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Japanese—Russian Fishery Joint Ventures and Joint Operations in the Sea of Okhotsk: An Evolving Form of Cooperation

Tsuneo Akaha

INTRODUCTION

Since the mid-1980s, Japanese fishery groups and their counterparts in the Soviet Union/Russia have developed joint ventures (JVs) and other cooperative arrangements in fisheries, and the number of such arrangements is growing. Virtually all of them are concerned with the exploitation of marine resources in and around the Sea of Okhotsk. They offer many opportunities and benefits to both Japan and Russia because the two countries currently have many complementary needs, but they also pose many difficult problems that require close scrutiny. If JVs and other arrangements, including so-called joint operations (JOs, or *kyodo jigyo* in Japanese), between the two countries are to develop as mutually beneficial forms of cooperation on a long-term basis, the opportunities they offer and problems they pose must be clearly understood.

In this brief analysis¹ I will introduce the background to the Japanese—Soviet/Russian fishery JVs and JOs, describe their characteristics as they operate today, discuss their limitations and problems, and offer a prognosis for their future development.

BACKGROUND

Following the conclusion of the Third United Nations Conference on the Law of the Sea (UNCLOS III) in December 1982 and the establishment of the Soviet 200-mile exclusive economic zone (EEZ) on March 1, 1984,² Tokyo and Moscow in December 1984, concluded a bilateral fisheries agreement³ replacing the two provisional agreements which had governed Japanese—Soviet fishing within each other's 200-mile zones since 1977. In accordance with the UN Convention on the Law of the Sea, the Japanese—Soviet agreement recognized the primary interest and responsibility of the coastal state with respect to the management and conservation of marine

resources within its exclusive economic zone (EEZ). The accord required each side to permit the other to fish in its 200-mile zone,⁴ with each side's catch quota to be determined through consultation at the annual meetings of the Japan—Soviet Fisheries Commission.⁵ The determination of annual catch quotas was to take into consideration the "condition of resources," the coastal state's "own harvesting capacity, the traditional catch and methods of fishing by the other country, and other relevant factors."⁶ The bilateral agreement called on each party to comply with the resource conservation measures that the other side might take within its 200-mile zone.⁷ Moreover, the accord called on the two governments to "cooperate in the conservation and optimal utilization of the living resources" within their 200-mile zones.⁸

Through consultation at the annual Fisheries Commission meetings, Japanese fishing within the Soviet 200-mile zone was placed under increasingly restrictive control. The Soviet Union had long sought to equalize the actual size of the harvest rather than the total quota for each side and, more recently, sought to extract as much in fishing fees from the Japanese side as possible. The Soviets succeeded in attaining both goals. For example, the 1991 fishing season saw Japan pay 1.1 billion yen in fishing fees for a quota of 35,000 tons in the Soviet EEZ. In addition, Japan was given a fee-free quota of 182,000 tons in return for a Soviet quota of 182,000 tons in Japanese waters.⁹

These arrangements seemed equitable insofar as the Japanese continued to have access to the highly desired marine resources within the Soviet waters and the Soviets/Russians received badly needed hard currency in exchange. The increasing regulation of Japanese fishing within the 200-mile zone of the former Soviet Union also seemed warranted given Moscow's longstanding concern about the deteriorating state of fish stock in the Sea of Japan and the Sea of Okhotsk. However, the Japanese maintained the resource condition was such that they should be allowed a greater share of the resources in the Soviet waters.

Similarly, Japanese salmon fisheries in the Northwest Pacific were subjected to increasing constraints in recent years. Under the Japanese—Soviet salmon fisheries agreement of 1978, Japan accepted the "state of origin" principle recognizing sovereign claims over anadromous species of fish by the state in whose waters such stocks originate. Beginning in 1978, Japan was also obligated to pay "cooperation fees" (1.76 billion yen in 1978) to defray part of the cost of Soviet salmon resource preservation efforts.¹⁰ As Soviet fishing off the coasts of other countries came under increasingly strict foreign control, the Soviets paid closer attention to the exploitation and conservation of resources within their own waters. Moreover, following Mikhail Gorbachev's rise to power in 1985, the Soviet government began a major drive to place all domestic industries, including the fishing industry, on a more rational and cost-effective basis. These trends resulted in greater financial needs for the fishing industry of the former Soviet Union.¹¹ Additionally, the deteriorating financial condition of the industry forced it to seek fishing and fish processing technology and equipment from Japan.

In 1985, Japan and the Soviet Union concluded a new salmon fishery agreement.¹² In line with the 1982 UN Convention on the Law of the Sea, the accord

recognized the Soviet Union's "primary interest and responsibility" concerning anadromous species originating in its rivers and its right to institute regulatory measures vis—vis salmon within and outside its economic zone.¹³ According to the agreement, the catching of salmon of Soviet origin was permitted only within the Soviet 200-mile zone.¹⁴ The new agreement did take note of Japan's financial contribution to the reproduction of salmon stock in the Soviet Union and obligated Moscow to give special consideration to Japan.¹⁵ The accord also provided for bilateral scientific and technological cooperation.¹⁶ The agreement further called upon the two governments to cooperate on conservation and management of living resources of the Northwest Pacific outside their 200-mile zones.¹⁷ Finally, the treaty charged the Japan—Soviet Fisheries Commission with the responsibility for assessing the state of fishery resources and fish stock within the scope of the new agreement.¹⁸ As a result of the ban on salmon fishing outside the Soviet 200-mile limit, the Japanese salmon quotas in the Northwest Pacific were cut substantially, from 24,500 tons in 1986 to 11,000 tons in 1990.

