHELL: Mr. Chairman, I do support this and I think both Dr. Collinsworth and Larry Cotter really laid it out. I too am one that likes to look to commitments. Ah... NPL has provided not only for Western Alaska small boat fishermen assistance in the last few years but they helped provide opportunities for many other people who have been very successful. This Council, you know, has used it influence and it's leverage over the years to create many situations that help many different segments of the industry sitting in this room be successful. The individuals out

there on the Coast, some of whom have very little fisheries at all, some of the fisheries that they do have if any, they might make \$3000 to \$4000 a year and have no other employment alternatives. The only group that has stepped forward to assist has been NPL. Now they did live up to their commitments to assist for this year, they were not told that they would get an allocation, they were told that if they lived up to the commitments, that the Council would review and see if there were surpluses available and would make a recommendation. If we feel very strongly that we should live up to those commitments because if we don't do that, I think that we are operating in a double standard. Thank you.

JOHN PETERSON: Tony and then John Winther.

TONY KNOWLES: Mr. Chairman, I would associate my remarks with Dr. Collingsworth, Mr. Mitchell and Mr. Cotter and I would only very briefly add that I find it's a compelling point that as we looked at the Americanization of the fishing industry, that this is indeed one of, to me at least, ah... for the real opportunities to Americanize the industry when I see a significant part of the people of Alaska that are just being introduced to the industry through this type of partnership and I find that it is a very good point that if we can assist it would be something that would serve the act within which we operate.

JOHN PETERSON: John.

JOHN WINTHER: Yes, Mr. Chairman. I would like to bring up an issue that I haven't heard discussed yet. The other day I had a discussion with a gentlemen from the Western Alaska town of Sandpoint. His name is Paul Grunholdt, a promising citizen of that town. He said that there is currently 10 salmon vessels, 58 feet, that is gearing up to go trawling for cod fish around Sandpoint and he said due to the State law that they can't trawl within 3 miles out in that area, they are going to have to go out into the FCZ to trawl and the last time that there was a foreign longline fishery in Western Alaska, I believe the majority of it took place within a 50 mile radius of Sandpoint and I would just like to bring this issue up. It is going to create a conflict between the American fishermen and the foreign and it might be quite a situation out there. I just wanted to make the Council aware of the possibility that this could happen.

JOHN PETERSON: Ah... Bob.

BOB MACE: Mr. Chairman, it is kind of difficult for me. I have a great deal of difficulty in assessing the economic impact on this. I would set aside the benefits to the Western Alaskans and I am forced to concentrate on the numbers. As you know, we

have struggled with the DAH predictions and when that segment of industry did not perform, we transferred to JVP and in the scheduled priorities if we have excess DAH and excess JVP, then the next order is talff and I am simply going to stay with that number. It is there and I'm not going to try to rationalize any change, I would support the motion.

JOE BLUM: Mr. Chairman.

JOHN PETERSON: Yes Joe.

JOE BLUM: I want to speak against the motion and very briefly I think the commitment that the Japanese Longline Association has followed through on is commendable and I commend them for that. On the other hand, I believe the other activities of the fishing industry in Japan has had ah... in the past and continues to have and we haven't seen any indication that it won't continue to have severe economic impact on the American industry. I think to fly in the face of the sanctions on whaling to ignore the other activities of the Government and to try to compare the request of the JV folks for a consolidated season to this request are out of the question. I will vote against the motion.

JOHN PETERSON: I would like to make some comments on this motion. Ah... I certainly as Mr. Blum commend the Longliners for their efforts in Western Alaska. They've been at that a long time and they have performed considerable good out in that area. They have made a commitment and they lived up to it. I guess I have to also be concerned about the U.S. companies who have made commitments, substantially larger for example, the 10 or 12 plants that are in Kodiak. That is a substantial commitment to this industry. The plants at Sandpoint and Akutan who require cod. Ah... these are substantial commitments. Ah... there can never be demonstrated the impacts on markets, timing problems are difficult ah... it is my understanding that only recently has there developed a price differential between longline and trawl. Some of the producers of trawl cod seem to feel that is a tactic in order to depress the price on trawl caught cod. These are always difficult things in the market place. I am disturbed about the joint venture cod fish being shut down because of the halibut bycatch. What we are considering now permitting talff that would also have some halibut bycatch. I don't know how that fits. I am also concerned about the whaling issue. I don't believe, I never have believed that there should be an nexus between whales and the fish industry. But it is there, it is in the law and the commitment of the President is there. Ah... I don't know how to feel except very troubled about providing talff to Japan and I am not sorting out the Longliners, I am talking about fishing vessel with the Japanese flag on it after the

