

THE INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

ICSID CASE No. ARB/20/11

**PETERIS PILDEGOVICS and SIA NORTH STAR**

CLAIMANTS

**V.**

**THE KINGDOM OF NORWAY**

RESPONDENT

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**WITNESS STATEMENT OF**

**PETERIS PILDEGOVICS**

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**11 MARCH 2021**

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Savoie  
Laporte

## TABLE OF CONTENTS

INTRODUCTION	4
I. THE CLAIMANTS	5
A. Peteris Pildegovics	5
B. SIA North Star	6
II. INVESTMENTS MADE BY PETERIS PILDEGOVICS IN THE TERRITORY OF NORWAY	7
A. Contractual rights in a joint venture agreement concluded with Kirill Levanidov	7
B. Shares in North Star	16
C. Shares in Sea & Coast	18
III. INVESTMENTS MADE BY NORTH STAR IN THE TERRITORY OF NORWAY	19
A. Fishing vessels	20
B. Fishing capacity rights	22
C. Fishing licences	24
D. Contracts for the purchase of additional fishing vessels	32
E. Supply agreements	34
IV. FUNDING OF INVESTMENTS	36
V. OPERATION OF INVESTMENTS	38
A. Operations of the joint venture	38
B. North Star's operations	51
C. Sea & Coast's operations	55
D. Risks incurred by Claimants through the operation of their investments in Norway	57
VI. CLAIMANTS' INVESTMENTS SUPPORTED NORWAY'S ECONOMIC DEVELOPMENT	59
VII. NORWAY'S ACKNOWLEDGEMENT AND ACCEPTANCE OF CLAIMANTS' INVESTMENTS	60
VIII. NORWAY'S ADVERSE ACTIONS AGAINST CLAIMANTS' INVESTMENTS	66

IX. THE VALUE OF CLAIMANTS' INVESTMENTS WAS DESTROYED BY  
NORWAY'S ADVERSE ACTIONS \_\_\_\_\_

74

## **INTRODUCTION**

1. My name is Peteris Pildegovics. I am a Latvian business owner and a Claimant in the international arbitration that I brought with SIA North Star against the Kingdom of Norway (*Norway*) before the International Centre for the Settlement of Investment Disputes (ICSID Case No. ARB/20/11). I provide this witness statement in support of Claimants' Memorial dated 11 March 2021.
2. My witness statement presents the Claimants (Section I) and provides a detailed description of their investments in the Norwegian snow crab fishing industry (Sections II-III); the funding of these investments (Section IV) and their operations (Section V). It shows how Claimants' investments supported Norway's economic development (Section VI) and how these investments were initially acknowledged and accepted as legitimate by Norway (Section VII). It describes how Norway abruptly started taking adverse actions against Claimants' investments starting in September 2016 (Section VIII). Finally, it explains how these adverse actions destroyed the value of Claimants' investments (Section IX).
3. Except where I say otherwise, I make this witness statement from my own personal knowledge. Where the facts are within my own knowledge, they are true. If requested to testify in person, I would give evidence in English.
4. In preparing this witness statement I have been assisted by counsel, but the statement is otherwise my own.

## I. THE CLAIMANTS

### A. PETERIS PILDEGOVICS

5. I am a national of the Republic of Latvia.<sup>1</sup> I have held this nationality since 1991 when Latvia's full independence was restored after the fall of the Soviet Union.<sup>2</sup> I am not, and have never been, a national of Norway.
6. I am a business executive with over twenty-five years of experience in various industries, including trade promotion, finance, real estate and fisheries. In 2014, I founded SIA North Star, where I currently serve as a board member and general manager.<sup>3</sup> I am based in Riga, Latvia.
7. I am the owner and operator of a fishing enterprise, which is composed of three main assets:
  - (a) 100% of the shares in SIA North Star, a Latvian fishing company headquartered in Riga, Latvia (***North Star***);
  - (b) 100% of the shares in Sea & Coast AS, a Norwegian company providing services to fishing crews based in Baatsfjord, East Finnmark, Norway (***Sea & Coast***); and
  - (c) contractual rights in a joint venture agreement I concluded with my cousin Mr. Kirill Levanidov, the majority shareholder of Seagourmet AS (***Seagourmet***), a Norwegian company which is the owner and operator of a seafood processing factory in Baatsfjord.

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<sup>1</sup> C-0047.

<sup>2</sup> Former Latvian passports of Mr. Peteris Pildegovics, 1992-2016, **PP-0001**.

<sup>3</sup> Curriculum Vitae of Mr. Peteris Pildegovics, **PP-0002**.

## B. SIA NORTH STAR

8. North Star is a limited liability company incorporated under the laws of Latvia on 27 February 2014 and registered on Latvia's Commercial Register on 4 March 2014.<sup>4</sup>

9. North Star's head office is located at:

Jāņa Dikmaņa iela 4 - 35,  
LV-1013 Riga  
Latvia

10. North Star is a Latvian ship owner and operator. It currently owns two fishing vessels equipped for snow crab fishing: Saldus and Senator.<sup>5</sup> North Star used to own two other snow crab fishing vessels: Solveiga, which was sold in October 2017, and Solvita, which was sold in March 2021.<sup>6</sup>

11. Between October 2014 and January 2017, North Star completed all the necessary steps for the purchase of two additional vessels, Sokol and Solyaris, up to and including the conclusion of a definitive purchase agreement with the sellers. North Star planned to receive delivery of Sokol and Solyaris in January 2017. Instead, it was forced to cancel its purchase of the two vessels as a direct result of Norway's actions against North Star.<sup>7</sup>

12. From North Star's incorporation until January 2017, when its fishing operations were brought to a halt by Norway, all of North Star's assets were operated within the framework of the joint venture agreement I concluded with Mr. Levanidov. As contemplated by this joint venture, between February 2015 and September 2016, North

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<sup>4</sup> North Star Ltd. Reference, Latvia Register of Enterprises, 20 January 2021, **PP-0003; C-0075**; Resolution No. 6-12/33212 of the Register of Enterprises of the Republic of Latvia, 4 March 2014, **PP-0004**; North Star's Merchant's Registration Certificate, 4 March 2014, **PP-0005**; Application for Recording of a Capital Company in the Commercial Register, 27 February 2014, **PP-0006**; North Star Founder Registry Schedule No. 1, 27 February 2014, **PP-0007**.

<sup>5</sup> *Infra*, para. 65, 68. North Star also currently owns a third ship, Laima, which is a shrimp trawler that was never used as part of the snow crab fishery.

<sup>6</sup> *Infra*, para. 73

<sup>7</sup> *Infra*, para. 98-108

Star delivered more than 5,000 tonnes of snow crabs to Norway, mainly to Seagourmet's factory at the port of Baatsfjord.<sup>8</sup>

## **II. INVESTMENTS MADE BY PETERIS PILDEGOVICS IN THE TERRITORY OF NORWAY**

### **A. CONTRACTUAL RIGHTS IN A JOINT VENTURE AGREEMENT CONCLUDED WITH KIRILL LEVANIDOV**

13. Each of the Claimants' investments at issue in this case was made in the context of a joint business project I developed with my cousin Kirill Levanidov starting in early 2010, which led to the conclusion of a joint venture agreement between us in January 2014.
14. While no written instrument was drawn to formalize the terms of our joint venture agreement, I consider myself bound by it and I recognize that this agreement generates legal rights and obligations between Mr. Levanidov and myself.
15. I have read the first witness statement given by Mr. Levanidov on 11 March 2021 in support of Claimants' Memorial. I agree with Mr. Levanidov's statements at paragraphs 17 and 34 to 56 of his witness statement regarding the description of our joint venture agreement, its content, its effects and its operations, and I confirm that the facts presented therein are accurate to the best of my knowledge.
16. In May 2010, Mr. Levanidov and I met in Oslo. Mr. Levanidov wanted to tell me about a new business venture he had recently launched in Norway and was looking for my advice regarding the financing of this project. The project pertained to the development of an integrated king crab fishing and processing enterprise operating in Baatsfjord.
17. Mr. Levanidov was involved with two Norwegian companies as part of this project: Baatsfjord Fangst AS, a fishing company for which he was acting as a consultant; and Ishavsbruket AS (which later became known as Seagourmet), a company he had

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<sup>8</sup> *Infra*, para. 145 *et seq.*

founded to build and operate an onshore seafood processing plant in Baatsfjord (*Ishavsbruket* or *Seagourmet*).<sup>9</sup>

18. In May and June 2010, Mr. Levanidov and I exchanged emails about his business projects.<sup>10</sup> In the context of these exchanges, Mr. Levanidov laid out his vision of a vertically integrated seafood enterprise that would capture the full value chain from fishing to processing and distribution of finished products.

19.

A thick black horizontal bar, likely a redacted section of text.

<sup>9</sup> Email from K. Levanidov to P. Pildegovics, 8:43 PM, 14 May 2010, **PP-0008**.

<sup>10</sup> Email from K. Levanidov to P. Pildegovics, 11:30 AM, 14 May 2010, **PP-0009**; Email from K. Levanidov to P. Pildegovics, 8:43 PM, 14 May 2010, **PP-0008**; Email from K. Levanidov to P. Pildegovics, 3 June 2010, **PP-0010**.

- [REDACTED]
- [REDACTED]
20. The business opportunity identified by Mr. Levanidov initially related to red king crab. Norway had adopted a management plan that allowed for unlimited catches of red king crab in designated areas to limit the spread of the species.
  21. However, the development of a commercial king crab fishery in the Baatsfjord area faced an important obstacle: the scarcity of onshore factory capacity near the fishing grounds to process the crabs. This low capacity placed a low ceiling on the volume of crabs that could be landed. Mr. Levanidov wanted to resolve this problem by building further king crab processing capacity in Baatsfjord, which would then unlock the opportunity to invest in fishing capacity by creating demand for catches.<sup>12</sup>
  22. Around the same time, several vessels started reporting bycatches of snow crabs in the Barents Sea. This raised the possibility that a snow crab fishery could eventually develop there. While initial catch numbers were too low to support a commercial fishery, scientist were convinced that the snow crab population would grow in future years.<sup>13</sup>
  23. In 2013, Mr. Levanidov learned that Norwegian and Spanish vessels had reported substantial snow crab catches in the Barents Sea, specifically from the Loophole area of the NEAFC zone and waters off the Svalbard archipelago.<sup>14</sup> These catches indicated that snow crabs had by then reproduced in sufficient numbers to support the development of a commercial snow crab fishery.
  24. In May 2013, Mr. Levanidov obtained confirmations from the Norwegian authorities that snow crabs could legally be caught in the international waters of the Loophole area in the NEAFC zone.<sup>15</sup> Norwegian authorities later confirmed that this opportunity was

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<sup>11</sup> Email from K. Levanidov to P. Pildegovics, 11:30 AM, 14 May 2010, **PP-0009**.

<sup>12</sup> Witness Statement of Kirill Levanidov, para. 13 *et seq.*

<sup>13</sup> Witness Statement of Kirill Levanidov, para. 19 *et seq.*

<sup>14</sup> Witness Statement of Kirill Levanidov, para. 20.

<sup>15</sup> Witness Statement of Kirill Levanidov, para. 23.

not limited to Norwegian vessels, but that it was also available to vessels flying EU flags, which could catch snow crabs in the Loophole and deliver their catches in Norwegian ports under the same conditions as Norwegian vessels pursuant to the NEAFC Scheme.<sup>16</sup>

25. In or around June 2013, Mr. Levanidov updated me on the status of his business plans, which now focussed on snow crab. Mr. Levanidov was interested in knowing whether a fishing company could be formed in Latvia, to operate fishing vessels to catch snow crabs in the Barents Sea and to deliver them to Ishavsbruket's processing factory in Baatsfjord. He was looking for a partner who might be interested in building and running such a company.
26. Mr. Levanidov and I exchanged several emails on these topics over the following months.<sup>17</sup> As part of these exchanges, Mr. Levanidov shared his understanding that any party to NEAFC (including Latvia as an EU member state) could issue quota-free licences to fish for snow crabs in the NEAFC area. We also discussed the possibility of acquiring certain vessels that were on the market and having them registered under the Latvian flag to participate in the NEAFC snow crab fishery.
27. From mid-2013 to early 2014, I conducted research in Latvia to learn about the regulatory and licensing requirements to build a fishing company according to Mr. Levanidov's plan. For this purpose, I built a network of contacts within the Latvian Ministry of Agriculture. I also sought financing for the acquisition of fishing vessels and researched the market for such vessels as well as the regulatory requirements for their operation under the Latvian flag.

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<sup>16</sup> Witness Statement of Kirill Levanidov, paras. 28-32.

<sup>17</sup> Email from K. Levanidov to P. Pildegovics, 4 June 2013, **PP-0011**; Email exchange between P. Pildegovics and K. Levanidov, 8 July 2013 – 2 August 2013, **PP-0012**; Email exchange between P. Pildegovics and K. Levanidov, 30 September 2013 – 1 November 2013, **PP-0013**; Email exchange between P. Pildegovics and K. Levanidov, 21-23 December 2013, **PP-0014**; Email exchange between P. Pildegovics and K. Levanidov, 10-11 January 2014, **PP-0015**; Email exchange between P. Pildegovics and K. Levanidov, 17-20 January 2014, **PP-0016**; Email exchange between P. Pildegovics and K. Levanidov, 20 January 2014, **PP-0017**; Email exchange between P. Pildegovics and K. Levanidov, 22-23 January 2014, **PP-0018**; Email exchange between P. Pildegovics and K. Levanidov, 12 February 2014, **PP-0019**; Email exchange between P. Pildegovics and K. Levanidov, 19-21 February 2014, **PP-0020**; Email exchange between P. Pildegovics and K. Levanidov, 24-25 February 2014, **PP-0021**.

28. In September 2013, I received confirmation from the Latvian authorities that fishing vessels flying the Latvian flag could be licenced to catch snow crabs in the NEAFC zone following a notification process.<sup>18</sup> This convinced me of the feasibility of the project, and I informed Mr. Levanidov of my interest in partaking in it.
29. In late 2013, Mr. Levanidov and I started discussing the possibility of establishing a joint venture whereby we would work collaboratively towards the operation of an integrated snow crab fishing and processing enterprise based in Baatsfjord.
30. As part of this joint venture, I would be responsible for building a fishing company to deliver supplies of snow crab, while Mr. Levanidov would build capacity to process these snow crabs at his company's Baatsfjord factory. Mr. Levanidov would also leverage his contacts in the international seafood markets to find outlets for our snow crab products and help arrange financing for the project.
31. On 29 January 2014, Mr. Levanidov and I met in Riga<sup>19</sup>, where we confirmed our agreement to launch this joint venture and to work together towards our common business goals. Our joint venture agreement was sealed by a handshake.
32. As further described below, within the framework of this joint venture agreement, I arranged the incorporation of North Star in February 2014; acquired the shares to Sea & Coast in October 2015; built both companies into fully operating entities; and operated them to pursue the goals of the joint venture. For his part, Mr. Levanidov invested substantial sums to build a state-of-the-art snow crab processing facility in Baatsfjord through Seagourmet.
33. Mr. Levanidov's investments enabled Seagourmet's factory to process significant volumes of snow crabs delivered by North Star in 2015 and 2016. Mr. Levanidov also helped arrange financing for our respective operations and found end market purchasers with which North Star entered into supply agreements.

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<sup>18</sup> **C-0089; C-0090.**

<sup>19</sup> Meeting schedule, 26-30 January 2014, **PP-0022**; Email exchange between P. Pildegovics and K. Levanidov, 22-23 January 2014, **PP-0018**.

34. While we each had our respective duties as part of the joint venture, we agreed to operate our investments collaboratively and for our common benefit. From January 2014 onward, Mr. Levanidov and I together made all the strategic decisions concerning North Star, Sea & Coast and Seagourmet within the framework of our joint venture. The employees of our respective companies worked together on a day-to-day basis towards the achievement of our common goal: to build a vertically integrated enterprise spanning snow crab fishery; the processing of raw snow crab catches and their transformation into end products; and the marketing and sale of such products to customers.
35. As part of my role within our joint venture, I was closely involved in the planning and building of Seagourmet's factory at Baatsfjord. Mr. Levanidov was consulted on all the decisions made with respect to the purchase and operation of North Star's fleet of fishing vessels. Together, we ran our businesses as a single integrated enterprise and we each derived important competitive advantages from the coordinated management of our companies.
36. From the perspective of my fishing enterprise, participating in a joint venture with Mr. Levanidov ensured a consistent and reliable source of demand for North Star's snow crab catches. A fleet of "live catchers"<sup>20</sup> without strategic links to an onshore partner constantly faces the critical risk of not finding demand for its catches due to limited onshore processing capacity.
37. To illustrate the importance of this benefit to North Star, consider the situation where several uncoordinated fishing vessels call the port at the same time, all attempting to sell their catches to a limited number of onshore factories. The factories may then be offered far more supply than they are capable of absorbing. This situation entails significant disadvantages for the fishing vessels: delays before catches can be landed (as vessels must queue and wait for available docking space); a short-term drop in the local price of crabs (as the vessels compete with each other to sell their catches and unload them first); the possible need to visit several factories to find a taker or, in a worst-case scenario, the need to release catches at sea for lack of any demand (when all

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<sup>20</sup> "Live catcher" vessels or "live catchers" are fishing vessels without onboard processing capacity, as distinguished from "factory vessels", which process and transform their catches onboard. In 2015 and 2016, North Star owned three live catchers (Solvita, Saldus and Solveiga) and one factory vessel (Senator). It had completed the steps to purchase two further factory vessels (Sokol and Solyaris).

factory storage is filled to capacity). These risks are particularly great in Norway's northern harbors, where most onshore seafood factories operate seasonally, and snow crab processing capacity is otherwise scarce throughout the year.