In February 1992, Japan joined the Russian Federation, the United States, and Canada, in concluding a new treaty on anadromous stocks in the North Pacific.¹⁹ The convention prohibits all salmon fishing beyond the 200-mile zones of the four countries.²⁰ It also calls for the minimization of incidental taking of anadromous fish.²¹ The accord further calls upon the parties to cooperate in the conduct of scientific research in the North Pacific beyond the 200-mile limits of the parties, for the purpose of the conservation of anadromous stocks and in the collection, reporting, and exchange of information on the stock and fish catch in the area.²² The treaty establishes an international organization, "the North Pacific Anadromous Fish Commission," to be headquartered in Vancouver, Canada, for the purpose of promoting the conservation of anadromous stocks in the convention area.²³

Japan was able to soften the impact of the ban on salmon fishing outside the 200-mile limits of the North Pacific nations by obtaining Russian assurances for continued Japanese access to salmon within the Russian EEZ. Japanese access to Russian waters was of particular importance because Japanese salmon fishing was totally banned within the United States and Canadian 200-mile zones.²⁴ Japan also obtained Russian cooperation in opposing the United States—Canadian proposal to draw salmon prohibition lines some distance inside the 200-mile zones of the North Pacific countries. Drawing prohibition lines inside the 200-mile limits would have adversely affected Japan's access to salmon inside the Russian waters.²⁵

Under these circumstances, Japanese access to salmon and other fishery resources within the Russian EEZ has become particularly important. Japanese payments of cooperation fees in effect constitute an insurance for their access to the highly valued resources within the Russian waters. Japan has successfully increased its annual salmon quota within the Soviet/Russian waters (2,000 tons in 1988, 5,000 tons in 1989, 6,000 tons in 1990, and 8,000 tons in 1991) in return for increasing Japanese financial and technological participation in bilateral salmon joint ventures with the Soviets/Russians.²⁶ In addition, Japanese fishery groups have successfully negotiated arrangements for joint operations (JOs) with Soviet/Russian partners whereby they are permitted to engage in fisheries within Soviet—Russian controlled

waters and to make direct purchases of marine products from Russian sources at designated sites at sea.

Throughout the postwar period, fisheries enjoyed a special status in Japanese—Soviet/Russian relations.²⁷ More recently, at the conclusion of the historic summit in Tokyo in April 1991 between Gorbachev and Japanese Prime Minister Toshiki Kaifu, the two leaders issued a joint communique in which, *inter alia*, they “evaluated highly the cooperation between the two countries under the existing governmental agreements in the fisheries field and were agreed on the desirability of continuing constructive exchanges of views so as to further develop such cooperation on a long-term and mutually beneficial basis.” The communique went on to say: “In this regard, the two sides expressed the desire to see extensive development of relations between enterprises and organizations in Japan and the Far Eastern region of the Union of Soviet Socialist Republics based on market economy principles. The two sides recognized the necessity of maintaining and developing close cooperation in international deliberations for the conservation, management, reproduction, and optimal utilization of the world’s biomarine resources.”²⁸

The Japanese—Soviet summit produced 15 memoranda, agreements, exchanges of notes, and joint communiqués. In one of the communiqués, the two countries’ foreign ministers stated that “the two sides were agreed that it was both beneficial and necessary to study the possibility of establishing a wide-ranging cooperation for the preservation, rational management, and optimal utilization of biological resources in the Northwest Pacific, the Sea of Japan, and other ocean areas.”²⁹ Among other things, the two sides affirmed mutual interest in advancing cooperation in the Far Eastern region between enterprises and organizations of the two countries in processing, storing, and marketing of marine products, joint enterprises, exchange/trade of fish and fish products, and effective use of resources including underutilized resources. Tokyo and Moscow agreed it was beneficial to explore the feasibility of founding experimental bilateral joint fishery ventures that would operate on the basis of market principles. On June 12, 1991, the Japanese Minister of Agriculture, Forestry, and Fisheries and the Soviet Fisheries Minister reaffirmed the need to cooperate in a wide range of areas and, among other things, agreed to continue to study the feasibility of establishing experimental fishery JVs that would operate in the Russian Far East on the basis of market principles.³⁰

Clearly then, fishery JVs, and more recently JOs, have become an important part of what I have elsewhere described as a “fisheries regime” between Japan and the Soviet Union/Russia.³¹ What factors have contributed to the development of bilateral JVs and JOs in the fisheries field? What benefits do the two sides see in these arrangements? What problems do they see? It is to these questions that I shall now turn.

JAPANESE—RUSSIAN JOINT VENTURES AND JOINT OPERATIONS IN FISHERIES

The impetus for bilateral joint ventures in fisheries initially came from a Soviet proposal in 1987 for Japanese capital and technological contribution to the development of salmon hatcheries on Sakhalin Island. The first Japanese—Soviet fishery JV

Table 14.1 Japanese-Russian fishery joint ventures (approved), as of July 3, 1992

JV Name	Headquarters	Activity
Sonico	Khabarovsk	Processing, marketing of herring, herring roe
Pilenga-Godo	Yuzno-Sakhalinsk	Salmon hatching, fishing, processing, marketing of marine products
Diana	Yuzno-Sakhalinsk	Processing of marine products
Okhotsk-Suisan	Khabarovsk	Processing, marketing of herring, herring roe, shishamo smelt
Sakhalin-Tairiku	Olinsk	Crabbing, purchase of Alaska pollack; processing, marketing of other marine products
Magadan Gyogyo-Godo	Magadan	Pacific cod fishing; processing, marketing of other marine products
Amur Trading	Khabarovsk	Purchase of Alaskan pollack; marketing of other marine products
DDS	Vladivostok	Crabbing, shrimping
Okean	Vladivostok	Pacific cod fishing; processing, marketing of marine products
Aniva	Yuzno-Sakhalinsk	Rainbow trout hatching; basket fishing of crab, shrimp
Kamkaido	Petropavlovsk-Kamchatsky	Basket crabbing, shrimping
Most-Druzhy	Petropavlovsk-Kamchatsky	Trawl fishing of Pacific cod; basket crabbing, shrimping
Magadan-Nikkeiren	Magadan	Salmon hatching; fishing, processing, marketing of marine products
Samar-Opto	Yuzno-Sakhalinsk	Manufacturing, marketing of fish processing machinery; marketing of marine products
USSR-Japan Trade House	Korsakov	Processing, marketing of marine products
Wakkanai	Nevelsk	Fishing, processing, marketing of Alaskan pollack, coastal stocks
Rubin Trade	Khabarovsk	Purchase, marketing of crab, shrimp
Hokuto Kaihatsu	Magadan	Alaska pollack fishing, processing, marketing
Kamchatka Pilenga-Godo	Petropavlovsk-Kamchatsky	Salmon hatching, fishing, processing
G.T.C.	?	Marketing of crab, sea snail, shellfishes

Source: Japanese Fisheries Agency.

company, Pilenga—Godo, was founded in July 1988.³² The Japanese side desired to start the company for two purposes: to gain access to salmon within the Soviet EEZ and to contribute to the replenishing of salmon stocks within the Soviet waters. The Soviet side was interested in gaining both resource expansion technology and “cooperation fees” from Japan. Fisheries have always been an important industry in the Soviet Far Eastern region, with the fish production in the region representing more than 40 percent of the nation’s total.³³ As the Soviet economy experienced a drastic decline in the 1980s through the early 1990s and Moscow was no longer able to provide financial support for the Far Eastern region, fishery organizations in the region were forced to seek their own revenues and to share them with the central government. As a result, the technological aspect of JVs in the region has received less and less attention, and short-term financial gains from fishery exports and payments of fishing-related fees by foreign entities have become the central focus of the Russian side.