violations that have occurred. I don't know how to sort that out. The Longliners claim they have not been involved in illegal activities and I don't question their word. What I do question is any corporate relationship in Japan among those companies that may have been involved in illegal activities and the Japanese Longliner companies. I don't think it is up to the Council to try to sort those things out. We don't know. All we know is the Japanese flag that flies over those vessels. Ah.. I think the message this Council would send out by providing talff to Japan at this time, maybe an incorrect message and I would sincerely hope the Council will defeat this motion. Is there any further discussion?

LARRY COTTER: Mr. Chairman, I think maybe a clarification.... You mentioned the joint venture fishery on Pcod being shut down because of halibut bycatch. Is their joint venture fishery for Pcod in the Gulf of Alaska?

JOHN PETERSON: I don't know, this is.... where ever it was.

LARRY COTTER: I don't think there is one in the Gulf of Alaska, Mr. Chairman. I think the ah...

JOHN PETERSON: We were talking about the surplus at the time so I assume that's where it came from.

HENRY MITCHELL: Mr. Chairman, call for the question.

CLARENCE PAUTZKIE: Ok, roll call votes.

CLARENCE PAUTZKIE: In the motion, Mr. Chairman, is to recommend to the National Marine Fishery Service that surplus cod in the Western Gulf of Alaska be transferred to talff and in parentheses I have 12,000 metric tons... is what has been identified.

CLARENCE PAUTZKIE: Mr. Mitchell.

HENRY MITCHELL: Yes.

CLARENCE PAUTZKIE: Mr. Winther.

JOHN WINTHER: No.

CLARENCE PAUTZKIE: Mr. Alverson

BOB ALVERSON: No.

CLARENCE PAUTZKIE: Mr. Blum.

JOE BLUM: No

CLARENCE PAUTZKIE: Mr. Brooks.

JIM BROOKS: Yes.

CLARENCE PAUTZKIE: Mr. Collinsworth.

DON COLLINSWORTH: Yes.

CLARENCE PAUTZKIE: Mr. Cotter.

LARRY COTTER: Yes.

CLARENCE PAUTZKIE: Mr. Dyson.

OSCAR DYSON: No.

CLARENCE PAUTZKIE: Mr. Knowles.

TONY KNOWLES: Yes.

CLARENCE PAUTZKIE: Mr. Mace.

BOB MACE: Yes.

CLARENCE PAUTZKIE: Mr. Peterson.

JOHN PETERSON: No.

CLARENCE PAUTZKIE: Motion passes, six to five.

LAW OFFICES
KELLY & PATTERSON

PAUL D. KELLY
JOHN B. PATTERSON

2263 SPENARD ROAD
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(907) 258-8777
FAX (907) 278-9216

October 7, 1988

James W. Brennan, Director
National Marine Fisheries Service
1825 Connecticut Ave., N.W. Room 1011
Washington D.C. 20235

RE: File 250.25/Foreign Allocation to North
Pacific Longline Association

Dear Mr. Brennan:

I am writing to you on behalf of the North Pacific Longline Association of Japan (NPL) regarding the recent action of the North Pacific Fisheries Management Council (NPFMC). On October 1, 1988, the NPFMC recommended an allocation to the NPL of talff. The allocation consisted of approximately 12,000 metric tons of Pacific cod from the Western area of the Gulf of Alaska. This recommendation was based upon the figures of the National Marine Fisheries Service and upon the demands of U.S. processors which demonstrated that a clear surplus existed supporting an allocation. Submitted with this letter is documentation of the presentation made to the Council. Following the decision of the Council, concern has been expressed from various sectors that the talff recommendation of the NPFMC should not be followed. Several of those concerns are discussed below.