38. An onshore factory owner also benefits from the ability to coordinate with a partner fishing company. A factory without a fishing partner is fully dependent on live catches delivered by third-party fishing vessels, the timing, quality and quantities of which it can neither control nor predict. In practice, this means that a factory without a fishing partner may at times operate well below capacity (when supplies are insufficient), have to pay high prices for limited crab supplies (when factories are competing for scarce supply), or face logistical difficulties when several uncoordinated vessels come to unload crabs at the same time. In such a model, the factory must work with whatever supply is provided by the third-party fishing vessels, without any ability to influence the grade, quality or quantities delivered. This unfavourable dynamic discourages investment in processing capacity, which therefore remains limited. In turn, the scarcity of processing capacity discourages investment in fishing capacity for lack of sufficient outlets for catches. This creates a vicious cycle which ultimately hampers the development of a successful fishery.
39. The joint venture I concluded with Mr. Levanidov was designed to avoid these pitfalls through the coordinated management of our respective investments. This gave our companies significant operational benefits which could not have been achieved had they been operated independently from one another:
  - (a) Optimization of the timing of North Star's deliveries to Seagourmet through the joint management of North Star's fleet schedules, ensuring timely deliveries to Seagourmet and the avoidance of logistical problems at the port for North Star;
  - (b) Ability for North Star to deliver large volumes of snow crab to Seagourmet, guaranteed by Seagourmet's substantial processing capacities and year-long operations;
  - (c) Adaptation of Seagourmet's piers to accommodate the large size of North Star's vessels;

- (d) Prior consultation and agreement on target quantities, grades and qualities of snow crab to be supplied by North Star to Seagourmet, aiming to ensure that Seagourmet received products aligned with end-market demand, and allowing North Star to maximize intake of its catches;
  - (e) Negotiated agreements on pricing<sup>21</sup>, which (i) ensured that the price paid by Seagourmet for North Star's supplies was at all times predictable and fair to both parties; (ii) avoided price distortions created by short-term market imbalances (too much or too little supply available in the local market at any point in time); (iii) allowed the parties to make pricing adjustments where justified; and (iv) enabled both companies to more accurately forecast costs and revenues.
40. While our ownership of the several companies collaborating as part of the joint venture was and remains separate, Mr. Levanidov and I agreed that we would implement a formal profit-sharing mechanism when our businesses reached their potential. Among other options, we considered the possibility of bringing our assets within a single corporate umbrella to facilitate such profit sharing.
41. We were unable to complete this further integration of our investments, or otherwise to implement a formal profit-sharing scheme, before Norway started taking adverse actions against our investments.
42. The joint venture agreement I concluded with Mr. Levanidov established an integrated economic enterprise with operations located within the territory of Norway, or where Norway exercises its sovereign jurisdiction:
- (a) North Star's vessels were licenced to catch snow crabs in the Loophole and in waters off the coast of Svalbard. North Star's vessels thus caught snow crabs in areas where Norway now claims to be sovereign or to enjoy sovereign jurisdiction.
  - (b) North Star's vessels landed and sold virtually all of their snow crab catches in Norwegian ports, mainly at Seagourmet's factory in the port of Baatsfjord.

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<sup>21</sup> Email exchange between K. Levanidov, P. Pildegovics and P. Kruglov, 4-5 April 2015, **PP-0024; C-053; C-054**.

Thus, the economic value of North Star’s fishing activities was realized almost exclusively within the territory of Norway.

- (c) In order to reach Norwegian ports from the Loophole or the waters off Svalbard, North Star ships travelled through the Norwegian Economic Zone and the Norwegian territorial sea<sup>22</sup> and were subject to routine inspections by the Norwegian coast guard.
- (d) North Star’s snow crab catches were processed in Norway, primarily by Seagourmet in Baatsfjord, but also by other Norwegian seafood processing companies based in the nearby Norwegian port of Vardo. Virtually all of North Star’s catches were sold onshore in Norway.
- (e) North Star’s vessels were serviced by Sea & Coast, a Norwegian company based and operating in Baatsfjord, which acted as North Star’s local agent for its four vessels “*in ports of call and on fishing ground in Norway*”.<sup>23</sup>
- (f) All companies participating in the joint venture, including North Star and Sea & Coast, were operated from Seagourmet’s premises located at Havnegata 16-18, in the port of Baatsfjord. Employees of the three companies worked together on a daily basis and coordinated with each other on all aspects of the operation of the joint venture. North Star and Sea & Coast rented office space from Seagourmet for this purpose.<sup>24</sup> I myself had an office at Seagourmet’s premises.<sup>25</sup>
- (g) At our project’s peak in 2016, North Star employed over 90 seamen and administrative staff who were based in or operated from Baatsfjord. By

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<sup>22</sup> Vessel Track of Saldus, 3 January 2012 – 25 November 2020, **PP-0025**; Vessel Track of Senator, 3 January 2012 – 25 November 2020, **PP-0026**; Vessel Track of Solveiga, 1 January 2014 – 3 November 2017, **PP-0027**; Vessel Track of Solvita, 1 July 2012 – 26 December 2020, **PP-0028**.

<sup>23</sup> Local Agency Agreement between North Star and Sea & Coast, 1 February 2015, **PP-0029**, art. 1; Local Agency Agreement between North Star and Sea & Coast, 1 January 2017, **PP-0030**, art. 1; Local Agency Agreement between North Star and Sea & Coast, 1 January 2019, **PP-0031**, art. 1; Local Agency Agreement between North Star and Sea & Coast, 1 January 2021, **PP-0032**, art. 1.

<sup>24</sup> Sample invoice from Seagourmet to Sea & Coast for rental of office space and accommodation, 5 July 2016, **PP-0033**.

<sup>25</sup> Photograph of Peteris Pildegovics working at his desk at Seagourmet, **PP-0034**.

comparison, since its incorporation in March 2014, North Star never had more than four employees based at its headquarters in Riga. Thus, while the company is incorporated under the laws of Latvia and based in Riga, North Star's operations were (and remain) predominantly located in Norway.

- (h) When our joint venture's activities were stopped by Norway's adverse actions, Senator was arrested and kept at the Norwegian port of Kirkenes, while North Star's three other ships remained moored in Baatsfjord.<sup>26</sup>
- 43. My conclusion of a joint venture agreement with Mr. Levanidov was an essential precondition for all of my other investments in the project. Without this joint venture and the important competitive advantages it brought, I would not have made these investments, and I believe that Mr. Levanidov would not have invested the funds needed to build Seagourmet's Baatsfjord factory into a modern and productive snow crab processing factory.

## B. SHARES IN NORTH STAR

- 44. On 27 February 2014, North Star was incorporated as a Latvian limited liability company<sup>27</sup> to serve as the main vehicle for my investments under the framework of my joint venture agreement with Mr. Levanidov. North Star was entered on the Latvian Commercial Register on 4 March 2014.<sup>28</sup>
- 45. According to North Star's articles of incorporation, the company's fixed capital is divided into 100 shares, each having a par value of EUR 30.00. The company's board

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<sup>26</sup> T. Abelsen, S. Vik, "*Jobs are at risk while Norway and the EU quarrel*," NRK, 14 February 2017, **PP-0035**; A. Fenstad, N. Torsvik, "*Hope Supreme Court reopens crab production*," Fiskeribladet, 8 November 2017, **PP-0036**.

<sup>27</sup> Application for Recording of a Capital Company in the Commercial Register, 27 February 2014, **PP-006**; North Star Founder Registry Schedule No. 1, 27 February 2014, **PP-007**.

<sup>28</sup> North Star Ltd. Reference, Latvia Register of Enterprises, 20 January 2021, **PP-003**; **C-0075**; Resolution No. 6-12/33212 of the Register of Enterprises of the Republic of Latvia, 4 March 2014, **PP-004**; North Star's Merchant's Registration Certificate, 4 March 2014, **PP-005**.

was composed of a single director until 8 December 2020.<sup>29</sup> Since then, it has been composed of two directors, Mr. Levanidov and me.<sup>30</sup>

46. North Star was incorporated by Ms. Irina Fiksa, who was initially the sole shareholder and director of the company.<sup>31</sup> Ms. Fiksa was a representative of Lat-Salmon LLC, an owner and operator of fishing vessels based in Latvia (*Lat-Salmon*).
47. At the time, I was negotiating with Lat-Salmon to acquire rights to operate ships as fishing vessels (or “fishing capacity” rights, as further explained below).<sup>32</sup> I agreed with Lat-Salmon that its fishing capacity rights would be transferred through the incorporation of a new company, North Star, the assignment of such rights by Lat-Salmon to North Star, and the subsequent transfer of North Star shares.<sup>33</sup>
48. The transfer of fishing capacity rights to North Star was agreed with Lat-Salmon on 25 February 2014. Ms. Fiksa thereafter incorporated North Star and Lat-Salmon transferred its fishing capacity to North Star.<sup>34</sup>
49. Following this transfer, a share purchase agreement was concluded with Ms. Fiksa for the assignment of 100% of North Star’s shares (100 shares).<sup>35</sup> Full payment of consideration for the acquisition of Ms. Fiksa’s shares was made on 10 May 2014.<sup>36</sup>

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<sup>29</sup> North Star’s Articles of Incorporation, 27 February 2014, **PP-0037**.

<sup>30</sup> North Star’s Articles of Incorporation, 8 December 2020, **PP-0038**; Statement from the Latvian Register of Enterprises, 22 December 2020, **PP-0039**.

<sup>31</sup> Application for Recording of a Capital Company in the Commercial Register, 27 February 2014, **PP-0006**; North Star’s Founder registry schedule No 1, 27 February 2014, **PP-0007**.

<sup>32</sup> *Infra*, para. 75 *et seq.*

<sup>33</sup> Contract for the acquisition of Solvita’s fishing capacity, 25 February 2014, **PP-0040**.

<sup>34</sup> *Ibid.*

<sup>35</sup> Share purchase agreement for the assignment of North Star’s shares, 10 May 2014, **PP-0041**.

<sup>36</sup> Transaction receipt for payment of consideration for Ms. Bariseva’s purchase of North Star shares from Ms. Fiksa, 10 May 2014, **PP-0042**.

50. The acquirer of North Star's shares was Ms. Nadezda Bariseva (Pildegovica), my then life partner and currently my wife. Ms. Bariseva became the sole shareholder and director of North Star in May 2014.<sup>37</sup>
51. On 15 June 2015, I concluded a share purchase agreement with Ms. Bariseva through which I acquired 100% of North Star's shares (100 shares).<sup>38</sup> Since then, I have been a director of North Star and its sole shareholder.<sup>39</sup>
52. On 8 December 2020, North Star amended its articles of incorporation to increase the size of its board to two members.<sup>40</sup> Mr. Levanidov was appointed to North Star's board on 16 December 2020.<sup>41</sup>

### C. SHARES IN SEA & COAST

53. Sea & Coast is a limited liability company incorporated under the laws of Norway on 26 June 2014 and registered on the Norwegian corporate register on 16 July 2014.<sup>42</sup>
54. Sea & Coast's head office is located at:

Havnegata 16  
9990 Baatsfjord  
Norway

55. Sea & Coast's capital is divided into 30 shares. The company's board is composed of a single director.<sup>43</sup>

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<sup>37</sup> North Star's sole shareholder's resolution, 10 May 2014, **PP-0043**; Resolution No. 6-12/72052 by the Register of Enterprises of the Republic of Latvia, 12 May 2014, **PP-0044**.

<sup>38</sup> **C-0076**; Transaction receipt for payment of consideration for Mr. Pildegovics' purchase of North Star shares from Ms. Bariseva, 15 June 2015, **PP-0045**.

<sup>39</sup> North Star's sole shareholder's resolution, 18 June 2015, **PP-0046**; North Star's Founder registry schedule No 3, 18 June 2015, **PP-0047**; **C-0077**; **C-0075**.

<sup>40</sup> North Star's Articles of Incorporation, 8 December 2020, **PP-0038**.

<sup>41</sup> Statement from the Latvian Register of Enterprises, 22 December 2020, **PP-0039**.

<sup>42</sup> Norwegian Commercial Registry, Sea & Coast AS, 11 November 2015, **PP-0048**.

<sup>43</sup> Norwegian Commercial Registry, Sea & Coast AS, 11 November 2015, **PP-0048**; Minutes of Sea & Coast's board meeting, 15 October 2015, **PP-0049**.

56. Sea & Coast was incorporated by Mr. Sergei Ankipov, Seagourmet's Project Coordinator, in preparation for the launch of the joint venture's operations in late 2014. Mr. Ankipov initially held all of Sea & Coast's shares and acted as the company's sole director.
57. On 15 October 2015, I acquired all of Sea & Coast's shares from Mr. Ankipov.<sup>44</sup> I was appointed as Sea & Coast's sole director on the same date.<sup>45</sup> Since then, I have been the sole shareholder and director of Sea & Coast.
58. Since June 2014, Sea & Coast has operated as a local agent for North Star's vessels and crews in Norway. Its mission was to facilitate the vessels' operations and to procure the goods and services they required, notably by building commercial relationships with suppliers from the local community.
59. Through this important role, Sea & Coast enabled North Star's snow crab fishing operations and was therefore a key contributor to my joint venture with Mr. Levanidov.

### **III. INVESTMENTS MADE BY NORTH STAR IN THE TERRITORY OF NORWAY**

60. As contemplated by my joint venture with Mr. Levanidov, North Star acquired and operated several assets supporting its snow crab fishing operations in the territory of Norway: four ships (subsection A); "fishing capacity" rights, namely rights allowing the ships to be used as fishing vessels under the Latvian flag (subsection B); fishing licences authorizing these vessels to catch snow crabs in the Loophole area of the NEAFC zone and in waters off the Svalbard archipelago (subsection C); contracts for the acquisition of two additional ships, along with fishing capacity enabling their operation as fishing vessels (subsection D); and supply agreements with purchasers of snow crab products (subsection E).

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<sup>44</sup> Share purchase agreement between S. Ankipov and P. Pildegovics, 14 October 2015, **PP-0050**; Minutes of Sea & Coast's board meeting, 15 October 2015, **PP-0049**; Norwegian Commercial Registry, Sea & Coast AS, 11 November 2015, **PP-0048**.

<sup>45</sup> Minutes of Sea & Coast's board meeting, 15 October 2015, **PP-0049**.

## A. FISHING VESSELS

61. Between April and December 2014, North Star acquired four ships<sup>46</sup> for a single business purpose: to build capacity to catch snow crabs in the Barents Sea and to deliver them to Seagourmet's Baatsfjord factory.
62. While purchase agreements for the acquisition of these ships were signed by my partner Ms. Bariseva when she served as North Star's sole director, I personally led the negotiations for their purchase. Mr. Levanidov provided strategic advice and guidance based on his experience in the fishing industry<sup>47</sup> and my decisions to conclude the purchase agreements were taken following extensive consultations between us.
63. On 15 April 2014, North Star acquired the fishing vessel **Solvita** (formerly Ivangorod) for a price of USD 1,075,000.<sup>48</sup> North Star took delivery of Solvita at the port of Baatsfjord in June 2014. The same month, North Star registered the vessel under the Latvian flag.<sup>49</sup>
64. Solvita was fitted for snow crab harvesting at the time of its purchase. It commenced harvesting snow crabs in the Loophole in August 2014.
65. On 25 August 2014, North Star acquired the factory vessel **Senator** (formerly Otto) for a price of EUR 900,000.<sup>50</sup> North Star took delivery of Senator at the port of

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<sup>46</sup> Vessel specifications for Senator, Saldus, Solvita and Solveiga, **PP-0051**.

<sup>47</sup> Email from K. Levanidov to P. Pildegovics, 4 June 2013, **PP-0011**; Email exchange between P. Pildegovics and K. Levanidov, 8 July 2013 – 2 August 2013, **PP-0012**; Email exchange between P. Pildegovics and K. Levanidov, 30 September 2013 – 1 November 2013, **PP-0013**; Email exchange between P. Pildegovics and K. Levanidov, 21-23 December 2013, **PP-0014**; Email exchange between P. Pildegovics and K. Levanidov, 10-11 January 2014, **PP-0015**; Email exchange between P. Pildegovics and K. Levanidov, 17-20 January 2014, **PP-0016**; Email exchange between P. Pildegovics and K. Levanidov, 20 January 2014, **PP-0017**; Email exchange between P. Pildegovics and K. Levanidov, 22-23 January 2014, **PP-0018**; Email exchange between P. Pildegovics and K. Levanidov, 12 February 2014, **PP-0019**; Email exchange between P. Pildegovics and K. Levanidov, 19-21 February 2014, **PP-0020**; Email exchange between P. Pildegovics and K. Levanidov, 24-25 February 2014, **PP-0021**.

<sup>48</sup> **C-0061**; Invoice for purchase of Solvita, 15 April 2014, **PP-0052**, **C-0062**.

<sup>49</sup> Certificates of registry for Solvita, 10 June 2014 – 2 December 2020, **PP-0053**.