As of early July 1992, there were twenty Japanese—Russian JVs involving fisheries (Table 14.1). Japanese—Russian JVs in fisheries are all private arrangements, but the industry and the Japanese government consult closely on the establishment of JVs between Japan and the former Soviet Union. In February 1982, the Japanese Fisheries Agency announced four basic principles regarding JVs in the fisheries field: (1) private-level arrangements should have no adverse effect on the existing government—to-government arrangements for Japanese fishing in the Soviet 200-mile zone; (2) JV arrangements should assist Japanese fishing operators who have been adversely affected by the establishment of foreign 200-mile fishery or economic zones; (3) bilateral private arrangements should be fair and should not impose undue burden on the Japanese side; and (4) all affected fishing concerns in Japan should be fully consulted.³⁴

Japanese—Russian fishery JVs today can be divided into three categories depending on the size of the Japanese participants and their main objectives in the arrangements.³⁵ First, there are ventures in which medium—small Japanese fishing companies participate. PilengaGodo is a good example. The incentive for Japanese partners is to gain access to marine resources within the Russian EEZ. The Japanese partner in Pilenga—Godo receives catch quotas that it would not otherwise get. It can also provide employment opportunities for its member operators. Part of the proceeds from the sale of the salmon caught from the quota is used as a Japanese contribution to the joint ventures’ capital investment. Moreover, Pilenga—Godo buys in hard currency a part of the quota of the Sakhalin Fishery Kolkhoz, the Russian partner in the venture, and in turn sells the purchased salmon to the Japanese side. JVs of this type offer the Russian side, in addition to hard currency, experience and technology for resource reproduction, marine product processing, fishing, and salmon farming.

The second type of Japanese—Russian fishery JV calls for the participation of large Japanese fishery companies. Their main purpose is to organize marine product processing in Russia using marine resources in the country. Products are differentiated between the two markets in Japan and in Russia because market demands are quite different. For example, herring roe and cod roe are highly valued in Japan but

have no market in Russia; conversely Alaska pollack and herring are popular table fish in the former Soviet Union but have only limited appeal to Japanese consumers except in processed form. The benefits in this kind of JV for the Russian side include the transfer of advanced fish processing technology and marketing knowhow, employment opportunities, and the development of infrastructure associated with the processing of marine products.

Thirdly, Japanese trading companies participate in JVs with Russian partners and market different marine products in the two countries. Japanese companies often finance the remodeling and repair of Russian fishing boats and provide fishing equipment, fishing technology, and training for Russian crews. In return the trading companies market the harvested fish directly in Japan. There are other Japanese—Russian JVs that handle marine products but do not directly engage in fishing or fish processing activities. They include restaurants and other related services.³⁶

In recent years the Russian side has been quite anxious to generate hard currency by readily accepting Japanese requests for larger catch quotas in the Russian EEZ for themselves and for JVs in which they participate. For example, Russia has agreed to sell at sea 150,000 tons of Alaska pollack in the Sea of Okhotsk to Japan in 1992, an increase of 65,000 tons over the previous year. At the same time, Russia has decided to allow Japanese trawlers to operate within its EEZ to compensate for its declining fishing capacity. Japanese trawlers had been banned from these waters since 1977.³⁷ Similarly, when salmon fishing outside the Soviet 200-mile zone was banned in 1992, the Japanese salmon quota in the Russian EEZ was increased by about 800 tons over the previous year, to 17,819 tons, in exchange for 444 million yen in "cooperation fees." Of the new total quota, Japanese—Russian JVs were allotted 15,000 tons, an increase of 7,000 tons over 1991.³⁸ Subsequently the joint ventures' allocations were increased to 17,300 tons.³⁹

In addition to forming JVs, fishery groups in Japan have also developed private-level joint operation arrangements with Soviet/Russian partners in order to increase their access to marine resources within the Russian EEZ, and the Russian Far Eastern interest in JOs is growing fast. In this type of arrangement, Japanese fishing operators pay fishing fees for their operation in the Russian EEZ. One or two Russian observers board each Japanese ship and receive what amounts to a daily salary and free meals. Crabs, sea snail, shrimps, and Pacific cod are the targets of JOs.

The earliest JOs began in 1979, which allowed Japanese crab fishing off Sakhalin in the Seas of Japan and Okhotsk in exchange for cooperation fees. Japanese harvests of sea-kelp and sea urchin around the Russian-controlled Kaigara Island, east of Hokkaido, and Japanese purchases of Alaska pollack and herring at sea. Through similar arrangements, the Japanese have been catching Pacific cod (*Gadus macrocephalus*, or *madara* in Japanese) in the EEZ of the former Soviet Union since in 1987. Through JOs, the Japanese annually caught between 6,668 tons and 9,900 tons of crab, *tsubu* (sea snail), and shrimp in 1985—89. In addition, between 1987 and 1989 the Japanese obtained a total of 27,841 tons of Pacific cod in the Sea of Okhotsk off Kamchatka and off the western coast of Sakhalin. Additionally, the Japanese harvested a total of 7,235 tons of kelp between 1981 and 1989 and 6,315 tons of sea urchin between 1987 and 1989. Finally, Japan bought a total of 129,656 tons

of Alaska pollack in 1987—90.⁴⁰

As of July 1992 nine JOs were operating within the Russian EEZ (Table 14.2; Maps 14.1 and 14.2). JO arrangements are made each year, and therefore unpredictability is a concern to the Japanese side. Currently the Russian side is showing preference for these arrangements over JVs largely because joint ventures require more costly financial arrangements, more cumbersome procedures, and more involved logistic work for their establishment and operation.⁴¹

Japanese participants include fishing companies and individual operators, and in bilateral talks with the Russians, they are represented by the Hokkaido Fisheries Association.