MARKET IMPACT OF ALLOCATION

The NPFMC in its deliberations, considered the market impact of an allocation. Testimony was heard during the discussions on an allocation. Also at previous Regional Council meetings the issue of market impact has been the subject of much testimony. In June 1988 Clint Atkinson presented a report to the NPFMC explaining the cod market in Japan. That report accompanies this letter. The study was updated and presented at the October 1 hearing. The conclusions from the study are that there are separate markets in Japan for trawl cod and longline cod. The conclusion of the study is that longline cod occupies a market niche, the mabuwa market, separate from trawl cod. On the other hand, trawl cod is competing with trawl cod fish from many sources. Trawl cod is not suitable for mabuwa. Prices in the trawl market have done poorly since at least December 1987. On the other hand, the longline cod prices have maintained a steady level and has shown some strengthening, remaining approximately 44% above trawl cod prices.

Director Brennan
October 7, 1988
Page 2

The conclusion from the study is that an allocation of Pacific cod to the NPL will not have a market impact of the U.S. imports on cod which are primarily trawl cod.

AVAILABILITY OF SURPLUS

When the NPL presented its request for a talff to the NPFMC, the projections from the NMFS industry survey clearly supported a finding of surplus in the Gulf of Alaska. At this time, there is no question of a surplus which is why the Regional Council supported a talff. On the other hand, a finding of surplus in the Bering Sea would meet the concerns of processors in the Gulf of Alaska which have expressed anxiety about an allocation in the Gulf. A preliminary review of the data from NMFS shows at least three sources from which fish could be allocated in the Bering Sea. First of all, the which shows that there will be uncaught pollock available in the range of 35,000 to 50,000 tons from DAP during the month of December. Due to the framework of the Bering Sea Management Plan, surpluses of pollock could be reallocated to satisfy a need in the codfish category.

A second source for allocation of Pacific cod would be from the undesignated reserves of groundfish which are now at 8696 metric tons. At present, the JVP operations are closed down. These reserves could be reallocated to satisfy the needs of a talff fishery.

Another category of fish which could support a finding of surplus would be in the Pacific cod DAP. At the present time, there are approximately 31,000 tons of Pacific cod in DAP. NMFS projections through the end of the year show that domestic processors have requested amounts in excess of the surplus. At the same time, these processors have been unable to sell their existing product, complaining about the lack of market strength. These processors are attempting to sell their fish into the trawl market. If the price in that market continues to maintain the level it has followed since December, 1987, then it is improbable that domestic catcher vessels would target on Pacific cod. Consequently, NMFS can review the survey in the same manner it reviewed the survey in August, 1988. In August, 1988, NMFS reviewed the projections from industry, discounted the industry projections, and transferred DAP cod to JVP. It is our opinion that this same mechanism should again be employed to carefully review industry projections, review the markets for trawl cod and a very probable surplus could well then be available.

FISHERIES DEVELOPMENT PROJECTS

From the standpoint of the Western Alaska fishermen who participate with the NPL in joint venture projects, the most

important part of this allocation process is the assistance that Western Alaska has received from the NPL. The NPL has provided assistance to Western Alaska and to other segments of U.S. industry in exchange for allocations. In 1988, the NPL did not receive an allocation. Despite this lack of allocation, the NPL decided to continue with its projects in exchange for the commitment of the NPFMC to continually review catch data and, if a surplus is determined, to recommend release of fish to the NPL. The NPL has stated that it has expended approximated \$3 Million Dollars towards the 1988 projects in the hopes of an allocation. The projects are explained as follows:

1. Norton Sound Joint Venture. On June 10, 1988, the NPL sent two vessels to purchase all of the salmon production from the villages of Elim, Koyuk, and Golovin in Norton Sound. The fishermen sold all of their products and were paid according to a price schedule negotiated by the fishermen. As a result of this project and of past year's projects, these fishermen have received payments in the approximate amount of \$1 Million Dollars from fish sales. The NPL provides the only market these fishermen have for all of their product. Without the NPL these fishermen would lack the primary source of cash income for their otherwise subsistence economy.

2. Nelson Island Fisheries Development. The Qaluyaat Fishermen's Association (QFA), Kokechik Fishermen's Association (KFA), and Bering Sea Fishermen's Association (BSFA) signed a project agreement with the NPL for further development of the groundfish fishery in the Nelson and Nunivak Island area. The operation began June 14, 1988, and continued for one month. Three technicians from the NPL trained the local fishermen in fishing methods, fish quality control, and processing techniques. These technicians also continue their research on resource assessment which was undertaken in prior years. The NPL entered into a loan agreement to enable the local people to expand their fishing capability by the lease or purchase of a larger vessel.