<sup>50</sup> **C-0057**; Bill of sale IMO n°6812986, 28 August 2014, **PP-0054**; Invoice for purchase of Senator, 8 September 2014, **PP-0055**; Vessel delivery and acceptance certificate, 8 September 2014, **PP-0056**; **C-0058**.

Hafnarfjordur, Iceland, in September 2014. The same month, North Star registered the vessel under the Latvian flag.<sup>51</sup>

66. At the time of its purchase, Senator was fitted as a shrimp trawler with onboard processing capacities. It needed refitting to make it suitable for snow crab fishing and processing. For this purpose, following its delivery to North Star, Senator sailed to the port of Gdansk, Poland, where it was refitted at the Remontowa shipyards. North Star invested over EUR 1.63 million towards Senator's refitting to make it suitable for snow crab fishing.<sup>52</sup>
67. Following completion of Senator's refitting, Senator sailed to Baatsfjord in May 2015. It commenced catching and processing snow crabs in the Loophole the same month.
68. On 20 November 2014, North Star acquired the fishing vessel **Saldus** (formerly Iskander) for a price of USD 1,050,000.<sup>53</sup> North Star took delivery of Saldus at the port of Busan, South Korea, in December 2014. The same month, North Star registered the vessel under the Latvian flag.<sup>54</sup> Saldus then sailed for the port of Baatsfjord.
69. Saldus was fitted for snow crab fishing at the time of its purchase. It commenced catching snow crabs in the Loophole in April 2015.
70. On 22 December 2014, North Star acquired the fishing vessel **Solveiga** (formerly Saratoga) for a price of USD 1,150,000.<sup>55</sup> North Star took delivery of Solveiga at the port of Busan, South Korea, in January 2015. The same month, North Star registered the vessel under the Latvian flag.<sup>56</sup> Solveiga then sailed for the port of Baatsfjord.

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<sup>51</sup> Certificates of registry for Senator, 12 September 2014 – 7 November 2020, **PP-0059**.

<sup>52</sup> Contract No. Remontowa/14-1156, 22 October 2014, **PP-0060**; Final invoice from Remontowa, 12 May 2015, **PP-0061**.

<sup>53</sup> **C-0055**; Invoice for purchase of Saldus, 20 November 2014, **PP-0062; C-0056**.

<sup>54</sup> Certificates of registry for Saldus, 5 December 2014 – 2 December 2020, **PP-0063**.

<sup>55</sup> **C-0059; C-0060**; Invoice for purchase of Solveiga, 22 December 2014, **PP-0064**.

<sup>56</sup> Certificates of registry for Solveiga, 5 January 2015- 6 December 2018, **PP-0065**.

71. Solveiga was fitted for snow crab fishing at the time of its purchase. It commenced catching snow crabs in the Loophole in April 2015.
72. Between August 2014 and September 2016, Solvita, Senator, Saldus and Solveiga were operated to catch snow crabs in the Loophole and to unload them in Norwegian ports, mainly at Seagourmet's Baatsfjord factory.<sup>57</sup>
73. In October 2017, as Norway continued to prohibit North Star's snow crab fishing operations, North Star decided to sell Solveiga to raise liquidities. Solveiga's sale was concluded on 19 October 2017 and the vessel was delivered to its buyer at the port of Baatsfjord.<sup>58</sup> As North Star continued to struggle since then, it also sold Solvita in March 2021.<sup>59</sup>
74. Had North Star been allowed to exercise its fishing rights, it would not have sold Solveiga and Solvita and would have continued to use both vessels for its snow crab fishing operations.

## B. FISHING CAPACITY RIGHTS

75. In order to build a fleet of fishing vessels, a new fishing company must acquire not only physical ships, but also fishing "capacity", referring to the right to operate ships as fishing vessels.
76. In the European Union, fishing capacity is constrained by a management scheme which seeks to balance the fishing capacity of the total fleet and available fishing opportunities.<sup>60</sup> The goal of the scheme is to reduce the risk of overfishing by limiting the number of EU ships that can fish at any given time.

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<sup>57</sup> *Infra*, para. 145 *et seq.*

<sup>58</sup> Contract for the sale of Solveiga and deed of conveyance, 19 October 2017, **PP-0066**.

<sup>59</sup> Bill of sale for Vessel (sale of Solvita), 2 March 2021, **PP-0067**.

<sup>60</sup> European Commission Website, "*Management of fishing capacity - fishing fleet*," 1 March 2021 [date of access], **PP-0068**.

77. For each EU country, a fishing fleet capacity ceiling is established with respect to maximum total engine and cargo capacity, calculated in kilowatts (kW) and gross tonnage (GT). Since the total kW and GT ceiling is fixed, a new fishing vessel may only enter a country's fishing fleet if an existing vessel is removed from the fleet.<sup>61</sup>
78. The fishing capacity management scheme creates a significant barrier to new entrants in the fishing industry because incumbent fishing companies own all existing fishing capacity. Fishing capacity may therefore only become available to a new entrant if an incumbent fishing company decommissions a fishing vessel without replacing it with a new one, in effect reducing its fishing capacity.
79. In 2014, North Star acquired fishing capacity rights of 2,809 kW and 1,954 GT, allowing North Star to operate Solvita, Saldus and Solveiga as fishing vessels, at a total cost of [REDACTED]. These acquisitions were completed through the transfer of fishing capacity rights from [REDACTED] to North Star.
80. On 25 February 2014, I concluded an agreement with [REDACTED], the representative of [REDACTED], for the transfer of 852 kW and 734 GT of fishing capacity rights to enable the operation of Solvita as a fishing vessel by North Star.<sup>62</sup> The fishing capacity transfer was completed through an application to the Ministry of Agriculture of Latvia, which was granted on 22 April 2014.<sup>63</sup>
81. On 16 July 2014, I concluded another agreement with [REDACTED] for the transfer of fishing capacity rights to enable North Star's operation of Saldus (853 kW and 723 GT) and Solveiga (1,104 kW and 497 GT) as fishing vessels.<sup>64</sup> These transfers were approved by the Latvian Ministry of Agriculture on 16 September 2014 and 26 November 2014 respectively.<sup>65</sup>

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<sup>61</sup> *Ibid.*

<sup>62</sup> Contract for the acquisition of Solvita's fishing capacity, 25 February 2014, **PP-0040**.

<sup>63</sup> Letter from the Latvian Ministry of Agriculture to North Star, 22 April 2014, **PP-0069**.

<sup>64</sup> Contract for the acquisition of fishing capacity for Saldus and Solveiga, 16 July 2014, **PP-0070**.

<sup>65</sup> Letter from the Latvian Ministry of Agriculture to North Star, 16 September 2014, **PP-0071**; Letter from the Latvian Ministry of Agriculture to North Star, 26 November 2014, **PP-0072**.

82. North Star acquired the fishing capacity to enable its operation of Senator through its purchase of the vessel from its prior Latvian owner, SIA Burinieki. The acquisition of Senator and its operation as a fishing vessel by North Star were approved by the Latvian Ministry of Agriculture on 28 July 2014.<sup>66</sup>
83. Because of fishing capacity ceilings, which effectively limit the number of European vessels allowed to be used for fisheries, North Star's fishing capacity is a rare and valuable intangible asset.
84. Between August 2014 and January 2017, North Star's fishing capacity was used exclusively to enable North Star's fishing operations as part of my joint venture with Mr. Levanidov.

### C. FISHING LICENCES

85. On 11 June 2014, North Star received a special permit issued by Latvia providing it with the right to engage in fishing business operations in international waters and waters of other countries outside the Baltic Sea.<sup>67</sup> This permit was renewed in 2017 and 2019 and is currently valid until January 2023.<sup>68</sup>
86. Since 1<sup>st</sup> July 2014, North Star has owned fishing licences issued by the Republic of Latvia authorizing each of its ships to engage in snow crab fishing in the international waters of the NEAFC zone (including the Loophole).
87. Since 1<sup>st</sup> November 2016, North Star has also owned fishing licences issued by the Republic of Latvia authorizing its ships to catch snow crabs in waters off the Svalbard archipelago.
88. Pursuant to the Svalbard Treaty, the ships and nationals of contracting parties enjoy equal fishing rights in Svalbard waters. Latvia ratified the Svalbard Treaty in June 2016.

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<sup>66</sup> Letter from the Latvian Ministry of Agriculture to North Star, 28 July 2014, **PP-0073**.

<sup>67</sup> Special permit (Licence) No. ZS000023, 11 June 2014, **PP-0074**.

<sup>68</sup> Special permit (Licence) No. ZS000193, 1 March 2017, **PP-0075**; Special permit (Licence) No. ZS000348, 9 December 2019, **PP-0076**.

Following this ratification, North Star was among the first Latvian fishing companies to be issued fishing licences for Svalbard by Latvia.

89. North Star has been issued the following fishing licences for **Solvita**:
- (a) Fishing permit for open sea fishery No. CS2014J020 for the NEAFC zone, in force from July 1<sup>st</sup>, 2014 to December 31<sup>st</sup>, 2014, for unlimited species;<sup>69</sup>
  - (b) Fishing permit for open sea fishery No. CS2015J0245 for the NEAFC zone, in force from January 1<sup>st</sup>, 2015 to December 31<sup>st</sup>, 2015, for unregulated species;<sup>70</sup>
  - (c) Fishing permit for open sea fishery No. CS2016J0460 for the NEAFC zone, in force from January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016, for unregulated species;<sup>71</sup>
  - (d) Fishing permit for open sea fishery No. CS2016J0531 for the Svalbard zone, in force from November 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016, for unregulated species;<sup>72</sup>
  - (e) Fishing licence No. CS2017D3423 for the NEAFC zone, in force from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017, for unregulated species;<sup>73</sup>
  - (f) Fishing licence No. CS2017D3427 for the Svalbard zone, in force from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017, for snow crabs;<sup>74</sup>
  - (g) Fishing licence No. 2018D3582 for the NEAFC zone, in force from January 1<sup>st</sup>, 2018 to December 31<sup>st</sup>, 2018, for unregulated species;<sup>75</sup>

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<sup>69</sup> **C-0023.**

<sup>70</sup> **C-0024.**

<sup>71</sup> **C-0025.**

<sup>72</sup> **C-0026.**

<sup>73</sup> **C-0027.**

<sup>74</sup> **C-0028.**

<sup>75</sup> **C-0029.**

- (h) Fishing licence No. 2018D3585 for the Svalbard zone, in force from January 1<sup>st</sup>, 2018 to December 31<sup>st</sup>, 2018, for snow crabs;<sup>76</sup>
- (i) Fishing licence No. 2019D3711 for the NEAFC zone, in force from January 1<sup>st</sup>, 2019 to December 8<sup>th</sup>, 2019, for unregulated species;<sup>77</sup>
- (j) Fishing licence No. 2019D3717 for the Svalbard zone, in force from January 1<sup>st</sup>, 2019 to December 8<sup>th</sup>, 2019, for snow crabs;<sup>78</sup>
- (k) Fishing licence No. 2019D3812 for the NEAFC zone, in force from December 9, 2019 to December 31, 2019, for unregulated species;<sup>79</sup>
- (l) Fishing licence No. 2019D3816 for the I and IIb Fishing divisions (Svalbard zone), in force from December 9, 2019 to December 31, 2019, for snow crabs;<sup>80</sup>
- (m) Fishing licence No. 2020D3896 for the NEAFC zone, in force from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, for unregulated species;<sup>81</sup>
- (n) Fishing licence No. 2020D3925 for the I and IIb Fishing divisions (Svalbard zone), in force from February 25, 2020 to December 31, 2020, for snow crabs;<sup>82</sup>
- (o) Fishing licence No. 2021D4076 for the NEAFC zone, in force from January 1<sup>st</sup> 2021 to December 31, 2021, for unregulated species;<sup>83</sup>

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<sup>76</sup> **C-0030.**

<sup>77</sup> Fishing Licence for Solvita, NEAFC, 1 January 2019, **PP-0077**.

<sup>78</sup> Fishing Licence for Solvita, Svalbard, 1 January 2019, **PP-0078**.

<sup>79</sup> Fishing Licence for Solvita, NEAFC, 9 December 2019, **PP-0079**.

<sup>80</sup> Fishing Licence for Solvita, Svalbard, 9 December 2019, **PP-0080**.

<sup>81</sup> Fishing Licence for Solvita, NEAFC, 1 January 2020, **PP-0081**.

<sup>82</sup> Fishing Licence for Solvita, Svalbard, 25 February 2020, **PP-0082**.

<sup>83</sup> Fishing Licence for Solvita, NEAFC, 1 January 2021, **PP-0083**.

(p) Fishing licence No. 2021D4072 for the I and IIb Fishing divisions (Svalbard Zone), in force from January 1<sup>st</sup> 2021 to December 31, 2021, for snow crabs.<sup>84</sup>

90. North Star has been issued the following fishing licences for **Senator**:

- (a) Fishing permit for open sea fishery No. CS2015J0244 for the NEAFC zone, in force from January 1<sup>st</sup>, 2015 to December 31<sup>st</sup>, 2015, for unregulated species;<sup>85</sup>
- (b) Fishing permit for open sea fishery No. CS2016J0459 for the NEAFC zone, in force from January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016, for unregulated species;<sup>86</sup>
- (c) Fishing permit for open sea fishery No. CS2016J0530 for the Svalbard zone, in force from November 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016, for unregulated species;<sup>87</sup>
- (d) Fishing licence No. 2017D3422 for the NEAFC zone, in force from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017, for unregulated species;<sup>88</sup>
- (e) Fishing licence No. CS2017D3426 for the Svalbard zone, in force from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017, for snow crabs;<sup>89</sup>
- (f) Fishing licence No. 2018D3581 for the NEAFC zone, in force from January 1<sup>st</sup>, 2018 to December 31<sup>st</sup>, 2018, for unregulated species;<sup>90</sup>
- (g) Fishing licence No. 2018D3584 for the Svalbard zone, in force from January 1<sup>st</sup>, 2018 to December 31<sup>st</sup>, 2018, for snow crabs;<sup>91</sup>

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<sup>84</sup> Fishing Licence for Solvita, Svalbard, 1 January 2021, **PP-0084**.

<sup>85</sup> **C-0011.**

<sup>86</sup> **C-0012.**

<sup>87</sup> **C-0013.**

<sup>88</sup> **C-0014.**

<sup>89</sup> **C-0015.**

<sup>90</sup> **C-0016.**

<sup>91</sup> **C-0017.**

- (h) Fishing licence No. 2019D3710 for the NEAFC zone, in force from January 1<sup>st</sup>, 2019 to December 8<sup>th</sup>, 2019, for unregulated species;<sup>92</sup>
- (i) Fishing licence No. 2019D3716 for the Svalbard zone, in force from January 1<sup>st</sup>, 2019 to December 8<sup>th</sup>, 2019, for snow crabs and unregulated species;<sup>93</sup>
- (j) Fishing licence No. 2020D3898 for the NEAFC zone, in force from January 1<sup>st</sup>, 2020 to October 10, 2020, for unregulated species;<sup>94</sup>
- (k) Fishing licence No. 2020D3921 for the I and IIb Fishing divisions (Svalbard zone), in force from February 25, 2020 to October 10, 2020, for snow crabs;<sup>95</sup>
- (l) Fishing licence No. 2021D4075 for the NEAFC zone, in force from January 1<sup>st</sup>, 2021 to December 31, 2021, for unregulated species;<sup>96</sup>
- (m) Fishing licence No. 2021D4071 for the Svalbard zone, in force from January 1<sup>st</sup>, 2021 to December 31, 2021, for snow crab.<sup>97</sup>

91. North Star has been issued the following fishing licences for **Saldus**:

- (a) Fishing permit for open sea fishery No. CS2015J0246 for the NEAFC zone, in force from January 1<sup>st</sup>, 2015 to December 31<sup>st</sup>, 2015, for unregulated species;<sup>98</sup>
- (b) Fishing permit for open sea fishery No. CS2016J0461 for the NEAFC zone, in force from January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016, for unregulated species;<sup>99</sup>

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<sup>92</sup> Fishing Licence for Senator, NEAFC, 1 January 2019, **PP-0085**.

<sup>93</sup> Fishing Licence for Senator, Svalbard, 1 January 2019, **PP-0086**.

<sup>94</sup> Fishing Licence for Senator, NEAFC, 1 January 2020, **PP-0087**.

<sup>95</sup> Fishing Licence for Senator, Svalbard, 25 February 2020, **PP-0088**.

<sup>96</sup> Fishing Licence for Senator, NEAFC, 1 January 2021, **PP-0089**.

<sup>97</sup> Fishing Licence for Senator, Svalbard, 1 January 2021, **PP-0090**.

<sup>98</sup> **C-0004**.

<sup>99</sup> **C-0005**.