The Russian parties to the JO arrangements are the Pacific Oceanological Institute (TINRO) of the Far Eastern Branch of the Russian Academy of Sciences, as well as fishery cooperatives.⁴² Increasingly, Russian partners of fishery JVs are also interested in exploiting JO opportunities as a means of generating additional hard currency, and this trend is likely to grow in the near future. Obviously, the Japanese side gains access to additional marine resources within the 200-mile zone of the former Soviet Union. In return, the Russians gain badly needed hard currency by selling resources for which there is little or no market demand in Russia, i.e., crab, shrimp, sea snail (*tsubu* in Japanese), and Pacific cod (*madera*).⁴³

Although JOs are not based on governmental treaties and, therefore, are technically private arrangements, Japanese partners obtain approval from the Japanese Fisheries Agency which is interested in ensuring safe and orderly operations.⁴⁴ Since 1992, the process of developing JO arrangements has been streamlined in Japan. Proposals are first submitted to the Hokkaido Fisheries Association; then they are discussed at the Hokkaido Japan—Russian Fisheries Council (a private group of fishery groups in Hokkaido). The selected proposals are submitted to Hokkaido government and then to the Japanese government for approval. Care is taken not to affect adversely either fishing activities conducted within the framework of the government-level fishery agreement between Tokyo and Moscow or the existing JV and JO arrangements.⁴⁵

PROBLEMS

Under *glasnost* and *perestroika* the Soviet Union/Russia has established new fishery relations with other countries and expanded existing ones with its neighbors including Japan. Following the establishment of diplomatic ties with the Republic of Korea (ROK) in September 1990, the Soviet Union signed a fisheries agreement with ROK in September 1991. The accord allows ROK vessels to fish in Russian waters in the Northwest Pacific and calls for bilateral cooperation, including the development of Soviet—ROK JOs in fish processing.⁴⁶ The former Soviet Union has also established a private-level fishery relationship with the Republic of China (ROC). A memorandum of understanding signed in August 1991 between the Overseas Fishing Development Council (OFDC) of ROC and the Soviet government (represented by Sovrybflot) provides for ROC payments for fishing permits and fish quotas in the Soviet EEZ in the Far East.⁴⁷

Behind the Russian interest in expanding foreign access to its marine resources

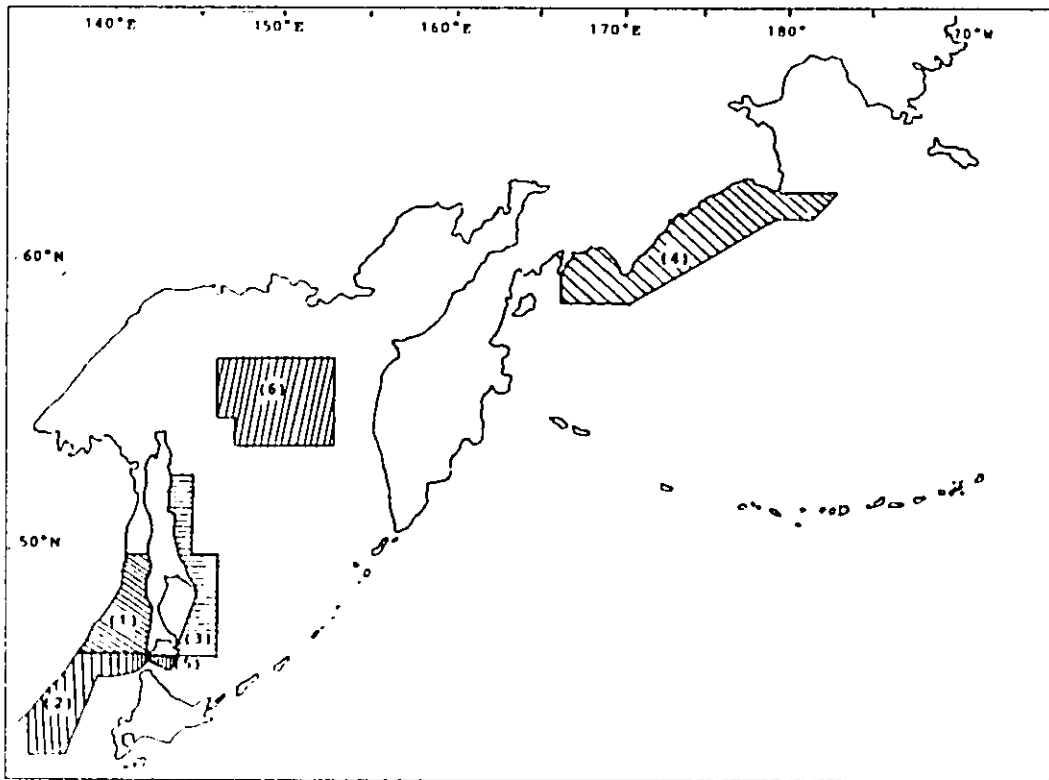
Table 14.2 Japanese—Russian joint operations in crab, sea snail, shrimp, and long-line fisheries, 1992

Japanese party	Fisheries	Catch	Area*
Japan Sea Shrimp Basket Cooperative	Tanner crab, other crabs, shrimp, incidental catch	2,400 tons	(1)
Japan Sea Tanner Crab Fishery Cooperative	Tanner crab, <i>P. platypus</i> , red snow crab	4,500 tons	(2)
East Karafuto Fishing Assoc.	Tanner crab, <i>P. platypus</i> , other crabs, incidental catch	4,800 tons	(3)
North Pacific Tanner Crab Fishery Assoc.	Tanner crab, other crabs, incidental catch	6,000 tons	(4)
Okhotsk Hair Crab Fishery Council	Hair crab	250 tons	(5)
Okhotsk Sea Ibara Crab Fishery Council	Ibara crab, Tanner crab	4,000 tons	(6)
North Pacific Long-line-Gill-net Fishery Assoc.	Pacific cod, incidental catch	48,400 tons	(7)
Hokkaido Bottom Long-line Fishery Coordination Council	Pacific cod, incidental catch	28,000 tons	(8)
Japan Sea Cod Long-Line Fishery Council	Pacific cod, incidental catch	4,000 tons	(9)