3. Atka Island. The NPL agreed to provide a loan guarantee to assist the Atka Fishermen's Association (AFA) in the purchase of a larger vessel costing approximately \$400,000. This vessel is necessary to allow local fishermen to expand their ability to participate in the local fisheries which are taking place on local fishing grounds. Atka is a remote village on the Aleutian chain which looks to fishery development as a source of development of their local economy. Future assistance is planned in the area of fishing technology, marketing, and other technical assistance.

4. Cod Import Quota. NPL has provided free of charge to U.S. processors a Pacific cod I.Q. In the past, U.S. processors

Director Brennon
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Page 4

were concerned about their ability to sell fish into the Japanese market without a cod I.Q. The NPL has provided this free of charge cod I.Q. to any U.S. company requesting such assistance. U.S. companies have already used in excess of 6000 tons of cod I.Q. in 1988. The program will be expanded depending upon demand by U.S. processors.

5. U. S./Japan Resource Survey Cruise. The NPL has cooperated with the Northwest Alaska Fisheries Center in Seattle whereby the NPL provides a vessel to conduct the research cruise of the Bering Sea and Gulf of Alaska. The research cruise began May 17, and is scheduled to terminate October 17, 1988. The cruise is an annual project and provides significant information necessary for the development of resource data for management of the North Pacific Fisheries.

In conclusion, the NPFMC has recommended release of an allocation to the NPL. The NPL has in good faith continued with their U.S. projects in the expectation of a release of surplus. A true surplus has been identified by the Council. In addition, alternate surpluses exist in the Bering Sea which support a release of fish.

For the above reasons, the NPL request consideration for release of the surplus to talff.

Sincerely,

Paul D Kelly
Paul D. Kelly

PDK:bmz

cc: Foreign Allocations Board
NPL

NORTH PACIFIC LONGLINE ASSOCIATION

ADDRESS : SANKAIDO H.L.O.O.
1-9-13, AKASAKA
MINATO-KU, TOKYO
JAPAN
PHONE : 03(505)6561
TELEX : 232-2020 NPLA J
FACSIMILE : 03(505)6352

March 2, 1989

Dr. William Aron
Northwest & Alaska Fisheries Center
7600 Sand Point Way N.E.
Seattle, WA 98115-0070

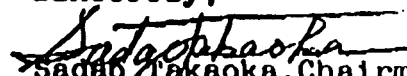
RE:1989 Research Vessel Cruises

Dear Dr. Aron:

On behalf of the North Pacific Longline Association (NPL), I am inquiring whether the Northwest & Alaska Fisheries Center (NWAFC) is interested in continuing the Research Cruise by our fishing vessels for 1989. The cruise has been valuable in promoting international cooperation and in assisting scientists and fishermen from both the United States and Japan in the gathering of scientific research in the Bering Sea and Gulf of Alaska. It is the understanding of NPL that it is necessary to continue this cruise for 1989.

The NPL looks forward to your response. Thank you for your consideration in this matter.

Sincerely,


Sadao Takaoka, Chairman
North Pacific Longline
Association

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March 10, 1989

Dr. William Aron
Science & Research Director
Northwest & Alaska Fisheries Center
7600 Sand Point Way N.E.
BIN C15700, Building 4
Seattle, WA 98115

VIA FAX

RE: Research Cruise

Dear Dr. Aron:

Thank you for your response regarding a possible research cruise. I have been instructed by the North Pacific Longline Association (NPL) to inquire as to the possible scope of such a project. The NPL has up to two vessels available to conduct a longline survey. The NPL would appreciate your thoughts concerning whether there would be any need or use for two vessels in a survey.

Thank you for your consideration in this matter. We will be awaiting your response.

Sincerely,

Paul D. Kelly
Paul D. Kelly

PDK:bmz

cc: North Pacific Longline Association

RECEIVED
DEPT. OF COMMERCE
MAY 15 1989
5:06 PM

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April 14, 1989

Dr. Gary D. Stauffer
Northwest and Alaska Fisheries Center
2121 Building 4
7600 Sand Point Way, N.E.
Seattle, WA 98115-0070

VIA FAX

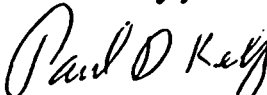
RE: Research Fishery.