- (c) Fishing permit for open sea fishery No. CS2016J0532 for the Svalbard zone, in force from November 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016, for unregulated species;<sup>100</sup>
- (d) Fishing licence No. 2017D3424 for the NEAFC zone, in force from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017, for unregulated species;<sup>101</sup>
- (e) Fishing licence No. CS2017D3428 for the Svalbard zone, in force from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017, for snow crabs;<sup>102</sup>
- (f) Fishing licence No. 2018D3583 for the NEAFC zone, in force from January 1<sup>st</sup>, 2018 to December 31<sup>st</sup>, 2018, for unregulated species;<sup>103</sup>
- (g) Fishing licence No. 2018D3586 for the Svalbard zone, in force from January 1<sup>st</sup>, 2018 to December 31<sup>st</sup>, 2018, for snow crabs.<sup>104</sup>
- (h) Fishing licence No. 2019D3712 for the NEAFC zone, in force from January 1<sup>st</sup>, 2019 to December 8, 2019, for unregulated species;<sup>105</sup>
- (i) Fishing licence No. 2019D3718 for the Svalbard zone, in force from January 1<sup>st</sup>, 2019 to December 8, 2019, for snow crabs.<sup>106</sup>
- (j) Fishing licence No. 2019D3813 for the NEAFC zone, in force from December 9, 2019 to December 31, 2019, for unregulated species;<sup>107</sup>

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<sup>100</sup> **C-0006.**

<sup>101</sup> **C-0007.**

<sup>102</sup> **C-0008.**

<sup>103</sup> **C-0010.**

<sup>104</sup> **C-0009.**

<sup>105</sup> Fishing Licence for Saldus, NEAFC, 1 January 2019, **PP-0091**.

<sup>106</sup> Fishing Licence for Saldus, Svalbard, 1 January 2019, **PP-0092**.

<sup>107</sup> Fishing Licence for Saldus, NEAFC, 9 December 2019, **PP-0093**.

- (k) Fishing licence No. 2019D3817 for the NEAFC zone and I and IIb Fishing divisions (Svalbard zone), in force from December 9, 2019 to December 31, 2019, for snow crabs;<sup>108</sup>
- (l) Fishing licence No. 2020D3897 for the NEAFC zone, in force from January 1<sup>st</sup>, 2020 to December 31, 2020, for unregulated species;<sup>109</sup>
- (m) Fishing licence No. 2020D3926 for the I and IIb Fishing divisions (Svalbard zone), in force from February 25, 2020 to December 31, 2020, for snow crabs.<sup>110</sup>
- (n) Fishing licence No. 2921D4077 for the NEAFC zone, in force January 1<sup>st</sup>, 2021 to December 31, 2021, for unregulated species;<sup>111</sup>
- (o) Fishing licence No. 2921D4073 for the Svalbard zone, in force January 1<sup>st</sup>, 2021 to December 31, 2021, for snow crabs.<sup>112</sup>

92. North Star has been issued the following fishing licences for **Solveiga**:

- (a) Fishing permit for open sea fishery No. CS2015J0247 for the NEAFC zone, in force from January 1<sup>st</sup>, 2015 to December 31<sup>st</sup>, 2015, for unregulated species;<sup>113</sup>
- (b) Fishing permit for open sea fishery No. CS2016J0462 for the NEAFC zone, in force from January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016, for unregulated species;<sup>114</sup>

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<sup>108</sup> Fishing Licence for Saldus, Svalbard, 9 December 2019, **PP-0094**.

<sup>109</sup> Fishing Licence for Saldus, NEAFC, 1 January 2020, **PP-0095**.

<sup>110</sup> Fishing Licence for Saldus, Svalbard, 25 February 2020, **PP-0096**.

<sup>111</sup> Fishing Licence for Saldus, NEAFC, 1 January 2021, **PP-0097**.

<sup>112</sup> Fishing Licence for Saldus, Svalbard, 1 January 2021, **PP-0098**.

<sup>113</sup> **C-0018**.

<sup>114</sup> **C-0019**.

- (c) Fishing permit for open sea fishery No. CS2016J0533 for the Svalbard zone, in force from November 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016, for unregulated species;<sup>115</sup>
  - (d) Fishing licence No. 2017D3425 for the NEAFC zone, in force from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017, for unregulated species;<sup>116</sup>
  - (e) Fishing licence No. CS2017D3429 for the Svalbard zone, in force from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017, for snow crabs.<sup>117</sup>
93. While the NEAFC licences were issued for “*unlimited*” or “*unregulated*” species, the licences were issued by Latvian authorities based on the representation that North Star would be fishing for snow crabs in international waters, without quota restrictions.
94. For each year in which licences were issued, Latvia notified the European Commission that each of North Star’s vessel held a licence to fish for “unregulated species” targeting “snow crab”.<sup>118</sup> These notifications were in turn provided by the EC to NEAFC<sup>119</sup>, which then posted the list of all notified vessels and authorisations on its public website.<sup>120</sup>
95. Snow crabs are an unregulated species pursuant to the NEAFC Scheme, meaning a species which is not the subject of regulation under the Scheme. The NEAFC licences issued to North Star thus authorized it to fish for any unregulated species, including snow crab.

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<sup>115</sup> **C-0020.**

<sup>116</sup> **C-0021.**

<sup>117</sup> **C-0022.**

<sup>118</sup> **C-0091; C-0092; C-0093;** Email of the Latvian Ministry of Agriculture and Fisheries (Ričards Derkačs) to the European Union/DG MARE (Pernille Skov-Jensen) (notification of Solvita, Senator, Saldus, Solveiga for 2017), 7 December 2016, **PP-0100**.

<sup>119</sup> Letter from the EC DG Mare (B. Friess) to NEAFC (S. Asmundsson), 31 December 2015, **PP-0099**.

<sup>120</sup> NEAFC website, “*Register of Notified Vessels and Authorisations 2021*,” 8 March 2021 (date of access), **PP-0101**.

96. The Svalbard licences issued from 2017 onward specifically identified snow crabs (“*sniega krabis (CRQ)*”) as the target species.<sup>121</sup>
97. Starting in 2017, the NEAFC licences identified crab pots as the fishing gear to be used by North Star’s vessels (“*Krabju kratini NEAFC*”). The Svalbard licences also refer to the same or similar fishing gear. These inscriptions further demonstrate that North Star’s licences authorized it to fish for snow crab.

#### D. CONTRACTS FOR THE PURCHASE OF ADDITIONAL FISHING VESSELS

98. On 23 July 2015, North Star signed letters of intent for the purchase of **Sokol**<sup>122</sup> and **Solyaris**<sup>123</sup>, two factory vessels fitted for snow crab fishing and processing that were already active in the Barents Sea snow crab fishery.<sup>124</sup>
99. North Star had been planning to acquire Sokol and Solyaris since October 2014, when it first sought consent from the Ministry of Agriculture of Latvia to the purchase and import of these ships. The Ministry provided its consent in principle in November 2014, subject to North Star’s acquisition of the necessary fishing capacity rights (kW and GT).<sup>125</sup>
100. In February and June 2015, North Star acquired fishing capacity rights for 1,764 kW and 1,248 GT from [REDACTED], enabling it to operate Sokol<sup>126</sup> and Solyaris<sup>127</sup> as fishing vessels, at a total cost of EUR 663,000.
101. On 2 April 2015, North Star received the approval of the Latvian Ministry of Agriculture for the purchase of Sokol and the use of fishing capacity rights acquired by

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<sup>121</sup> See, e.g., **C-0022**.

<sup>122</sup> Letter of intent regarding performance of a purchase-sale transaction for Sokol, 23 July 2015, **PP-0102**.

<sup>123</sup> Letter of intent regarding performance of a purchase-sale transaction for Solyaris, 23 July 2015, **PP-0103**.

<sup>124</sup> Vessel specifications for Sokol and Solyaris, **PP-0104**.

<sup>125</sup> Letter from North Star to the Ministry of Agriculture, 27 October 2014, **PP-0105**; Letter from the Ministry of Agriculture to North Star, 6 November 2014, **PP-0106**.

<sup>126</sup> Contract for the acquisition of fishing capacity for Sokol, 8 February 2015, **PP-0107**.

<sup>127</sup> Contract for the acquisition of fishing capacity for Solyaris, 19 June 2015, **PP-0108**.

North Star to operate this ship as a fishing vessel.<sup>128</sup> The Ministry's approval was renewed in April and August 2016, January 2017 and March 2017.<sup>129</sup>

102. On 6 August 2015, North Star received the approval of the Latvian Ministry of Agriculture for the purchase of Solyaris and the use of fishing capacity acquired by North Star to operate this ship as a fishing vessel.<sup>130</sup> The Ministry's approval was renewed in August 2016 and January 2017.<sup>131</sup>
103. On 4 January 2017, the Ministry of Agriculture confirmed that Sokol and Solyaris would be included on the list of fishing vessels authorized to fish in international waters and the waters of third countries as soon as they were registered under the Latvian flag with North Star as their owner.<sup>132</sup> This letter confirmed that North Star could expect the issuance of both NEAFC and Svalbard fishing licences for Sokol and Solyaris on the same terms as for its other ships.
104. On 5 January 2017, as all needed approvals and confirmations had been received from the Ministry, North Star signed a definitive agreement for the purchase of Sokol at a price of EUR 1,500,000 for delivery to the port of Baatsfjord.<sup>133</sup>
105. The same day, North Star signed a definitive agreement for the purchase of Solyaris at a price of EUR 1,700,000 for delivery to the port of Baatsfjord.<sup>134</sup>
106. In late January 2017, after Norway's arrest of Senator<sup>135</sup>, North Star communicated with the sellers of Sokol and Solyaris to ask them to suspend the delivery of the two

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<sup>128</sup> Letter from North Star to the Ministry of Agriculture, 1 April 2015, **PP-0109; C-0083**.

<sup>129</sup> **C-0084**; Letter from Ministry of Agriculture, 4 January 2017, **PP-0110**; Letter from Ministry of Agriculture, 29 March 2017, **PP-0111**.

<sup>130</sup> **C-0085**.

<sup>131</sup> **C-0086**; Letter from Ministry of Agriculture, 4 January 2017, **PP-0110**.

<sup>132</sup> Letter from Ministry of Agriculture, 4 January 2017, **PP-0110**.

<sup>133</sup> Vessel purchase and sale contract for Sokol, 5 January 2017, **PP-0112**; Additional agreement to the purchase-sale contract for Sokol, 5 January 2017, **PP-0113**.

<sup>134</sup> Vessel purchase and sale contract for Solyaris, 5 January 2017, **PP-0114**; Additional agreement to the purchase-sale contract for Solyaris, 5 January 2017, **PP-0115**.

<sup>135</sup> *Infra*, para. 205 *et seq.*

ships while North Star hoped for a resolution of its problems with Norwegian authorities.

107. In May 2017, as it had become clear that Norway would not allow a prompt resumption of its snow crab fishing operations, North Star took the decision to cancel its purchase of Sokol and Solyaris. North Star agreed with the sellers that it would pay them penalties of USD 640,000 for the rescission of the purchase agreements.<sup>136</sup>
108. Had Norway not interfered with its snow crab fishing activities, North Star would have received delivery of Sokol and Solyaris in January 2017 and would have started operating the two vessels as part of its snow crab fishing fleet at the latest on 1<sup>st</sup> February 2017.<sup>137</sup>

#### E. SUPPLY AGREEMENTS

109. In 2016 and 2017, North Star entered into supply agreements with three buyer companies pursuant to which the buyers committed to purchase specified volumes of snow crab from North Star at predetermined prices.
110. On 29 December 2016, North Star entered into a supply agreement with Seagourmet.<sup>138</sup> Pursuant to this agreement, North Star agreed to supply, and Seagourmet agreed to purchase, up to 100 tonnes of live snow crab per week until 31 December 2017. The agreement specified the grade and quality of snow crabs to be delivered and prices to be paid by Seagourmet. Deliveries were to be made by North Star to Seagourmet's factory in the port of Baatsfjord. A similar agreement was signed between North Star and Seagourmet on 27 December 2017 for deliveries in 2018.<sup>139</sup>
111. On 29 December 2016, North Star signed a long-term supply agreement with Link Maritime Consulting Inc. (***Link Maritime***) concerning the sale by North Star to Link

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<sup>136</sup> Invoice for penalties payable by North Star for the cancellation of the purchase and sale contracts for Sokol and Solyaris, 6 May 2017, **PP-0116**.

<sup>137</sup> *Infra*, para. 239.

<sup>138</sup> **C-0053**.

<sup>139</sup> **C-0054**.

Maritime of cooked frozen snow crab clusters to be produced by North Star's factory ships (Senator, but also Sokol and Solyaris which were then expected to commence operations in January 2017).<sup>140</sup> North Star was to deliver such goods “*on the basis of CFR Norway port of delivery indicated by the Buyer*”, which was expected to be the port of Baatsfjord.<sup>141</sup> The agreement set quantity and quality requirements as well as price and terms of payment.

112. On 29 December 2016, North Star signed a supply agreement with [REDACTED].<sup>142</sup> The agreement specified the grade and quality of snow crabs to be delivered and the price to be paid by [REDACTED]. Deliveries were to be made by North Star at the port of Baatsfjord.<sup>143</sup>
113. On 27 December 2017, another similar supply agreement was signed by North Star with [REDACTED].<sup>144</sup>
114. All supply agreements were concluded within the framework of my joint venture with Mr. Levanidov. Mr. Levanidov is the majority owner and sole operator of Seagourmet and Link Maritime.<sup>145</sup> He caused both companies to enter into supply agreements with North Star. Through his business connections with [REDACTED], Mr. Levanidov presented North Star with the opportunity to conclude a supply agreement with this company.
115. These supply agreements gave North Star valuable contractual rights to sell its snow crab catches. These sales would have occurred in Norway, at the port of Baatsfjord, where the economic value of North Star's harvests would have been realized.

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<sup>140</sup> **C-0054.**

<sup>141</sup> **C-0054.**

<sup>142</sup> **C-0066.**

<sup>143</sup> **C-0066.**

<sup>144</sup> **C-0067.**

<sup>145</sup> Witness Statement of Kirill Levanidov, para. 9, 58.

116. Because of Norway's actions preventing North Star from conducting its snow crab fishing operations, North Star was unable to honor its commitments under these supply agreements and lost the sales contemplated therein.

#### **IV. FUNDING OF INVESTMENTS**

117. Claimants have spent or committed approximately EUR 13 million to acquire the investments at issue in the present matter:

<i>Investment</i>	<i>Cost</i> <sup>146</sup>
Solvita	EUR 809,000 (USD 1,075,000)
Senator	EUR 900,000
Refitting of Senator	EUR 1,630,000
Saldus	EUR 790,000 (USD 1,050,000)
Solveiga	EUR 866,000 (USD 1,150,000)
Fishing capacity (kW and GT) for Solvita, Saldus and Solveiga	[REDACTED]
Sokol (committed purchase price)	EUR 1,500,000
Solyaris (committed purchase price)	EUR 1,700,000
Fishing capacity (kW and GT) for Sokol and Solyaris	[REDACTED]
Ship repair, rebuilding and maintenance (excluding refitting of Senator)	[REDACTED]) [REDACTED]
Ship reflagging and initial class	[REDACTED]

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<sup>146</sup> Approximate cost or committed amount in EUR (USD where incurred in that currency, converted to EUR at the average EUR:USD exchange rate for 2014 of 1.3283).

inspections	
Snow crab fishing equipment	
Cost of transportation of vessels to Baatsfjord	
<b>TOTAL</b>	<b>EUR 12,794,000</b>

118. Claimants' investments in the territory of Norway at issue in the present case were funded from my household's personal equity and funds borrowed by North Star.
119. My wife and I have invested [REDACTED] from our personal wealth in the form of loans to North Star.<sup>147</sup>
120. North Star funded most of its assets through borrowings from four companies with which North Star also maintained commercial relationships: [REDACTED]  
[REDACTED] Since April 2014, North Star borrowed approximately EUR 10 million from these four companies, including approximately [REDACTED]

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<sup>147</sup> Table of loans by N. Bariseva and P. Pildegovics to North Star, April 2015 to July 2020, **PP-0117**.

<sup>148</sup> Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] 14 April 2014, **PP-0118**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] 25 June 2014, **PP-0119**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] 19 November 2014, **PP-0120**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] 5 December 2014, **PP-0121**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] 19 December 2014, **PP-0122**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] 20 December 2014, **PP-0123**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] 23 January 2015, **PP-0124**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] 28 February 2015, **PP-0125**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] March-April 2015, **PP-0126**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED], 10 August 2014, **PP-0127**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED], 19 November 2014, **PP-0128**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED], 7 July 2017, **PP-0129**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED] 15 February 2015, **PP-0130**; Contract of Loan For Vessel Purchase between SIA North Star and [REDACTED], 1 June 2016, **PP-0131**.

121. North Star's planned purchases of Sokol and Solyaris for a total amount of EUR 3.2 million would have been financed by the sellers as North Star would have paid for the price of acquisition of the vessels in instalments.<sup>149</sup>
122. Within the context of the joint venture, Mr. Levanidov supported North Star in its efforts to obtain the financing needed for its operations. As a shareholder of Link Maritime and Wise Grand International, Mr. Levanidov was instrumental in obtaining loans for North Star from these companies. Mr. Levanidov also introduced me to North Star's other lenders and helped me arrange debt financing with them.
123. After Norway's adverse actions had effectively destroyed Claimants' business enterprise, North Star stopped generating the cash flows necessary to enable it to service its loans. In 2018, to allow the company to remain in operation, Link Maritime, Mr. Levanidov's company, agreed to purchase North Star's outstanding loans from its creditors [REDACTED]<sup>150</sup> and [REDACTED].<sup>151</sup>

## V. **OPERATION OF INVESTMENTS**

### A. **OPERATIONS OF THE JOINT VENTURE**

124. Since January 2014, Mr. Levanidov and I have spoken or otherwise communicated regarding our joint project almost on a daily basis.
125. Over the same period, we met at least forty-nine (49) times to discuss the operations of our joint venture, make decisions and attend events of a strategic or cross-cutting import to our respective companies.