Note: *The areas are indicated in figures 1 and 2

Source: Hokkaido Fisheries Association

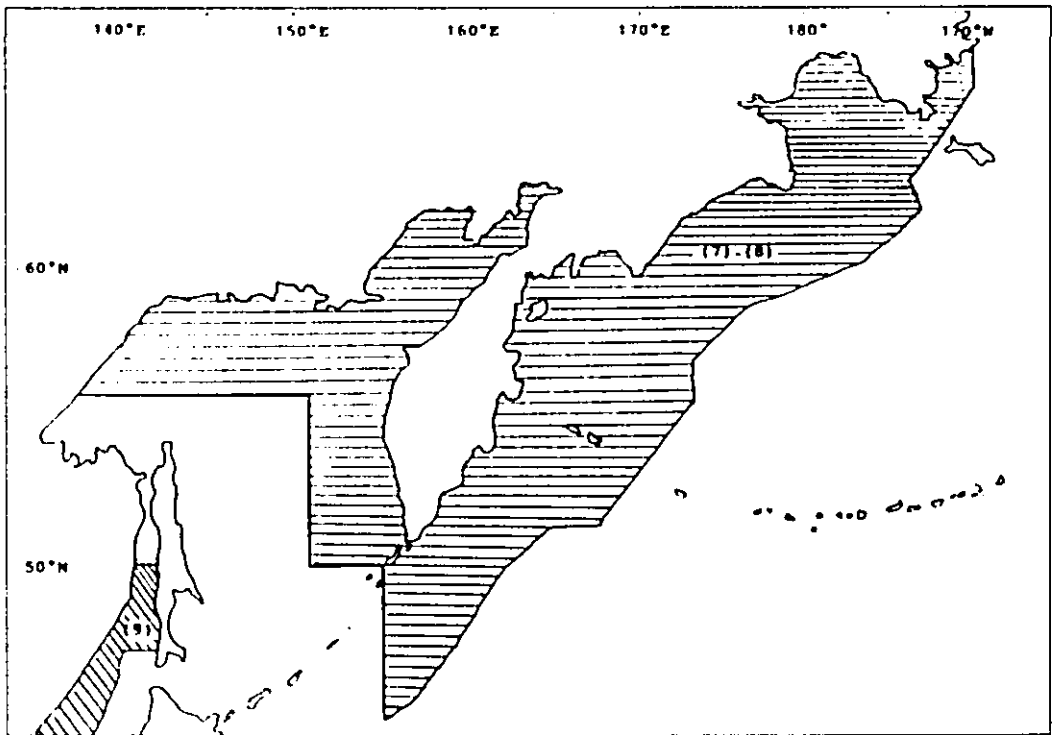
Map 14.1 Japanese—Russian joint operations in crab, sea snail, and shrimp fisheries, 1992



Source: Adopted from "Heisei Yonen Nichiro Gyogyo Kyodo Jigyo Jicchi Kibo Anken" (Implemented and proposed Japanese—Russian joint fishery operations in 1992), Sapporo: Hokkaido Fisheries Association.

are the rapid deterioration of the Russian economy and the attendant fall in domestic sources of investment for the fishing industry. Although the Russian Far East has successfully increased marine production in recent years, the increases have been achieved by the excessive use of the region's aging fishing fleets. This and the lack of domestic investments have resulted in a crisis in fishery production and processing in the region. In 1990 the government responded to the deteriorating condition of trawlers by encouraging the shipowners to purchase their own boats, but most of them were financially unable to do so. Fishing industry specialists estimate that by 1995 the catch and production of marine products in Russia might be down by as much as 50 percent. In 1991 over 70 percent of the fishing boats in the Far East, about 60 percent of the fish processing ships, and about 50 percent of the transports were in need of repair. In 1991 it was estimated that 8.561 billion rubles of capital investment would be needed over the next five years to maintain growth in fishery production in the Far East, with 5.781 billion rubles going for new ships. Such capital requirements were simply beyond the means of the region's fishing industry.⁴⁸ A Far Eastern economist estimated that the shipbuilding need of the region as of the end of 1990 exceeded the existing capacity by 71,000 tons. Ship repair needs exceeded capacity

Map 14.2 Japanese—Russian joint operations in long-line fisheries, 1992



Source: Adopted from "Heisei Yonen Nichiro Gyogyo Kyodo Jigyo Jicchi Kibo Anken" (Implemented and proposed Japanese—Russian joint fishery operations in 1992), Sapporo: Hokkaido Fisheries Association.

by 75 million rubles. In 1990, there was an estimated 39,000-ton shortfall in marine product processing capacity; the canning capacity fell short of the requirement by 27 million cans a year; and refrigeration facilities were about 50,000 tons short of the needs. These facts indicate a future reduction in fish catch, scrapping of aging ships, increases in production costs, reduction in the reliability of the fishing industry, and rises in repair costs.⁴⁹

A lack of new investments in oil production and the breakdown of inter-regional and inter-republican trade in the former Soviet Union further exacerbate the situation. The availability of fuels for fishing operations in the Far East has been cut drastically. Many fishing boats in the region have to remain in port for lack of fuel.⁵⁰ The Far Eastern fishery concerns have responded to the crisis by increasing foreign catch quotas and sales to foreign entities. As a consequence, the production capacity of Far Eastern fishery entities is declining.⁵¹

Under these circumstances, it is quite understandable why the Russian Far East wants to expand its fishery relations with the neighboring countries and allow greater foreign access to the region's marine resources. In exchange the region gains the badly needed hard currency. In this context, JVs and JOs between Russian and foreign partners obviously play an important role.

One of the consequences of expanding Japanese and other foreign fishing within

the Russian EEZ is the pressure it puts on the marine resources in the area. Unfortunately, resource conservation and management capacity in the Far Eastern region are weakening.⁵² The growing presence of foreign entities in the Russian EEZ places additional pressure on the Russian authorities responsible for the enforcement of domestic law and international agreements at the very time when Russia is increasingly dependent on foreign capital and equipment for fish production, processing, and marketing.