Dear Dr. Stauffer:

Enclosed please find the proposed cruise plan for the cooperative longline survey. Please note that the final information for the captain is not complete. That information should be received in the next several days. It will be forwarded to you. Next, please note that the schedule date of departure is for May 8, 1989. The NPCF informed me that they are willing to delay departure for two days, until May 10, if the U.S. scientists would like to meet with Dr. Sasaki. The port of departure is Ishinomaki. Could you please contact the undersigned and inform me of your scheduled arrival date at Ishinomaki and whether you would like to meet with Dr. Sasaki for those two days prior to departure.

If you have any questions, please advise. I will be forwarding the final information as soon as I receive it.

Sincerely,


Paul D. Kelly

PDK:bmz

Enclosures

cc: North Pacific Cooperative Fisheries of Japan

Cruise plan for cooperative longline survey on sablefish
and Pacific cod in the eastern Bering Sea, Aleutian
region, and Gulf of Alaska in 1989.

April 1989

North Pacific Cooperative Fisheries
of Japan

- I. Institution:
North Pacific Cooperative Fisheries of Japan
Sankaido Bldg., 3F
1-9-13 Akasaka
Minato-ku, Tokyo 107 Japan
- II. Research vessel:
Name: TSUNE MARU #31
Type: Longliner
Length: 50.70 m
Tonnage: 499.22 t
Hull color: White
Radio call sign: JHNT
Captain:
Number of crew: 26
U.S. permit No.: JA-89-0601-A
- III. Area of operation:
Eastern Bering Sea, Aleutain Islands region, and
Gulf of Alaska (see attached figure).
- IV. Itinerary:
From May 12, 1989 to September 17, 1989 (see the
attached table).
- V. Port of calls:
Dutch Harbor, Kodiak and Sitka in Alaska, and
(optional) Seattle in Washington.
- VI. Purpose:
The purpose of this survey is to collect the
biological data and samples to assess the stock
condition of sablefish, Pacific cod, and other major
groundfish caught by bottom longline gear in the
eastern Bering Sea, Aleutian Islands region, and Gulf
of Alaska. This field research plan has been
supported by the Committee on Biology and Research in
the 33 Annual Meeting of INPFC.
- VII. Objectives:
(1) Research on the distribution of abundance of
sablefish, Pacific cod, and other groundfish by
area and depth caught in bottom longline gear.
(2) Collection of data on biological characteristics
of these species.
(3) Tagging experiments of sablefish and other
species, if they were requested by the U.S.
scientists.
(4) Documentation of killer whale (orca) encounters.

VIII. Scientific party:
Investigator:
Name: Dr. Fujii (from May 8 to Sept. 17)
Address: North Pacific Cooperative Fisheries of Japan
Sankaido Bldg., 3F
1-9-13 Akasaka
Minato-ku, Tokyo 107 JAPAN

Assistant investigator:
Name: Takaharu Ohyama (from May 8 to Sept. 17)
Address: North Pacific Cooperative Fisheries of Japan
Sankaido Bldg., 3F
1-9-13 Akasaka
Minato-ku, Tokyo 107 JAPAN

- IX. Data:
All of the data obtained are available for the U.S. scientists.
- X. Results:
Copies of reports and publications are presented to the U.S. authorities concerned when completed.
- XI. U.S. participation:
U.S. participation is welcomed within the capacity of the chartered vessel.
- XII. Fishing gear to be used:
Bottom longline gear.

Itinerary of cruise of the cooperative longline survey on sablefish and Pacific cod in the eastern Bering Sea, Aleutian Islands region, and Gulf of Alaska in 1989.

Date (U.S. time)		Number of days needed	Items	Number of accumulated days
May 8		1	Leave Ishinomaki.	1
May 13 - May 16		4	Cruise.	5
May 17		1	Arrive in near Attu I. of the Aleutian Islands region.	6
May 18 - June 19		33	1st leg of the survey in the Aleutian Islands region and Region I of the eastern Bering Sea.	39
June 20 - June 22		3	Port call in Dutch Harbor.	42
June 23 - July 21		29	2nd leg of the survey in the eastern Bering Sea.	71
July 22 - July 24		3	Port call in Dutch Harbor.	74
July 25 - Aug. 16		23	3rd leg of the survey in the western part of the Gulf of Alaska.	97
Aug. 17 - Aug. 19		3	Port call in Kodiak.	100
Aug. 20 - Sept. 13		25	4th leg of the survey in the eastern part of the Gulf of Alaska.	125
Sept. 14 - Sept. 15		2	Cruise.	127
Sept. 16		1	Port call in Seattle.	128