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<sup>149</sup> Additional agreement to the purchase-sale contract for Sokol, 5 January 2017, **PP-0113**; Additional agreement to the purchase-sale contract for Solyaris, 5 January 2017, **PP-0115**.

<sup>150</sup> Debt transfer notices from [REDACTED] to North Star, 23-24 May 2018, **PP-0132**; Agreement between North Star and Link Maritime regarding debt transfers, 24 May 2018, **PP-0133**.

<sup>151</sup> Debt transfer notices from [REDACTED] to North Star, 22-24 May 2018, **PP-0134**; Agreement between North Star and Link regarding debt transfers, 24 May 2018, **PP-0135**.

126. The following table sets out the date, place and main purpose of business meetings which we attended together during this period, or which I attended with other senior Seagourmet representatives (in which cases Mr. Levanidov's absence is noted):

<i>Date</i>	<i>Place</i>	<i>Main purpose of the meeting</i>
26-30 January 2014 <sup>152</sup>	Riga	Agreement to launch the joint venture. Business meeting with Latvian Ministry of Fisheries. Meeting with [REDACTED] regarding purchase of fishing capacity. Meeting with owners of Senator (Otto). Meeting with lawyers regarding corporate organisation of North Star.
28-29 July 2014	Reykjavik	Negotiation for the purchase of Senator.
11-12 September 2014	Reykjavik	Closing of the purchase of Senator.
10-11 October 2014	Brussels	Meeting with Latvian fisheries attaché to the European Union.
9-12 November 2014	London	Annual NEAFC meeting, as part of the Latvian delegation.
24-28 January 2015	Busan, Korea	Meeting between Seagourmet, North Star, Sea & Coast, [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
24-27 February 2015	Norway (Oslo, Kirkenes, Baatsfjord)	Meeting with the Seagourmet team, local service providers and suppliers, and local Norwegian officials (Mr. Levanidov was not present).
24-27 March 2015	Baatsfjord	Meeting with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.

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<sup>152</sup> Meeting schedule, 26-30 January 2014, **PP-0022**; Email exchange between P. Pildegovics and K. Levanidov, 22-23 January 2014, **PP-0023**.

19-25 April 2015	Brussels	Joint attendance of North Star and Seagourmet at the Global Seafood Forum, where the two companies shared a kiosk.
9-12 June 2015	Baatsfjord	Official launch of the joint venture at Seagourmet's facility. Meeting with the Seagourmet team, local service providers and suppliers, and local Norwegian officials. (Mr. Levanidov was not present).
20-24 July 2015	Baatsfjord	Meeting with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
2-4 September 2015	Brussels	Meeting with Latvian fisheries attaché to the European Union together with the president of the European Crabbing Association and a representative of EUROPECH, the pan-European association of national fishery organizations.
7-9 September 2015	Baatsfjord	Meeting with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.  Joint hosting by North Star and Seagourmet of a reception with Ms. Elizabeth Aspaker, Norway's Minister of Fisheries, at Seagourmet's facility during her visit to Baatsfjord. (Mr. Levanidov was not present).
22-23 October 2015	Brussels	Meeting with Latvian fisheries attaché to the European Union together with the president of the European Crabbing Association and a representative of EUROPECH, the pan-European association of national fishery organizations.

8-13 November 2015	London	Annual NEAFC meeting, as part of the Latvian delegation.
3-6 December 2015	Baatsfjord	Meeting with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
8-11 January 2016	Baatsfjord	Meeting with the Seagourmet team, local service providers and suppliers, and local Norwegian officials. (Mr. Levanidov was not present).
25-28 January 2016	Baatsfjord	Meeting with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
21-22 February 2016	Brussels	Meeting with Latvian fisheries attaché to the European Union together with the president of the European Crabbing Association and a representative of EUROPECH, the pan-European association of national fishery organizations.
22-25 February 2016	Oslo	Meetings with Seagourmet staff, visit to Minister Sandberg in Oslo with Sergei Ankipov, Pavel Kruglov and Mayor Knutsen.
1-4 March 2016	Riga	Various business meetings.
13-16 April 2016	Baatsfjord	Meeting with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
24-29 April 2016	Brussels	Joint attendance of North Star and Seagourmet at the Global Seafood Forum, where the two companies shared a kiosk.
15-16 June 2016	Amsterdam	Meeting with Seagourmet management.

14-16 September 2016	Sandnessjoen, Norway	Joint delegation of Seagourmet and North Star sent to meet with Norwegian Minister Per Sandberg at the Norwegian Crab Catching Championship. Minister Sandberg ultimately changed his plans and did not attend this meeting. (Mr. Levanidov was not present).
24-28 October 2016	Riga	Various business meetings.
14-17 November 2016	London	Annual NEAFC meeting, as part of the Latvian delegation.
19-24 January 2017	Norway (Oslo, Kirkenes, Baatsfjord)	Visit to the arrested Senator in Kirkenes, meetings in Baatsfjord with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
16-17 March 2017	Oslo	Meetings related to the arrest of Senator.
21-26 April 2017	Riga Brussels	Business meetings in Riga. Joint attendance of North Star and Seagourmet at the Global Seafood Forum in Brussels. Meetings with EUROPECH regarding the arrest of Senator and snow crab fisheries.
20-23 May 2017	Baatsfjord	Meetings with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
19 July 2017	Brussels	Meeting with EU fishing industry representatives and commissioner Karmenu Vella regarding the snow crab conflict with Norway.
4-7 October 2017	Riga Baatsfjord	Business meetings in Riga. Meetings with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.

14-17 November 2017	London	Annual NEAFC meeting, as part of the Latvian delegation.
16-18 January 2018	Norway (Oslo, Tromso)	Court hearings before Norway's Court of Appeal
22-23 March 2018	Aalborg, Denmark	Meeting with shipyards regarding possible repairs of North Star vessels in Denmark.
27 June 2018	Oslo	Meeting with the management of [REDACTED] regarding potential business opportunities between [REDACTED] North Star and Seagourmet.
23-27 July 2018	Baatsfjord	Meetings with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
8-13 October 2018	Norway (Baatsfjord, Tromso, Oslo)	Meetings with the Seagourmet team, local service providers and suppliers, and local Norwegian officials. Meetings with lawyers regarding upcoming hearing of the case against North Star and Senator's captain.
29 October – 5 November 2018	Norway (Baatsfjord, Tromso, Oslo)	Hearing before Norway's Supreme Court. Meetings with business partners, the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
4-7 December 2018	Baatsfjord	Meetings with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
14-18 January 2019	Oslo	Hearings before Norway's Supreme Court.
25-27 March 2019	Tromso, Baatsfjord	Meetings with business partners, the Seagourmet team, local service providers and suppliers, and local Norwegian officials.

30 March 2019	Paris, France	Meeting with lawyers.
8-10 May 2019	Brussels	Joint attendance of North Star and Seagourmet at the Global Seafood Forum.
4 July 2019	Paris, France	Meeting with delegation from the Norwegian Ministry of Foreign Affairs.
26-27 August 2019	Reykjavik	Meeting with business partners regarding potential seafood opportunities.
28-29 August 2019	Tromso	Meeting with business partners.
25-27 September 2019	France (Bordeaux, Paris)	NAFO meeting, and meetings with lawyers.
14-16 November 2019	Baatsfjord	Meetings with the Seagourmet team, local service providers and suppliers, and local Norwegian officials.
5-6 December 2019	Reykjavik	Meeting with business partners regarding new potential seafood opportunities.
February 2020	Reykjavik Baatsfjord Oslo	Meeting with potential business partners in the shrimp industry. Meeting with the Seagourmet team and the Mayor of Baatsfjord. Meeting with the Norwegian Ministry of Foreign Affairs regarding ongoing dispute.

127. On a day-to-day basis, I was responsible for managing the fishing operations of North Star and Sea & Coast, while Mr. Levanidov was responsible for managing Seagourmet. While we each maintained decision-making authority over our respective investments, we shared information regarding their operations and finances.<sup>153</sup> We also consulted with each other before making any decision of importance, including:

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<sup>153</sup> Email from P. Pildegovics to K. Levanidov, 2 February 2015, **PP-0136**.

- (a) North Star's acquisition of its four ships in 2014;<sup>154</sup>
  - (b) North Star's decision to acquire two additional ships, Sokol and Solyaris, and its decision to cancel the related purchase agreements in May 2017;
  - (c) Seagourmet's investments in its Baatsfjord facility in 2015 and 2016, and decisions of a strategic nature pertaining to the operation of these investments, including the installation of an automated crab meat extraction line allowing Seagourmet to process the lower-meat-fill crabs caught by North Star in the summer months; the installation of air blast freezing equipment; and Seagourmet's efforts to develop retail packaging for the European market.
128. In 2015, I assisted Mr. Levanidov in his efforts to recruit workers for Seagourmet's factory. To that end, I placed several advertisements in Latvia to raise interest for the project<sup>155</sup>, as we were unable to find enough available workers within the local community in Baatsfjord. As a result of these efforts, about 50 Latvian workers were hired by Seagourmet and resettled to Baatsfjord, many of them with their families.
129. Since January 2015, I was closely involved in the management of Seagourmet's operations in Baatsfjord. I supported Mr. Levanidov with factory operations<sup>156</sup> and

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<sup>154</sup> Email from K. Levanidov to P. Pildegovics, 4 June 2013, **PP-0011**; Email exchange between P. Pildegovics and K. Levanidov, 8 July 2013 – 2 August 2013, **PP-0012**; Email exchange between P. Pildegovics and K. Levanidov, 30 September 2013 – 1 November 2013, **PP-0013**; Email exchange between P. Pildegovics and K. Levanidov, 21-23 December 2013, **PP-0014**; Email exchange between P. Pildegovics and K. Levanidov, 10-11 January 2014, **PP-0015**; Email exchange between P. Pildegovics and K. Levanidov, 17-20 January 2014, **PP-0016**; Email exchange between P. Pildegovics and K. Levanidov, 20 January 2014, **PP-0017**; Email exchange between P. Pildegovics and K. Levanidov, 22-23 January 2014, **PP-0018**; Email exchange between P. Pildegovics and K. Levanidov, 12 February 2014, **PP-0019**; Email exchange between P. Pildegovics and K. Levanidov, 19-21 February 2014, **PP-0020**; Email exchange between P. Pildegovics and K. Levanidov, 24-25 February 2014, **PP-0021**.

<sup>155</sup> Seagourmet work advertisements, March – October 2015, **PP-0137**.

<sup>156</sup> Photograph showing P. Pildegovics giving instructions to Seagourmet staff, 8 January 2016, **PP-0138**.

personnel management.<sup>157</sup> I also played an active role in the marketing of Seagourmet's products<sup>158</sup> and represented Seagourmet under the title of marketing manager.<sup>159</sup>

130. A number of employees worked across our various companies towards the common goals of our joint venture. Between June 2014 and September 2015, Mr. Sergei Ankipov acted simultaneously as Director of Sea & Coast and Project Coordinator for Seagourmet. Employees of North Star (Olegs Kravcenko) and Seagourmet (Sergei Kruglov, Nikita Sinianskii and Sergei Ankipov) were issued powers of attorney authorizing them to represent Sea & Coast and to act on its behalf.<sup>160</sup>
131. North Star and Sea & Coast leased office space within Seagourmet's premises at the port of Baatsfjord. I myself had an office there.<sup>161</sup> North Star and Sea & Coast also rented accommodation in Baatsfjord for some of their staff from Seagourmet.<sup>162</sup>
132. On 17 September 2017, to formalize my role in the management of Seagourmet, I was appointed to the company's board.<sup>163</sup> For the same reason, Mr. Levanidov was appointed to North Star's board on 16 December 2020.<sup>164</sup>
133. The relationship between North Star and Seagourmet was generally well known to the international seafood community, the general public, and Latvian and Norwegian authorities.

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<sup>157</sup> Email from P. Pildegovics to K. Levanidov, 2 February 2015, **PP-0136**, p. 2.

<sup>158</sup> Email exchange between P. Pildegovics and A. Laville, 29 April 2015, **PP-0023**.

<sup>159</sup> "Seagourmet is introducing queen crab to European markets," Eurofish Magazine, June 2015, **PP-0057**, p. 28.

<sup>160</sup> Sea & Coast Powers of Attorney, 2015-2018, **PP-0139**.

<sup>161</sup> Sample invoice from Seagourmet to Sea & Coast for rental of office space and accommodation, 5 July 2016, **PP-0140**; Photograph of Peteris Pildegovics working at his desk at Seagourmet, **PP-0034**.

<sup>162</sup> Sample invoice from Seagourmet to Sea & Coast for rental of office space and accommodation, 5 July 2016, **PP-0140**.

<sup>163</sup> General meeting resolution of Seagourmet's shareholders, 17 September 2017, **PP-0141**.

<sup>164</sup> Statement from the Latvian Register of Enterprises, 22 December 2020, **PP-0039**.

134. This relationship was formally noted in North Star’s 2018 Annual Report, which refers to Seagourmet as North Star’s “*cooperation partner in Norway*”.<sup>165</sup>
135. Seagourmet’s website and marketing materials have identified North Star as Seagourmet’s “*major partner*” supplying live crabs to its factory since at least 2015.<sup>166</sup>
136. In May 2015, Seagourmet announced that it would hold an opening event at its Baatsfjord factory on 10 June 2015.<sup>167</sup> The opening announcement was sent to Mr. Frank Bakke-Jensen, a member of the Norwegian Parliament; Mr. Geir Knutsen, the mayor of Baatsfjord; and Mr. Indulus Abelis, the Ambassador of Latvia to Norway, among several other dignitaries.
137. On 27 May 2015, I personally wrote to Ambassador Abelis to invite him to the opening ceremony. I noted that “*we – SIA NORTH STAR LTD. – are strategic partners of the mentioned company*” (referring to Seagourmet) and that our fleet of vessels provided raw materials and live snow crabs to Seagourmet’s factory.<sup>168</sup> In a subsequent email exchange, I informed the Ambassador that the Seagourmet factory, which was part of our “*group*”, employed about twelve Latvian nationals, showing our efforts to involve Latvians in our business projects. I also asked the Ambassador to say “*a few words about Norwegian-Latvian economic cooperation and growing ties*”.<sup>169</sup>
138. On 10 June 2015, the opening ceremony was held at Seagourmet’s facility to celebrate the launch of our joint project. As Mr. Levanidov could not be present, I hosted the ceremony with Mr. Pavel Kruglov, Seagourmet’s general manager. Guests who attended this ceremony included Ambassador Abelis, Mayor Knutsen and several representatives of the local business community.<sup>170</sup> Our guests visited Seagourmet’s

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<sup>165</sup> SIA North Star’s Annual Report, 2018, **PP-0214**, p. 4

<sup>166</sup> **C-0079; C-0052.**

<sup>167</sup> News release entitled “*Seagourmet Norway cuts the ribbon,*” 26 May 2015, **PP-0142**; Announcement entitled “*Grand opening!*”, 2015, **PP-0143**.

<sup>168</sup> Email exchange between P. Pildegovics and I. Abelis, 27 May – 5 June 2015, **PP-0144**.

<sup>169</sup> *Ibid.*

<sup>170</sup> **C-0052;** Photographs taken at the opening ceremony, 10 June 2015, **PP-0145**; T.K. Kristoffersen, “*Opened crab factory in Batsfjord,*” Nord24, 12 June 2015, **PP-0146**.

factory. At the ceremony, Mr. Abelis gave a speech highlighting the fact that North Star, a Latvian company, was a key partner in the project. All attendees were informed that Seagourmet and North Star were part of a joint Latvian-Norwegian project, North Star being responsible for bringing snow crab supplies ashore and Seagourmet for processing and marketing them. Throughout the event, North Star's vessel Saldus was docked at Seagourmet's pier and provided the background to many of the pictures that were taken.<sup>171</sup>

139. In September and October 2015, Seagourmet hosted visits by Ms. Elizabeth Aspaker, Norway's Minister of Fisheries; a delegation of the Norwegian Parliament headed by Mr. Frank Baake-Jensen; and a delegation of Norway's Ministry of Trade, Industry and Fisheries.<sup>172</sup> On each occasion, Norway's officials were informed of North Star's strategic relationship with Seagourmet. Norway's awareness of this relationship is further shown by a statement made by Mr. Per Sandberg, Norway's Minister of Fisheries, in January 2017, in which he acknowledged that "*the factory of Seagourmet AS in Baatsfjord was opened in June 2015, and from then on the operation was based on raw materials almost exclusively delivered by boats from the Latvian shipping company North Star.*"<sup>173</sup>
140. Since 2015, Mr. Levanidov and I have attended trade fairs and industry events together, where we presented ourselves as being part of a joint venture involving Seagourmet and North Star.
141. At the Global Seafood Forum held in Brussels in April 2015, Seagourmet and North Star shared a co-branded kiosk, which featured a dining booth in the shape of a boat bearing the inscription "*Solvita – SIA North Star Ltd*".<sup>174</sup> I attended this kiosk together

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<sup>171</sup> Photographs taken at the opening ceremony, 10 June 2015, **PP-0145**.