Another consequence of the deteriorating Russian economy is the declining interest in the transfer of modern fishing, fish processing, and fish production technology into the Far Eastern region. The Japanese—Soviet fishery JVs were initially a response to the Soviet need to improve its scientific and technological ability to expand its resource base and the Japanese need to maintain access to the living resources within the Soviet EEZ. More recently, however, the scientific and technological aspects of JVs have taken a back seat to the more pressing needs of the fast-deteriorating Soviet/Russian economy, particularly the need to raise hard currency.⁵³ Japanese fishery industry observers note, for example, that the Russians today show less interest in the development of salmon propagation technology than they did when they first proposed a salmon hatchery joint venture in the mid-1980s.⁵⁴ For fairness, it should also be noted that some people suspect that the Japanese government and fishing industry are not very eager to transfer advanced fishing and fish processing technology to Russia for fear of future competition.⁵⁵

Moreover, JVs and JOs in the Far Eastern region have come under growing criticism from the local people who believe that the partnerships with foreign entities have benefited Russian and Japanese parties directly involved in the business but not the local economy. Many residents argue that the hard currency revenues of JVs and JOs are not being used for the improvement of social infrastructure. Many Japanese observers also are concerned that most JV and JO revenues end up in either the central government's coffer or in individual consumption, with little new investment in the region's fishing industry.⁵⁶ Some Russian JV and JO partners have begun to respond to these criticisms by, for example, using some of their revenues to build housing.⁵⁷

Recent political changes in the former Soviet Union have had a far-reaching impact on fishery administration in the country as a whole and in the Russian Far East in particular. Although strong bureaucratic tendencies among Russian administrative organs remain, the demise of the Communist Party has promoted decentralization of authority in the formulation and administration of fishery policy.⁵⁸ The process has been quite confusing, with only limited information available in Japan as to the exact nature of the relationship between Moscow and regional fishery organizations, such as Darlyba (Far Eastern Fisheries Administration).⁵⁹ Following the failed coup in Moscow in August 1991, the Soviet Ministry of Fisheries, previously in charge of planning for the Soviet fleet's world-wide operation, became the Russian Ministry of Fisheries, and staffing was cut to 300.⁶⁰ The ministry was then turned into a Fisheries Committee under the Ministry of Agriculture. The committee has let the fleets, combines, cooperatives, and JVs and JOs take over day-to-day responsibility. Also, with the lack of central funds forcing Moscow to cease its provision of supplies and capital to regional fishery organizations, the latter have had to seek ways to

become self-sufficient. The fishing industry has responded to these changes by exploring the various revenue-raising activities described above.

Japanese—Soviet/Russian JVs have also encountered problems stemming from the fact that the Japanese fishing industry operate in a free market but the Soviet/Russian counterpart has until now operated in a centrally planned economy. For example, when JVs were first formed, the Soviet and Japanese partners were unable to develop mutually acceptable methods for pricing the resources the JVs were to offer to the Japanese side. In the case of Pilenga—Godo, for instance, from 1988 to 1990 the Japanese side's "cooperation fees" were calculated in terms of unit price for species—by—species quotas. According to this assessment scheme, the Japanese fishermen could not make up any loss if the actual catch of highly valued species, such as Sockeye, should fall below the allotted quotas or if the market price for their products should decline, as was often the case. In 1991, upon Japanese insistence, a new valuation scheme was adopted whereby the Japanese side would pay for the total quota, inclusive of all species of salmon that they were allowed to catch.⁶¹ More recently, the Japanese and Russian partners in JVs and JOs have agreed to use the actual market value for determining most of the fishing and cooperation fees. The fish and other products are sold in Japan and the revenue (minus the cost of production, processing, and marketing) is shared fifty—fifty between the Japanese and Russian participants. In working out these valuation and revenue-sharing schemes, some representatives of the Russian partners in JVs have visited Japan and observed the operation of market principles in the Japanese market for marine products. Apparently, some transfer of market information and know-how has begun to take place.

SUMMARY AND FUTURE PROSPECTS

In summary, the foregoing analysis reveals trends in Japanese—Russian fishery JVs and JOs. First, the Japanese partners' primary interest in these forms of cooperation is to maintain and, if possible, expand their access to the marine resources of the Russian EEZ. As long as they can bear the financial cost of such access, e.g., fishing fees, cooperation fees, and direct purchases, the Japanese interest will continue. The second incentive for Japanese fishing companies, particularly for small ones, is to provide gainful employment for their workers through JV and JO activities. This requirement is also likely to continue because Japanese fishing within foreign waters is severely restricted. Third, obviously, Japanese commercial concerns are interested in meeting the seemingly unlimited market demand for marine products in Japan.

Fourth, from the Russian side, JVs and JOs offer opportunities to generate badly needed hard currency. The Russian Far Eastern interest in short-term financial gains is so keen that there is competition among the region's fishery concerns, as well as among some municipalities, to win foreign partners to which to sell part of their annual quotas.⁶² This need is likely to continue as long as capital shortage remains a serious problem in the region. Fifth, the productivity of fishery concerns in the Russian Far East has declined not only because of the lack of financial and other forms of support from Moscow and shortages of regional capital but also because of the

desire on the part of the region's municipal governments and fishery concerns to sell their annual catch quotas to interested foreign entities.

Sixth, the cumulative effect of these trends is increasing pressure on the marine resources in the Russian EEZ. As pressure on off-shore and distant-water resources mounts, Japanese partners in JVs and JOs are likely to increase their interest in ways to harvest or buy marine resources closer to shore in Russia, for example in the Primorye region or in the Southern Kurils ("Northern Territories"). There appear to be many underexploited marine resources in these areas because the Far Eastern fishing industry has emphasized offshore and distant-water fisheries, with cod, sardine, and herring being the most important products. The introduction of Japanese fishing operations in nearshore areas of the Russian Far East would require both sensitive negotiations and costly development of onshore infrastructure, such as roads, ports, and basic facilities which currently are woefully inadequate.⁶³

Finally, interest in resource conservation and management and in the transfer of fishing and fish processing technology to Russia has waned in recent years. Technology transfer is a time-consuming process. It requires not only the transfer of hardware but also the training of hardware operators, experts on resource conservation and management, financial administrators, and commercial operators. Public and private organizations and groups in the Russian Far East must learn how to analyze and meet the changing demands of the foreign markets in which the marine resources of their region end up. They must also develop an internal market and respond to its needs. A limited transfer of information and knowledge about principles of market economy is now taking place within the framework of Japanese assistance in Russian economic reform, but the requirements of the fishing industry in the Russian Far East are so vast that they call for a much more systematic and comprehensive approach than is currently contemplated. Whether such cooperation will develop depends on several factors: (1) the progress on market reform in Russia including the Far Eastern region; (2) the commitment of the region's leaders to the development of a market-oriented, modern fishing industry in the region; (3) the commercial interests of the Japanese fishing industry (Do they really want to see a modern, efficient fishing industry develop in the Russian Far East?); and (4) the state of political relations between Japan and the Russian Federation. The last of these factors in turn will be affected by the progress in the ongoing talks for the conclusion of a peace treaty between Tokyo and Moscow, with the territorial dispute over the southern Kurils (the Northern Territories) being the most difficult issue to be resolved.