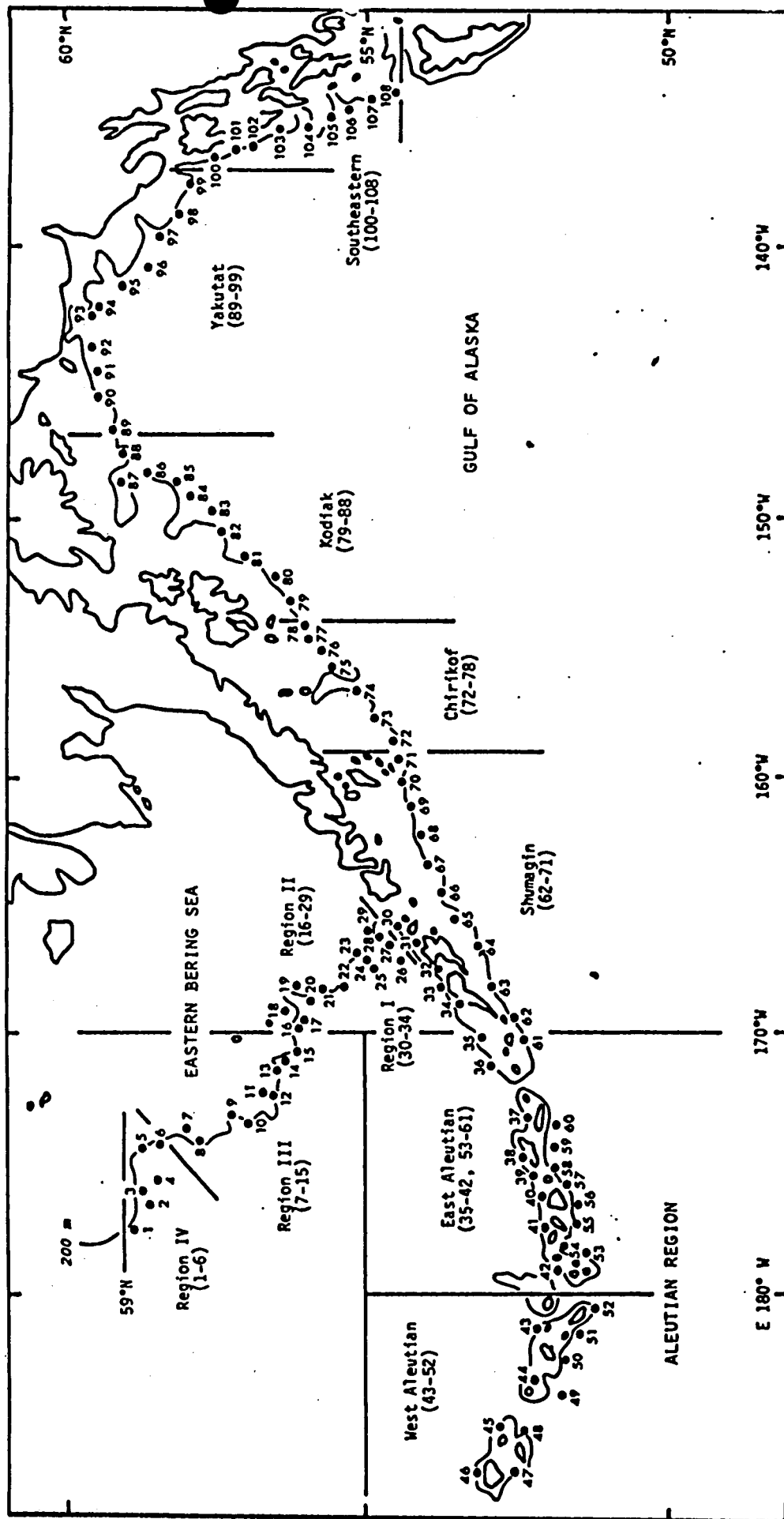


Figure 1. Location of stations in Japan-U.S. joint longline survey in the eastern Bering Sea, Aleutian Islands Region, and Gulf of Alaska, 1989.