<sup>172</sup> *Infra*, para. 192-194.

<sup>173</sup> Written question and answer between Helga Pedersen, Member of Parliament, and Per Sandberg, Minister of Fisheries, 9 January 2017, **KL-0046**.

<sup>174</sup> Photographs taken at the Brussels fair, April 2015, **PP-0058**.

with Mr. Levanidov, where we met various clients and business contacts from the seafood community.<sup>175</sup>

142. North Star and Seagourmet were also represented at the Seafood Expo Asia trade fair in Hong Kong in September 2015, where the companies shared a stand. Behind it was a sign with the Seagourmet logo placed next to the drawing of a ship named “*Solveiga*”.<sup>176</sup>
143. In April 2016, Mr. Levanidov and I returned to the Global Seafood Forum in Brussels, where the boat-shaped dining booth bearing the inscription “*Solvita – SIA North Star Ltd*” was again featured. We wore badges identifying each of us as “*Partner – Seagourmet Norway AS*”.<sup>177</sup>
144. Several Norwegian and European media reported on our joint venture:
  - (a) In June 2015, Fiskeribladet Fiskaren, a Norwegian publication focused on fisheries, reported on the official launch of Seagourmet’s facility in Baatsfjord. The article noted that Seagourmet’s “*main supplier is the Latvian firm SIA North Star AS, which operates four customized crab boats that deliver live crab to Seagourmet’s factory*”.<sup>178</sup> In another article, the same publication identified North Star as Seagourmet’s “*partner*”.<sup>179</sup>
  - (b) Another Norwegian news outlet, Nord 24, also reported on our opening ceremony and noted that Ambassador Abelis had attended it “*because the raw material for the factory in Baatsfjord is mainly supplied by the Latvian company SIA North Star, which owns and operates the crab boats that deliver crabs*”.<sup>180</sup>

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<sup>175</sup> Photographs taken at the Brussels fair, April 2015, **PP-0058**.

<sup>176</sup> Photographs taken at the Hong Kong fair, September 2015, **PP-0147**.

<sup>177</sup> Photographs taken at the Brussels fair, April 2016, **PP-0148**, p. 1; T.M. Martinussen, “*80 Norwegian exhibitors at the Brussels fair*”, Fiskeribladet Fiskaren, 25 April 2016, **PP-0149**.

<sup>178</sup> **C-0082**.

<sup>179</sup> J. M. Hagen, “*Seagourmet will introduce more crabs on the world market*,” Fiskeribladet Fiskaren, 10 June 2015, **PP-0150**.

<sup>180</sup> T.K. Kristoffersen, “*Opened crab factory in Batsfjord*,” Nord24, 12 June 2015, **PP-0146**.

- (c) In June 2015, Eurofish magazine published an article about our joint business project. The article stated that “*A Latvian-Norwegian project is exploiting the newly started fishery for queen crab (*Chionoecetes opilio*), also called snow crab, found in the Barents Sea... Seagourmet established a collaboration between some Latvian vessels and a Norwegian company to deliver snow crab.*”<sup>181</sup> Referring to Seagourmet, the article noted that “*the company has harvested 40-60 tonnes per week using pots on the seabed*”. While this statement incorrectly referred to Seagourmet instead of North Star, it illustrates how the two companies were often perceived as forming a single enterprise.
- (d) In November 2015, Kyst og Fjord, a specialized Norwegian publication on fisheries, published an article on the launch of Seagourmet.<sup>182</sup> The article noted that “*the company has an agreement with three vessels from Latvia SIA North Star which ensures weekly deliveries of snow crab*”. The same article featured a picture of Solveiga harboured at Seagourmet’s dock.
- (e) In January 2006, iFinnmark reported that “*Latvian investors have created 30 jobs of king and snow crab in Baatsfjord*”, referring to our joint venture’s companies Seagourmet, “*an important player*”, which was reliant upon “*snow crab delivered by the fleet of Latvian SIA North Star Ltd.*”<sup>183</sup>
- (f) In November 2017, Fiskeribladet reported on the state of affairs at Seagourmet after Norway had excluded EU vessels from the snow crab fishery. The article noted that “*the Seagourmet factory and the shipping company SIA North Star have largely the same owners and board.*”<sup>184</sup>

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<sup>181</sup> “Seagourmet is introducing queen crab to European markets,” Eurofish Magazine, 3 June 2015, **PP-0057**, p. 28

<sup>182</sup> B.T. Forberg, “Has created 35 new jobs,” Kyst og Fjord, November 2015, **PP-0151**.

<sup>183</sup> T. Emberland, “The snow crab is new in Norwegian waters: Has doubled in value in one year,” iFinnmark, 12 January 2016, **PP-0152**.

<sup>184</sup> A. Fenstad, N. Torsvik, “Hope Supreme Court reopens crab production,” Fiskeribladet, 8 November 2017, **PP-0036**.

## B. NORTH STAR'S OPERATIONS

145. Between August 2014 and September 2016, North Star's four fishing vessels caught over 5,200 tonnes of snow crabs from the Loophole.<sup>185</sup> More than 98% of these catches were delivered to Norwegian ports, primarily to Seagourmet's facility at the port of Baatsfjord, with the balance transshipped at sea to transport vessels for delivery to the Netherlands.<sup>186</sup>
146. North Star's catch numbers are proven by official records accounting for each landing of snow crab by North Star vessels in Norway:
  - (a) NEAFC Port State Control Forms (***NEAFC PSC Forms***);
  - (b) Sales notes (*Sluttsseddel*) issued by Norges Rafisklag (which translates as the Norwegian Raw Fish Association), a Norwegian sales organization regulated under Norway's Fisheries Act responsible for controlling all first-hand sales of fish and shellfish in Norwegian ports (***Rafisklag Sales Notes***);
  - (c) European Community Catch Certificates (***EC Catch Certificates***) and Certificates of Origin (***EC Certificates of Origin***).
147. NEAFC PSC Forms are issued in accordance with the NEAFC Scheme requiring reporting of information about catches made in the NEAFC zone. A NEAFC PSC Form must be filled before a foreign fishing vessel can enter a port to unload a catch made in the NEAFC zone. The form reports the species on board, the estimated weight of the catch and the requested port of entry. Once filled, the form is submitted to the flag state (in North Star's case, Latvia), which must confirm that the vessel reporting the catch has sufficient quota for the species declared (where a quota applies) and that the vessel has a valid authorization to fish in the area declared. The form is then presented to the port state (in North Star's case, Norway), whose permission is sought to allow the vessel to commence landing of its catch.

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<sup>185</sup> Letter from the Latvian Fishing Control Department to P. Pildegovics regarding North Star's catch statistics, 6 February 2018, **PP-0154**.

<sup>186</sup> Declaration of catch by R. Uzakov with accompanying transshipment form, 11 August 2015, **PP-0155**; Declaration of catch by R. Uzakov with accompanying transshipment form, 1 September 2015, **PP-0156**.

148. Between before each landing in a Norwegian port of snow crab caught in the Loophole, North Star submitted a NEAFC PSC Form to both Latvia and Norway declaring its catch (using the code for snow crab “CRQ”) and seeking permission from Norway for its vessel to enter the port. In each case, Latvia confirmed that North Star’s vessels were authorized to fish for snow crabs in the NEAFC area and Norway gave North Star permission to land its snow crab catches in a Norwegian port.<sup>187</sup>
149. EC Catch Certificates<sup>188</sup> and EC Certificates of Origin<sup>189</sup> are issued by fishing companies and validated by flag states to certify the origin of a catch. They include information about the fishing vessel, the licence under which the catch was made, the species and estimated and verified landed weight. These certificates were issued to accompany Senator’s sales of frozen snow crab clusters.
150. Rafisklag Sales Notes record sales of snow crab catches by North Star to purchasers in Norwegian ports. They contain the following information: date of purchase; name of the purchaser; dates of catch; dates of unloading; weight unloaded; and price paid by the purchaser. All sales of snow crabs by North Star in Norway have been recorded through such notes.<sup>190</sup>
151. In August 2014, Solvita delivered its first catch of snow crabs at the Norwegian port of Kjollefjord.<sup>191</sup> The catch was delivered to Norway Seafoods AS, a Norwegian seafood processing company, as Seagourmet’s factory was undergoing renovation. The delivery was organized with the assistance of Mr. Levanidov, who helped in the negotiation of the delivery with the owners of the Kjollefjord factory as well as to

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<sup>187</sup> C-0100; C-0101; C-0102; C-0103.

<sup>188</sup> EC Catch Certificates issued by North Star and validated by Latvia, June 2015 to September 2016, **PP-0157**.

<sup>189</sup> EC Certificates of Origin issued by North Star and validated by Latvia, June 2015 to September 2016, **PP-0158**.

<sup>190</sup> Rafisklaget Sales Notes for Saldus, 2015, **PP-0159**; Rafisklaget Sales Notes for Saldus, 2016, **PP-0160**; Rafisklaget Sales Notes for Solvita, 2015, **PP-0161**; Rafisklaget Sales Notes for Solvita, 2016, **PP-0162**; Rafisklaget Sales Notes for Solveiga, 2015, **PP-0163**; Rafisklaget Sales Notes for Solveiga, 2016, **PP-0164**; Rafisklaget Landing Notes for Senator, 2015, **PP-0165**; Rafisklaget Landing Notes for Senator, 2016, **PP-0166**; Sample English translation of a Rafisklaget Sales Note, Undated, **PP-0167**.

<sup>191</sup> N. Torsvik, “*Delivers 33 tonnes of snow crab*,” Fiskeribladet Fiskaren, 29 August 2014, **PP-0168**.

clarify the technical reporting requirements since this was the first delivery of live snow crab by an EU vessel to Norway.

152. Between August 2014 and September 2016, Solvita caught over 1,142 tonnes of snow crabs, which were landed and sold at the Norwegian ports of Baatsfjord, Kjollefjord and Vardo.<sup>192</sup>
153. Between June 2015 and September 2016, Senator caught approximately 2,000 tonnes of snow crabs, which were landed and sold at the Norwegian port of Baatsfjord.<sup>193</sup> On two occasions, in August and September 2015, Senator made deliveries of snow crab clusters at sea to a transport vessel for shipment to the Netherlands, equivalent to approximately 101 tonnes of raw crab.<sup>194</sup>
154. Between April 2015 and September 2016, Saldus caught over 686 tonnes of snow crabs, which were landed and sold at the Norwegian port of Baatsfjord.<sup>195</sup>
155. Between April 2015 and September 2016, Solveiga caught over 1,388 tonnes of snow crabs, which were landed and sold at the Norwegian ports of Baatsfjord and Vardo.<sup>196</sup>
156. In 2015, North Star achieved total sales of approximately EUR 6.1 million.<sup>197</sup> This turnover was achieved over a partial year of operation as North Star's vessels progressively commenced operations through the year: in February 2015 in the case of Solvita, April 2015 in the cases of Saldus and Solveiga, and June 2015 in the case of Senator.
157. Over █% of North Star's 2015 sales were made at the port of Baatsfjord to Seagourmet, Mr. Levanidov's company, and █, a company in which Mr.

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<sup>192</sup> Rafisklaget Sales Notes for Solvita, 2015, **PP-0161**; Rafisklaget Sales Notes for Solvita, 2016, **PP-0162**.

<sup>193</sup> Rafisklaget Landing Notes for Senator, 2015, **PP-0165**; Rafisklaget Landing Notes for Senator, 2016, **PP-0166**.

<sup>194</sup> Declaration of catch by R. Uzakov with accompanying transshipment form, 11 August 2015, **PP-0155**; Declaration of catch by R. Uzakov with accompanying transshipment form, 1 September 2015, **PP-0156**.

<sup>195</sup> Rafisklaget Sales Notes for Saldus, 2015, **PP-0159**; Rafisklaget Sales Notes for Saldus, 2016, **PP-0160**.

<sup>196</sup> Rafisklaget Sales Notes for Solveiga, 2015, **PP-0163**; Rafisklaget Sales Notes for Solveiga, 2016, **PP-0164**.

<sup>197</sup> SIA North Star's Annual Report, 2015, **PP-0220**.

Levanidov was a shareholder. The remaining sales were made to three Norwegian seafood companies: [REDACTED] at the ports of Baatsfjord and Vardo, Norway.<sup>198</sup>

158. In 2016, North Star achieved total sales of approximately EUR 6.9 million.<sup>199</sup> This result was also achieved over a partial year of operation. In February 2016, Saldus was damaged following an accident at the port of Baatsfjord. It then underwent repairs which kept it in port until June 2016. In September 2016, Norway commenced taking enforcement actions against North Star and as a consequence, the last snow crab harvests by North Star vessels were landed in Baatsfjord in September 2016.
159. Over [REDACTED] % of North Star's 2016 sales were made to Seagourmet and [REDACTED] [REDACTED] in Baatsfjord. The remaining sales were made to [REDACTED], in Vardo. A sample sale for a very small amount of snow crab was also made to a Polish company, [REDACTED] at the port of Baatsfjord.<sup>200</sup>
160. Over time, North Star aimed to deliver 100% of its live snow crab catches to Seagourmet, consistent with the vision underlying my joint venture agreement with Mr. Levanidov. Due to the fact that Seagourmet was still building its processing capacities in 2015 and 2016, North Star had to find other buyers for some of its catches. Nonetheless, in both 2015 and 2016, Seagourmet was by far North Star's main customer.
161. During their fishing operations in the NEAFC zone, North Star's ships underwent routine inspections by NEAFC coastal states Norway and the Russian Federation pursuant to the NEAFC Scheme.<sup>201</sup>

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<sup>198</sup> North Star Sales Invoices, 2015, **PP-0219**; Rafisklaget Sales Notes for Saldus, 2015, **PP-0159**; Rafisklaget Sales Notes for Solvita, 2015, **PP-0161**; Rafisklaget Sales Notes for Solveiga, 2015, **PP-0163**; Rafisklaget Landing Notes for Senator, 2015, **PP-0165**.

<sup>199</sup> SIA North Star's Annual Report, 2016, **PP-0221**.

<sup>200</sup> North Star Sales Invoices, 2016, **PP-0153**; Rafisklaget Sales Notes for Saldus, 2016, **PP-0160**; Rafisklaget Sales Notes for Solvita, 2016, **PP-0162**; Rafisklaget Sales Notes for Solveiga, 2016, **PP-0164**; Rafisklaget Landing Notes for Senator, 2016, **PP-0166**.

<sup>201</sup> **C-0094; C-0095; C-0096; C-0097; C-0098; C-0099**.

162. On 1<sup>st</sup> May 2015, the Norwegian Coast Guard inspected Solveiga. It completed a NEAFC report of inspection which confirmed that Solveiga held a valid licence to fish in the NEAFC regulatory area. The Norwegian inspectors also reviewed Solveiga's fishing logbook, including information about fishing gear used, total catches by species and fishing zones. Their report noted that Solveiga held 23,206 kg of snow crab on board, caught with crab fishing gear ("FPO"). Solveiga was confirmed to be in good standing and no infringement was reported by the Norwegian coast guard.<sup>202</sup>
163. On 15 January 2016, the Norwegian coast guard inspected Saldus. It completed a similar NEAFC report of inspection. The report confirmed that Saldus held a valid licence to fish in the NEAFC regulatory area and that it held 9,415 kg of snow crab on board caught with crab fishing gear ("FPO"). Again, no infringement was reported.<sup>203</sup>
164. In addition to these NEAFC inspections, between August 2014 and August 2016, North Star's vessels were inspected at least four times by the Norwegian Coast Guard in Norwegian harbours.<sup>204</sup> In each of its reports, the Coast Guard noted the name of the ship, its nationality (Latvian), its cargo (snow crab) and the place of inspection. The Norwegian Coast Guard never raised concerns regarding the fact that North Star's vessels held snow crab onboard.

## C. SEA & COAST'S OPERATIONS

165. On 1<sup>st</sup> February 2015, North Star and Sea & Coast concluded a local agency agreement whereby Sea & Coast was appointed as North Star's local agent for Solvita, Saldus, Senator and Solveiga "*in ports of call and on fishing ground in Norway*" (**Local Agency**

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<sup>202</sup> **C-0099.**

<sup>203</sup> **C-0094.**

<sup>204</sup> Norwegian Coast Guard Inspection Form, Solvita, Port of Kjollefjord, 13 August 2014, **PP-0169**; Norwegian Coast Guard Inspection Form, Solvita, Port of Baatsfjord, 6 August 2015, **PP-0170**; Norwegian Coast Guard Inspection Form, Solveiga, Port of Baatsfjord, 27 January 2016, **PP-0171**; Norwegian Coast Guard Inspection Form, Saldus, Port of Baatsfjord, 10 August 2016, **PP-0172**.