NOTES

1. This paper is based in part on field research I conducted in Japan in July 1992, was supported by a grant from the Japan Foundation Center for Global Partnership (CGP) for the project "United States—Japanese Cooperation in the Development of Siberia and the Russian Far East," an international collaborative effort organized by the Center for East Asian Studies, Monterey Institute of International Studies.
2. The Soviet 200-mile economic zone was established by a decree of the Presidium of the Supreme Soviet on February 28, 1984. For a full English text, see *The Law of the Sea: Current Developments in State Practice*, (New York: Office of the Special Representative of the Secretary—General for the Law of the Sea, United Nations, 1987), pp. 103—110.

3. The Agreement between the Government of Japan and the Government of the Union of Soviet Socialist Republics Concerning the Fisheries Off the Coasts of Japan and Off the Coasts of the Union of Soviet Socialist Republics. An unofficial English translation of the agreement is in *The Japanese Annual of International Law*, No. 28 (1985), pp. 297—299.
4. Article 1 of the agreement.
5. Article 6.
6. Article 2.
7. Article 4.
8. Article 5.
9. "Nisso Chisaki Okiai Kosho" (Japan—Soviet off-shore [fisheries] negotiations), *Suisankai*, No. 1272 (January 1991), p. 60.
10. *Suisan Nenkan (Fisheries Yearbook)*, 1988 (Tokyo: Suisansha, 1988), p. 26; Hiroshi Murabayashi, "Nisso Gyogyo Kyoryoku Kyotei no Shisasuru Mono" (What the Japan—Soviet fisheries cooperation agreement suggests), *Juristo*, No. 843 (September 1985), p. 63.
11. *Suisan Nenkan (Fisheries Yearbook)*, 1990, p. 92.
12. The Agreement between Japan and the Soviet Union Concerning Cooperation in Fisheries.
13. Article 2, para. 1 and para. 2, respectively, of the agreement. The relevant provision in the UN Convention is found in Article 66, para. 1.
14. Murabayashi, p. 63.
15. Article 2, paragraph 3 of the agreement.
16. Article 3, paragraph 2.
17. Article 4.
18. Article 7.
19. Convention for the Conservation of Anadromous Stocks in the North Pacific Ocean. The Annex of the Convention defines "anadromous stocks" as those of chum salmon, coho salmon, pink salmon, sockeye salmon, chinook salmon, cherry salmon, and steelhead trout. The treaty is subject to ratification, acceptance or approval by Japan, the Russian Federation, the United States, and Canada and will enter into force ninety days after the date of deposit of the fourth instrument of ratification, acceptance, or approval. Article 17 of the convention.
20. The prohibition is provided for in article 3, para. 1(a).
21. Article 3, para. 1(b).
22. Article 7.
23. Article 8.
24. *Hokkaido Shimbun*, 28 June 1991, p. 1.
25. *Ibid.*, 14 June 1991, p. 9.
26. *Ibid.* Cf. also Kazuhiro Baba, "Nisso Gyogyo Godo linkai. Dai—rokkai Kaigi no Kekka" ("Japan—Soviet joint fisheries commission. The results of the sixth meeting"), *Aff.*, July 1990, p. 30.
27. Cf. Tsuneo Akaha, "From Conflict to Cooperation: Fisheries Relations in the Sea of Japan," *Pacific Rim Law and Policy Journal*, forthcoming, summer 1992.
28. *Izvestia*, 20 April 1991, cited in *FBIS SOV*, 91/77, 22 April 1991, p. 8.
29. The two sides also expressed satisfaction with the progress the two countries had made in cooperating in the fisheries field on the basis of the existing Japanese—Soviet agreements and further affirmed the importance of maintaining each side's fishing in the other's 200-mile zone. The two sides also agreed to explore new areas of cooperation in the economic and scientific—technological areas related to fisheries, including cooperation for the establishment of rational management of salmon fisheries in the Far Eastern region of the Soviet Union. They both agreed it would be beneficial for Japan to invite Soviet specialists to educational and training programs and for the Soviet Far East to

accept Japanese experts to conduct field surveys in the region in the field of fisheries to learn new technology in the processing, storing, and marketing of marine products, and to develop fisheries under a market economy. The Japanese language text was supplied to the author by the Japanese Ministry of Foreign Affairs.

30. The two sides also agreed to cooperate in the conservation, management, and optimal use of marine resources and the promotion of Japanese fishing of salmon of Soviet origin within the Soviet and Japanese 200-mile zones. *Hokkaido Shimbun*, evening edition, 13 June 1991, p. 1.
31. Cf. Tsuneo Akaha, "The Postwar Soviet—Japanese Fisheries Regime and Future Prospects," in Norton Ginsburg and Joseph Morgan, eds., *Ocean Yearbook 9* (Chicago: University of Chicago Press, 1991), pp. 28—56.
32. For a summary description, cf. "Soren Nihyakukairinai de Juichinenburi ni Sake—masu Sogyo" (Salmon fishing operations within Soviet 200 miles for the first time in 11 years), *Suisankai*, No. 1243 (August 1988), pp. 59—62; and "Saharin no Sake—masu Fukajo" ("The salmon hatchery in Sakhalin"), *Suisankai*, No. 1251 (April 1989), p. 55.
33. The Primorye and Khabarovsk region have six fishing fleets, two fishery combines, and six fish processing factories. There are also three fishery combines and one fishing fleet in the Amur delta region. Another fishery combine is found near the city of Okhotsk and four fish processing factories near the city of Magadan. There are three fishing fleets and 12 fish processing plants in Kamchatka and four fishing fleets, two fishery combines, and four fish processing factories on the Sakhalin and Kuril Islands. Institute for Economic Research, Far Eastern Branch, Russian Academy of Sciences, *Roshia Kyokuto Keizai Nenkan* (Russian Far East Economic Yearbook), Vol. 1, 1991, draft (Tokyo: Sasakawa Peace Foundation), p. 77.
34. Suisancho, 1982—*nen Nisso Gyogyo Kankei Shiryo* (Information concerning Japan—Soviet fisheries relations in 1982) (Tokyo: Suisancho, 1982), p. 38.
35. This categorization was first suggested by Nobuo Arai in his "Soren Kyokuto Chiiki no Suisan Bumon no Nisso Goban Kigyo" (Japan—Soviet joint ventures in the fisheries field in the Soviet Far Eastern region), *Nihonkai Shuken Shokoku no Nikokukan narabini Takokukan no Keizai Kyoryoku Koso* (A conception for bilateral and multilateral economic cooperation among the countries surrounding the Sea of Japan) (Tokyo: Soren To'o Boekikai Soren To'o Keizai Kenkyujo, March 1991), pp. 87—88.
36. *Ibid.*, pp. 89—90.
37. "Yojo Baigyo, Roshia ga Ohabazo" (The selling of fish at sea, Russia increases by a big margin), *Suisankai*, No. 1287 (April 1992), p. 71.
38. "Nihon Gyokakuwaku 17,800 ton de Kecchaku" (Japanese catch quota settled at 17,800 tons), *Suisankai*, No. 1287 (April 1992), p. 42.
39. "Wariateryo Zodai, 17,300 ton" (The quota increased, 17,300 tons), *Suisankai*, No. 1289 (June 1992), p. 40.
40. Suisancho, 1990—*nen Nisso Gyogyo Kankei Shiryo* (Information concerning Japan—Soviet fisheries relations in 1990) (Tokyo: Suisancho, 1990), pp. 32—40.
41. Author interview with a fishing industry leader in Sapporo, July 1992.
42. Suisancho, 1990—*nen Nisso . . .*, pp. 32—40.
43. For example, in 1989 alone the Japanese paid 115 million yen in fishing fees for sea kelp, over 278 million yen for crab, and 36 million yen for sea urchin harvests. Suisancho, 1990—*sen Nisso . . .*, pp. 38—39 and *Suisan Nenkan, 1990*, pp. 97—98.
44. *Suisan Nenkan, 1990*, pp. 97—98.
45. Author interview, Sapporo, July 1992.
46. The accord also calls for bilateral cooperation in building and repairing ships, marine pollution prevention, and exchanges of fisheries-related technology and information. The agreement established a bi-national Joint Fisheries Committee. *Oana—Yonhap*, 16 September 1991, *FBIS EAS*, 16

- September 1991, p. 30, cited in *SUPAR Report*, No. 12 (January 1992), p. 9. The agreement is valid for five years, with automatic extension thereafter unless either side notifies the other six months in advance. The bilateral committee discusses catch quotas and joint cooperative projects. Korean ships had not fished off Kamchatka since the proclamation of the 200-mile EEZ by the Soviet Union in March 1977. South Korean fishing boats began operation in the Soviet EEZ in the Sea of Okhotsk in December 1991. Dongwon Fisheries Co. of South Korea obtained a fishing quota for 15,000 tons from two Soviet fishery concerns in exchange for a payment of fishing fees assessed at \$275 per ton. *Yonhap*, 3 December 1991, *FBIS EAS*, 91/234, 5 December 1991, p. 24, cited in *SUPAR Report*, No. 12, p. 97.
47. Both sides agreed to cooperate in fishing of saury, squid, and other fish, and to establish a mechanism in conducting seafood trade. If ROC fishing boats are detained for marine violations, Sovrybflot will help the OFDC build channels for negotiation. *CNA*, 20 August 1991, *FBIS China*, 91/161, 20 August 1991, p. 67; *China Post*, 20 August 1991, *FBIS*, 91/165, 26 August 1991, p. 86, cited in *SUPAR Report*, No. 12, pp. 97—98.
 48. *Vostochnyi ekspress*, No. 18—19 (1991), p. 4, cited in *SUPAR Report*, No. 12 (January 1992), p. 95.
 49. Pavel A. Minakir, "Soren Kyokuto no Taigai Keizai Seisaku no Doko" (Developments in the external economic policy of Soviet Far East), *Dai—nikai Soren Kyokuto Keizai Semina* (The second Soviet Far East economic seminar) (Sapporo: Northern Regions Center, 1991), p. 5.
 50. *Moscow TV*, 17 December 1991, *FBIS SOV*, 91/243, 18 December 1991, pp. 28—29, cited in *SUPAR Report*, No. 12, p. 96.
 51. Author interview with a fishing industry representative in Sapporo, July 1992.
 52. Author interview with a fishery administrator in Sapporo, July 1992.
 53. For a similar Russian assessment, cf. Institute for Economic Research, Far Eastern Branch, Russian Academy of Sciences, *Roshia Kyokuto Keizai Nenkan*, p. 168.
 54. "Koran Kiwamaru Roshia Kyokuto" (The Russian Far East in extreme confusion), *Suisankai*, No. 1289 (June 1992), p. 38.
 55. Author interview with a fishery administrator in Sapporo, July 1992.
 56. This concern is clearly understood and widely shared in Japan. Author interviews with fishery administrators and industry leaders in Sapporo and Tokyo, July 1992. Cf. also "Heisei san—nendo Roshia Kyokuto Gyogyo Chosadan Hokokusho (Daiichiji Chosa)" (Report of the Russian Far East fishery survey team 1991 (first survey)) (Tokyo: Dainihon Suisankai, March 1992), pp. 42—43.
 57. Author interview with a fishery industry representative in Sapporo, July 1992.
 58. This process may be coming to an end, with Moscow now attempting to reassert its authority over the administration of the fishing industry in the country. Author interviews with fishery administrators and industry leaders in Tokyo and Hokkaido, July 1992.
 59. "Koran Kiwamaru Roshia Kyokuto," p. 38.
 60. Kenzo Kawakami, "Daihenkaku shita Ro—renpo no Gyogyo Gyosei Kiko" (The organization of fishery administration of the Russian Federation reformed in a major way), *Suisankai*, No. 1285 (February 1992), p. 50.
 61. *Nihon Keizai Shimbun*, 20 May 1991, p. 2.
 62. Author interviews with fishery administrators and industry leaders in Sapporo, July 1992.
 63. Author interview with a fishing industry representative in Sapporo, July 1992.