*Agreement).* A Local Agency Agreement was again signed between the two companies in January 2017, January 2019 and January 2021.<sup>205</sup>

166. Within the terms of the Local Agency Agreements, Sea & Coast provided various services to North Star and its crews from its sole office located at Seagourmet's facilities in the port of Baatsfjord, including the following:
  - (a) Supporting North Star's vessel's operations, including facilitating vessel entry and departure from port and assisting with custom, emigration, sanitary and other procedures;
  - (b) Procuring various supplies for North Star's vessels, including fresh water, food, baits, spare parts, and fishing gears upon confirmation from North Star; and
  - (c) Arranging for vessel repairs and technical maintenance.
167. Sea & Coast invoiced North Star for the value of its services, including the cost of goods and services sold to North Star plus agent and administration fees<sup>206</sup>, totalling over NOK 1.7 million in 2015 and NOK 2.7 million in 2016.<sup>207</sup>
168. In 2015 and 2016, Sea & Coast generated operating revenues of NOK 19.3 million and NOK 18.5 million respectively.<sup>208</sup> Starting in 2017, Sea & Coast's revenues collapsed as a result of Norway's actions impacting the snow crab fishery.<sup>209</sup>

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<sup>205</sup> Local Agency Agreement between North Star and Sea & Coast, 1 February 2015, **PP-0029**, art. 1; Local Agency Agreement between North Star and Sea & Coast, 1 January 2017, **PP-0030**, art. 1; Local Agency Agreement between North Star and Sea & Coast, 1 January 2019, **PP-0031**, art. 1; Local Agency Agreement between North Star and Sea & Coast, 1 January 2021, **PP-0032**, art. 1.

<sup>206</sup> Local Agency Agreement between North Star and Sea & Coast, 1 February 2015, **PP-0029**, art. 5.5

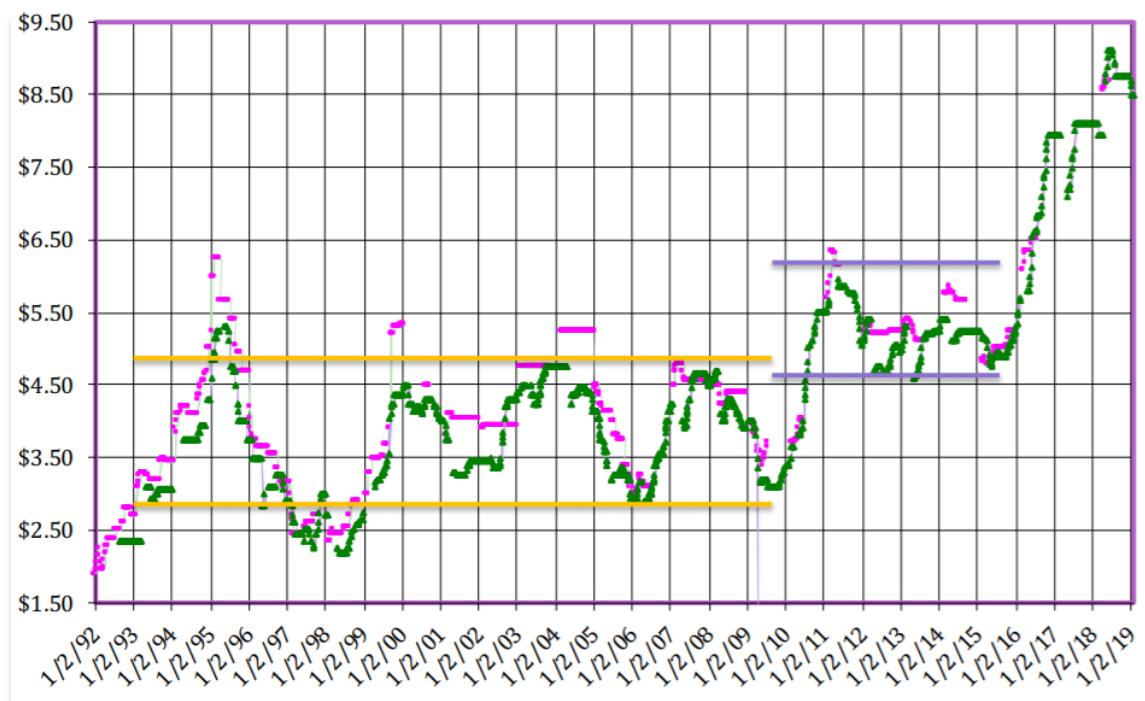
<sup>207</sup> Table of Sea & Coast's invoices to North Star, 2015-2016, **PP-0173**.

<sup>208</sup> Sea & Coast Annual Report, 2014, **PP-0215**; Sea & Coast Annual Report, 2015, **PP-0216**; Sea & Coast Annual Report, 2016, **PP-0217**.

<sup>209</sup> Sea & Coast Annual Report, 2017, **PP-0218**

**D. RISKS INCURRED BY CLAIMANTS THROUGH THE OPERATION OF THEIR INVESTMENTS IN NORWAY**

169. Through their business enterprise, Claimants assumed risks of a commercial nature, with direct impact on the value and performance of their investments, including risks related to fluctuations of the market price of snow crab; risks related to the fluctuation of the price of inputs; risks related to the fishing productivity of North Star ships; market risks, including the risk of finding insufficient demand for North Star's harvests; financial risks related to the financial instruments of the company; and operational risks.
170. The snow crab fishing business is exposed to fluctuations in the market price of snow crabs. The actual and expected profitability of North Star was therefore significantly dependent on the evolution of prices for snow crabs.
171. Since 2016, global snow crab prices have experienced a strong uptrend, from a range of USD 4.50-5.50 per lbs in 2016 to over UD 8.50 per lbs in 2019:



172. North Star was also exposed to the risk of fluctuation in the cost of inputs used in its operations, including crew member salaries; energy costs for the operation of North Star's vessels; the cost of onboard supplies, including food and baits; harbour fees; insurance costs; and travel and communication costs.

173. North Star's business was also significantly dependent on the level of fishing productivity achieved by its vessels, which relied on the performance of its captains and crews and the quality of the fishing grounds they chose to lay their pots. In 2015 and 2016, which were start-up years generally associated with lower productivity levels, North Star was experimenting with different fishing grounds, types of pots and baits to maximize productivity in subsequent years.
174. Market risk refers to the risk that a fishing company may not be able to find demand for its products. Once live snow crabs are taken out of the sea, they can only be kept aboard a ship for a limited period of time that generally cannot exceed ten (10) days. This means that a vessel must find demand for its snow crab catches at a harbor located near the fishing grounds. The risk of not finding a purchaser is significantly higher when a fishing company has no onshore partner committed to receiving and buying catches. My joint venture with Mr. Levanidov was designed to mitigate and eventually avoid this risk, by seeking the closest possible alignment between North Star's fishing operations and Seagourmet's processing and transformation needs and capacities.
175. Financial risks refer to risks associated with the financial instruments used by North Star in the course of its operations, and includes credit risk, foreign currency risk and interest rate risk.<sup>210</sup>
176. Operational risks refer to the risks associated with the operation a fleet of fishing vessels. These risks include the risk of accidents at sea, which can affect both equipment and the safety of crew members. As an illustration of this risk, in February 2016, North Star vessel Saldus suffered an accident when entering the port of Baatsfjord, which prevented it from operating until June 2016.

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<sup>210</sup> SIA North Star's Annual Report, 2018, **PP-214**, p. 5.

## **VI. CLAIMANTS’ INVESTMENTS SUPPORTED NORWAY’S ECONOMIC DEVELOPMENT**

177. Norway was by far the state that most directly benefitted from Claimants’ investments. Virtually all of the economic value created by these investments was generated in Norway.
178. In 2015 and 2016, North Star employed up to 93 seamen on its ships operating from Baatsfjord and also maintained a full-time administrative position in Baatsfjord to support the activities of its fishing vessels.
179. In 2015 and 2016, North Star spent over NOK 24 million yearly with Norwegian suppliers.<sup>211</sup>
180. North Star gave business to Norwegian shipyards for repairs and routine maintenance work including Kristiansund Fiskeindustri AS in Kristiansund; Barents Skipsservice AS in Baatsfjord and Kimek AS in Kirkenes. Between 2015 and 2017, North Star spent over EUR 850,000 for repair and maintenance services performed by these Norwegian shipyards.<sup>212</sup>
181. Claimants’ business operations also brought significant indirect economic benefits to Norway as they enabled the development of Seagourmet, which would not have been possible without North Star’s supplies of snow crabs. Seagourmet also had a major impact on the economy of Baatsfjord, notably through the creation of up to 67 local jobs (out of a total population of about 2,200) and total spending of over NOK 109 million in the local economy.<sup>213</sup> These economic benefits would not have accrued to Norway without Claimants’ investments, since Seagourmet could not have run its factory without North Star’s supplies of snow crabs.

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<sup>211</sup> Table of North Star’s spending with Norwegian Suppliers, 2015-2016, **PP-0174**.

<sup>212</sup> Table of invoices from Barents Skipsservice to North Star, 2015-2016, **PP-0175**; Table of invoices from Kimek to North Star, 2015-2016, **PP-0176**; Sample invoices by Kimek to North Star, 2015-2016, **PP-0177**.

<sup>213</sup> Witness Statement of Kirill Levanidov, para. 69

182. The importance of Claimants' investments for Seagourmet is also clearly shown by the collapse of Seagourmet's operations after Norway prevented North Star from delivering snow crabs to its Baatsfjord factory. Starting in November 2016, after North Star's deliveries had stopped and Seagourmet's inventory had been depleted, Seagourmet's operations were severely curtailed, leaving it no choice but to start laying off employees.
183. Between August 2016 and December 2017, Seagourmet's headcounts at Baatsfjord fell from 67 to 3 employees and its revenues plunged from over NOK 58 million to less than NOK 10 million.<sup>214</sup> Seagourmet struggled to maintain minimal operations without North Star's supplies of snow crab, causing tens of families in Baatsfjord to lose their livelihood.

## VII. NORWAY'S ACKNOWLEDGEMENT AND ACCEPTANCE OF CLAIMANTS' INVESTMENTS

184. Norwegian authorities acknowledged and confirmed on numerous occasions that Claimants' investments were operated in accordance with applicable laws and regulations. Norway indeed welcomed Claimants' investments, until it abruptly changed course and decided to stop snow crab fishing by EU vessels operating in the Barents Sea.
185. Norway was at all times fully aware that North Star held licences issued by Latvia authorizing it to catch snow crabs in the Loophole under the NEAFC Scheme. The issuance of licences by Latvia to North Star was notified to NEAFC on a yearly basis starting in December 2014.<sup>215</sup> These licences were then disclosed by NEAFC on its public website at <https://www.neafc.org/neafc-vessel-register>.<sup>216</sup>

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<sup>214</sup> Witness Statement of Kirill Levanidov, para. 67

<sup>215</sup> **C-0091; C-0092; C-0093;** Email of the Latvian Ministry of Agriculture and Fisheries (Ričards Derkačs) to the European Union/DG MARE (Pernille Skov-Jensen) (notification of Solvita, Senator, Saldus, Solveiga for 2017), 7 December 2016, **PP-0100**.

<sup>216</sup> NEAFC website, “*Register of Notified Vessels and Authorisations 2021*,” 8 March 2021 (date of access), **PP-0101**.

186. In the course of its fishing operations in the NEAFC zone, North Star requested permission from Norway each time it unloaded a catch in a Norwegian port. North Star did so through the submission of NEAFC PSC forms, indicating that North Star had caught snow crabs in the Loophole under a NEAFC licence issued by Latvia and that it wished to land these catches in Norway. On at least seventy-nine (79) occasions between July 2015 and September 2016, Norwegian authorities gave North Star's vessels permission to enter the Norwegian ports of Baatsfjord, Kjollefjord and Vardo, and consented to North Star's landing of snow crabs in these ports.<sup>217</sup>
187. Norges Rafisklag, a Norwegian sales organization regulated under Norway's Fisheries Act, recorded each sale of snow crab by North Star in Norwegian ports.<sup>218</sup> The data collected by Norges Rafisklag was at all times available to the Norwegian government and it is my understanding that Norway's fisheries authorities do access such data on a regular basis.
188. Between August 2014 and August 2016, North Star ships were inspected at least six times by the Norwegian coast guard, each time with thousands of kilograms of snow crab on board. None of these inspections reported any infringement or violation related to the fact that the vessel had been fishing for snow crab.<sup>219</sup>
189. Norwegian public officials initially supported and welcomed Claimants' investments in Norway. In May 2015, Seagourmet proudly announced the official launch of its factory.<sup>220</sup> Invitations to our opening ceremony were sent to Mr. Frank Bakke-Jensen, a prominent member of the Norwegian Parliament (currently Norway's Minister of Defense) and Mr. Geir Knutsen, the mayor of Baatsfjord.

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<sup>217</sup> **C-0100; C-0101; C-0102; C-0103.**

<sup>218</sup> Rafisklaget Sales Notes for Saldus, 2015, **PP-0159**; Rafisklaget Sales Notes for Saldus, 2016, **PP-0160**; Rafisklaget Sales Notes for Solvita, 2015, **PP-0161**; Rafisklaget Sales Notes for Solvita, 2016, **PP-0162**; Rafisklaget Sales Notes for Solveiga, 2015, **PP-0163**; Rafisklaget Sales Notes for Solveiga, 2016, **PP-0164**; Rafisklaget Landing Notes for Senator, 2015, **PP-0165**; Rafisklaget Landing Notes for Senator, 2016, **PP-0166**; Sample English translation of a Rafisklaget Sales Note, **PP-0167**.

<sup>219</sup> **C-0094; C-0099**; Norwegian Coast Guard Inspection Form, Solvita, Port of Kjollefjord, 13 August 2014, **PP-0169**; Norwegian Coast Guard Inspection Form, Solvita, Port of Baatsfjord, 6 August 2015, **PP-0170**; Norwegian Coast Guard Inspection Form, Solveiga, Port of Baatsfjord, 27 January 2016, **PP-0171**; Norwegian Coast Guard Inspection Form, Saldus, Port of Baatsfjord, 10 August 2016, **PP-0172**.

<sup>220</sup> News release entitled "Seagourmet Norway cuts the ribbon," 26 May 2015, **PP-0142**.

190. On 10 June 2015, the opening ceremony was held at Seagourmet facility to celebrate the launch of our joint Latvian-Norwegian project. Guests who also attended this ceremony included Mayor Knutsen and Mr. Abelis, the Ambassador of Latvia to Norway.<sup>221</sup> Mayor Knutsen gave a speech praising our project and he personally cut the ceremonial ribbon marking the official opening of the factory.<sup>222</sup>
191. The Norwegian media enthusiastically reported about the launch of our joint venture.<sup>223</sup> Mayor Knutsen said that it marked a “*big day in the fishing community of Baatsfjord*” and that he was “*incredibly happy and not least proud that they chose Baatsfjord to establish themselves*”. He cited our project as “*a welcome addition to the industry in Baatsfjord*”.<sup>224</sup>
192. On 4 September 2015, a delegation of Norwegian members of parliament headed by Mr. Bakke-Jensen visited Seagourmet.<sup>225</sup> The delegation was given a tour of the factory and piers and was informed that North Star was Seagourmet’s exclusive supplier of snow crab and strategic partner. Mr. Bakke-Jensen gave our joint project his blessings and best wishes of success. At no point did the delegation express any concern about the fact that Seagourmet relied on North Star’s catches for its snow crab supplies.
193. On 8 September 2015, Seagourmet hosted a visit by Ms. Elizabeth Aspaker, the then Minister of Fisheries of Norway.<sup>226</sup> I hosted this event with Seagourmet’s Sergei Ankipov. Mayor Knutsen also attended. Minister Aspaker was informed of the integrated nature of our fishing and processing enterprises and more specifically that Seagourmet relied on supplies of snow crabs delivered by North Star, a Latvian company. She visited Seagourmet’s factory and docks, posed for a picture in front of

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<sup>221</sup> Photographs taken at the opening ceremony, 10 June 2015, **PP-0145**.

<sup>222</sup> *Ibid.*

<sup>223</sup> B. Wormdal, A. Foleide, “*The ‘fishing capital’ is expanding with a new snow crab factory,*” NRK Finnmark, 10 June 2015, **PP-0178**.

<sup>224</sup> *Ibid.*

<sup>225</sup> Email exchange between Seagourmet and a representative of Norway’s Parliament, 8 September 2015, **PP-0179**; Photograph taken during the visit of Seagourmet by the Norwegian Parliament’s delegation, 4 September 2015, **PP-0180**.

<sup>226</sup> **C-0080**; Facebook post mentioning Minister Aspaker’s visit of Seagourmet, 23 September 2015, **PP-0181**.

North Star's vessel Solveiga flying the Latvian flag<sup>227</sup> and witnessed the offloading of crabs from that same ship. Minister Aspaker assured us of her support for our joint project and expressed strictly no reservations regarding the fact that North Star, an EU-based company, had been catching the snow crabs delivered to Seagourmet.

194. On 23 October 2015, a delegation of Norway's Ministry of Trade, Industry and Fisheries visited Seagourmet's factory.<sup>228</sup> The delegation enquired about our business vision and plans and was informed of Seagourmet's dependence on North Star's deliveries of snow crabs caught in the Loophole. It appeared enthusiastic about our project and gave their encouragements. Again, the delegation gave no indication that the Norwegian government was in any way opposed to snow crab fishing by EU-based companies in the NEAFC zone.
195. Beyond these expressions of support, Norway also approved major investments in Baatsfjord's port infrastructure to facilitate the operations of large vessels wishing to use Baatsfjord as a port of call. In September 2015, Minister Aspaker announced the launch of dredging works to increase the depth of the harbour and increase the area where large vessels could be moored. These investments amounted to NOK 100 million.<sup>229</sup>
196. The large vessels which would have benefited from these works (including North Star's) were mostly foreign snow crab fishing vessels operating from Baatsfjord, since the local fleet of Norwegian vessels is composed of small and medium-sized ships which would not have required these investments. It is therefore my belief that Norway's investments were motivated by the desire to attract these foreign vessels to Baatsfjord. In particular, North Star would have been a direct beneficiary of the works in Baatsfjord's Foma Bay, Neptune Bay and Steamship Quay, through increased access to moorings for its ships and faster unloading times at Seagourmet's factory.

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<sup>227</sup> Photograph taken during the visit of Seagourmet by Minister Aspaker, 8 September 2015, **PP-0182**.

<sup>228</sup> Program of Norway's Ministry of Trade, Industry and Fisheries delegation's visit to Baatsfjord, 22-23 October 2015, **PP-0183**; Photographs taken during the visit of Seagourmet by the Ministry of Trade, Industry and Fisheries delegation, 23 October 2015, **PP-0184**.

<sup>229</sup> A. Trellevik, "*Batsfjord and Mehann get millions for harbours*," NRK, 18 January 2020, **PP-0185**; "*Making Batsfjord Harbor Deeper*," The Norwegian Costal Administration, 22 December 2016, **PP-0186**; "*Inauguration of the "new" Batsfjord Harbour*," Kystsverget, 21 August 2019, **PP-0187**.

197. In light of Norway's acknowledgements, encouragements and investments, Mr. Levanidov and I believed that our joint project was welcomed and indeed fully supported by Norway.
198. Then, in November 2015, we started noticing a subtle change in Norway's political discourse. Minister Aspaker gave an interview to NRK, the Norwegian state-sponsored media organization, voicing concerns about working conditions on ships operating in international waters and referring to an incident which had allegedly happened aboard a Spanish trawler. Minister Aspaker declared that "*we all have a great responsibility to make sure that what we receive is caught correctly, and that the conditions for those who fish this are justifiable*". She said that she was committed "*to crack down on and also fight illegal working conditions*" aboard fishing vessels.<sup>230</sup>
199. The Communications Manager of Seagourmet, Mr. Andrei Kazakov, was interviewed for the article and asked to comment on the alleged situation aboard the Spanish vessel. Mr. Kazakov stated "*that all the vessels that deliver catch there [i.e., North Star's vessels] operate in accordance with EU legislation, and as far as he knows, there have been no complaints from the crews. He assures that any reports of ill-treatment of crews will be reported immediately*".<sup>231</sup>
200. While the article discussed the importance of ensuring decent working conditions aboard fishing vessels, its conclusion struck a rather different note: "*Stopping foreign vessels from delivering [snow crabs] in Norway is basically impossible. If the Minister of Fisheries can do nothing, then the wish it at least clear*".<sup>232</sup>
201. On 9 December 2015, Mr. Sergei Ankipov, Seagourmet's Project Coordinator, wrote to Minister Aspaker to thank her for her recent visit to Seagourmet's Baatsfjord's factory. He provided a summary of Seagourmet's economic and social contributions to the Baatsfjord community and reiterated that the company relied on North Star as its

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<sup>230</sup> J. H. Tomassen, K. Helsa, "*Cannot intervene against illegalities in international waters,*" NRK, 10 November 2015, **PP-0188**.

<sup>231</sup> *Ibid.*

<sup>232</sup> *Ibid.* [emphasis added].

exclusive supplier of snow crabs.<sup>233</sup> In light of recent news reports casting doubt about Norway’s intentions towards EU vessels, Mr. Ankipov requested a meeting with the Minister:

*Lately, we are very concerned, where the biggest uncertainty is related to raw materials for 2016. In comparison with food for humans, raw materials are just as important for a healthy factory.*

*As of today, we cooperate with the Latvian shipping company North Star, which supplies raw materials to us, and thanks to good cooperation capabilities between us, Seagourmet Norway receives constant flow of raw materials. This refers to the fact that we have planned to expand production facilities and hire more employees, but the latest news questions the future.*

*I would like to ask you for a meeting to discuss that issue and at the same time use the right to express myself.*<sup>234</sup>

202. On 8 January 2016, a representative of the Ministry of Fisheries responded to Mr. Ankipov. The representative indicated that there had been “*a change in the political leadership just before Christmas*” and offered a meeting with the new Minister, Mr. Per Sandberg. He also asked Mr. Ankipov to clarify the meeting’s purpose, apparently unaware of any news that would cast doubt about Seagourmet’s ability to source snow crabs from EU vessels:

*I hope you can help me with some questions that will make it easier to assess the inquiry: [...]*

*What news are you referring to that you say gives uncertainty regarding raw materials in 2016? It would be very nice if you can say a little more about what you specifically want to discuss with the Minister.*<sup>235</sup>

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<sup>233</sup> Email exchange between S. Ankipov and the Norwegian Ministry of Fisheries, 9 December 2015 – 8 January 2016, **PP-0189**.

<sup>234</sup> *Ibid.*

<sup>235</sup> *Ibid.*

203. On 27 January 2016, Minister Sandberg visited Baatsfjord to meet with seafood producers. In the press release announcing his visit, he was quoted as saying that “*the government is concerned with increasing the profitability of the fishing industry*” and that he would be there to “*have a good dialogue*”.<sup>236</sup> In advance of the Minister’s visit, Seagourmet invited him to visit its factory, like it had done for Minister Aspaker. Unlike his predecessor, however, Minister Sandberg refused the invitation.
204. On 22 February 2016, Mr. Ankipov and I visited Minister Sandberg in Oslo, accompanied by Mayor Knutsen and Seagourmet’s Pavel Kruglov. During the meeting, we explained how Seagourmet was entirely dependent on North Star’s deliveries of snow crab. Mayor Knutsen stressed the importance of our joint enterprise for the economy of Baatsfjord. While the discussion was cordial, the Minister informed us of Norway’s position that EU vessels were not allowed to catch snow crabs in waters above Norway’s continental shelf without Norway’s consent. We reiterated to the Minister that North Star held valid licences to catch snow crab in the NEAFC area and the meeting ended on that note.

## **VIII. NORWAY’S ADVERSE ACTIONS AGAINST CLAIMANTS’ INVESTMENTS**

205. Through most of 2016, North Star continued its snow crab fishing operations without facing opposition from the Norwegian government. This changed on 27 September 2016, when North Star and the Senator’s captain, Mr Rafael Uzakov, received a confiscation order from the Finnmark Police District alleging their violation of the Marine Resources Act and ordering them to pay fines amounting to NOK 81,000 “*for having caught snow crab in the Norwegian sea territory and inland waters, and on the Norwegian continental shelf without the necessary permission*”, more specifically in the Loophole.<sup>237</sup>
206. While Senator held a valid fishing licence granting it a right to catch snow crab in the Loophole, North Star decided to pay the fine to avoid the costs of defending a likely

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<sup>236</sup> Press Release, “*The Minister of Fisheries visits Båtsfjord*,” 20 January 2016, **PP-0190**.

<sup>237</sup> Confiscation order against North Star and Order against Mr. Uzakov, 27 September 2016, **PP-0191**.

legal action from Norway if it chose not to pay. North Star paid the fine on 28 September 2016.<sup>238</sup>

207. After this incident, North Star decided to redirect its vessels to the waters off the Svalbard archipelago, another fishing area for which it held valid snow crab harvesting licences.
208. On 16 January 2017, Senator was arrested by the Norwegian Coast Guard. When the Senator set out from Baatsfjord on 14 January, the Norwegian Coast Guard knew that Senator was heading towards Svalbard FPZ with the intention to fish snow crab, but instead of sending warnings immediately, it let it reach the SFPZ and install its pots before arresting it. Senator was then escorted to the Norwegian port of Kirkenes, where it was initially kept in custody by the Norwegian authorities. It was then allowed to sail for the port of Baatsfjord, where it remained in custody until early 2020.
209. On 18 January 2017, two days after Senator's arrest, Norway's Minister of Fisheries Mr. Per Sandberg wrote to Seagourmet in response to its inquiries "*about shortage of raw materials for snow crab*".<sup>239</sup> His letter emphasized Norway's newly asserted right "*to regulate the resources on the Norwegian continental shelf, including snow crab*" and argued that Latvian vessels did not have a legal right to catch snow crab therein. It further noted that "*in the bilateral negotiations for 2016 and 2017, Norway has offered the EU a quota for snow crab as part of the current account in the annual negotiations... In order to reach such an agreement, the EU must compensate Norway for this by allocating quotas for other species to Norway. So far, the EU has not wanted to pay for such a quota change on snow crab.*" For this reason, the Latvian vessels which Seagourmet relied on for its operations could not be given "*access to snow crab fishing on the Norwegian continental shelf*".<sup>240</sup>
210. In a subsequent media interview, Minister Sandberg declared that "*if there will be more ships in the area, they will be arrested*".<sup>241</sup> He again acknowledged that Norway was

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<sup>238</sup> Excerpt from North Star's bank account statement, 28 September 2016, **PP-0192**.

<sup>239</sup> Letter from P. Sandberg to Seagourmet, 18 January 2017, **PP-0193**.

<sup>240</sup> Letter from P. Sandberg to Seagourmet, 18 January 2017, **PP-0193**.

<sup>241</sup> **C-0036**.

using snow crab as a bargaining chip in fisheries negotiations with the EU, declaring that “*we will not give them a single crab*” (“them” referring to EU fishing companies including North Star).<sup>242</sup>

211. Following the arrest of Senator and Norway’s newly antagonistic attitude towards EU crabbers, Claimants had no choice but to suspend their operations in Norway, for fear of incurring additional fines or arrests.
212. On 20 January 2017, North Star was issued a penalty notice by the Chief of Police of Finnmark for alleged illegal snow crab catching on the Norwegian continental shelf in the Svalbard Fisheries Protection Zone without a permit issued by Norwegian authorities. North Star was given a corporate fine of NOK 150,000 and a confiscation order of NOK 1,000,000. The captain of the Senator, Mr. Rafael Uzakov, was given a fine of NOK 150,000.<sup>243</sup>
213. This time, North Star and Mr. Uzakov refused payment of the fines as Senator as a matter of principle, since Senator held a valid licence to catch snow crabs in the Svalbard area.<sup>244</sup> Both were prosecuted before the Norwegian courts.
214. On 22 June 2017, the Ost-Finnmark District Court gave judgment convicting North Star and Mr. Uzakov while reducing the fine payable by Mr. Uzakov.<sup>245</sup> North Star and Mr. Uzakov appealed the judgment.
215. On 7 February 2018, the Halogaland Court of Appeal upheld the judgment of the District Court.<sup>246</sup> North Star and Mr. Uzakov appealed to Norway’s Supreme Court.

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<sup>242</sup> **C-0036.**

<sup>243</sup> **C-0039;** Invoices for payment of confiscation, case costs and fine, 31 January 2020, **PP-0194.**

<sup>244</sup> **C-0015.**

<sup>245</sup> **C-0039.**

<sup>246</sup> **C-0041.**

216. On 14 February 2019, the Supreme Court of Norway gave judgment dismissing the appeal presented by North Star and Mr. Uzakov.<sup>247</sup> North Star paid the fines in February and March 2020.<sup>248</sup>
217. In an effort to mitigate its losses, North Star applied to the Norwegian Directorate of Fisheries to obtain dispensation from the prohibition against catching of snow crabs, through letters dated 17 May 2018<sup>249</sup>, 1 June 2018<sup>250</sup>, 28 February 2019<sup>251</sup> and 22 March 2019.<sup>252</sup>
218. Through its applications, North Star submitted that it met all the conditions required by the Norwegian Regulations for such dispensation to be issued, and that its catches would be unloaded to Seagourmet's factory, "*the on-shore based production facility in Batsfjord, in order to maximize the [economic] and financial contribution of our company to the arctic region of Eastern Finnmark*".<sup>253</sup>
219. Each of North Star's applications was rejected by the Norwegian Directorate of Fisheries. On 25 May 2018, the Directorate wrote:

*Notwithstanding the prohibition, a limited number of Norwegian vessels have been granted permission to harvest snow crab in accordance with section 2 of the regulation. No such exemption has been granted to foreign vessel.*

*If vessels from EU member states shall be allowed to harvest snow crab on the Norwegian continental shelf, this must be based on a bilateral agreement between Norway and the EU. Since no such agreement is in*

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<sup>247</sup> **C-0038.**

<sup>248</sup> Transaction receipt for payment of North Star's fine, 3 February 2020, **PP-0195**; Transaction receipt for payment of North Star's fine, 13 March 2020, **PP-0196**.

<sup>249</sup> **C-0043.**

<sup>250</sup> Letter from North Star to the Norwegian Directorate of Fisheries, 1 June 2018, **PP-0197**.

<sup>251</sup> Letter from North Star to the Norwegian Directorate of Fisheries, 28 February 2019, **PP-0198**.

<sup>252</sup> Letter from North Star to the Norwegian Directorate of Fisheries, 22 March 2019, **PP-0199**.

<sup>253</sup> **C-0043.**

*place, vessels flying the flag of an EU member state cannot be granted permission to harvest snow crab on the Norwegian continental shelf.*<sup>254</sup>

220. On 9 October 2018<sup>255</sup> and 13 May 2019<sup>256</sup>, the Directorate rejected North Star's subsequent applications.
221. In its rejection letter of 13 May 2019, the Directorate provided a different rationale to explain its decision to reject North Star's application:

*Pursuant to section 2 of the snow crab regulations the Directorate of Fisheries may grant exceptions from the prohibition for vessels which are granted a commercial fishing licence in accordance with the Act of 26 March 1999 no. 15 relating to the right to participate in fishing and hunting.*

*The vessels mentioned in your application do not possess such a licence, and the requirements for obtaining a permit to harvest snow crab in accordance with the snow crab regulations are therefore not met. Consequently, your application is rejected.*<sup>257</sup>

222. On 31 May 2019, North Star filed a complaint to the Ministry of Fisheries against the rejection of its application for dispensation by the Directorate.<sup>258</sup>
223. On 14 November 2019, the Ministry rejected North Star's complaint.<sup>259</sup> The Ministry's decision was based on the finding that North Star's vessels did not meet the requirements according to which the Directorate could grant snow crab fishing permits.<sup>260</sup>

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<sup>254</sup> **C-0044.**

<sup>255</sup> **C-0045.**

<sup>256</sup> Letter from the Norwegian Directorate of Fisheries to North Star, 13 May 2019, **PP-0200**.

<sup>257</sup> *Ibid.*

<sup>258</sup> Submissions by North Star to the Ministry of Fisheries, 2019-2020, **PP-0201**, p. 16 (complaint dated 31 May 2019).

<sup>259</sup> **C-0116.**

<sup>260</sup> *Ibid.*

224. On 19 October 2020, North Star filed a claim in a civil suit against the Norwegian government, represented by the Ministry of Trade, Industry, and Fisheries.<sup>261</sup> The claim is a judicial review claim that asks the court to declare null and void the decision of 13 May 2019 not to grant dispensation to catch snow crabs on the continental shelf of Svalbard. The case continues to follow its course.
225. In late 2018, as the Claimants' case was being argued before the Norwegian Supreme Court, Claimants, Mr. Levanidov and Seagourmet became the target of a defamation campaign in the Norwegian media. Norwegian newspaper Dagbladet published a series of articles in November 2018<sup>262</sup> which were transparently written to smear our reputation. These articles reported the outrageous accusation that Sea & Coast had given "*slave contracts*" to crew members hired on North Star's ships and dishonestly stated that our companies were being suspected of "*human trafficking, tax evasion, social dumping and illegal capture*" by Norwegian authorities.<sup>263</sup>
226. Some of the documents presented in the articles as the alleged "*slave contracts*" were shown to me by the journalist prior to publication.<sup>264</sup> These documents had obviously been forged, since Sea & Coast has never entered into an employment contract with any crew member. The purported employment agreements were not on Sea & Coast's letterhead. They bore a false corporate seal identifying the company as "Sea & Coast AS LIMITED", when Sea & Coast has never used the term "limited" within its corporate name. They were purportedly signed by Mr. Sergei Ankipov, but the signature appearing on the documents had no resemblance whatsoever to his true signature.<sup>265</sup>

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<sup>261</sup> Submissions by North Star to the Ministry of Fisheries, 2019-2020, **PP-0201**.

<sup>262</sup> S. Gedde-Dahl, G. Thorenfeldt, L. Stang, O. Stromman, H. A. Vedlog, "*The Hidden Slave Contracts*," Dagbladet, 17 November 2018, **PP-0202**; Gedde-Dahl, G. Thorenfeldt, L. Stang, O. Stromman, H. A. Vedlog, "*Plan A Crab Raid In Batsfjord*," Dagbladet, 29 November 2018, **PP-0203**; S. Gedde-Dahl, G. Thorenfeldt, L. Stang, O. Stromman, H. A. Vedlog, "*Crab drama in Finnmark*," Dagbladet, 28 November 2018, **PP-0204**.

<sup>263</sup> S. Gedde-Dahl, G. Thorenfeldt, L. Stang, O. Stromman, H. A. Vedlog, "*The Hidden Slave Contracts*," Dagbladet, 17 November 2018, **PP-0202**.

<sup>264</sup> Sample forged employment contracts obtained by Dagbladet, **PP-0211**.

<sup>265</sup> Share purchase agreement between S. Ankipov and P. Pildegovics, 14 October 2015, **PP-0050**, pp. 3-4, (sample of Sergei Ankipov's genuine signature).

227. Mr. Levanidov and I communicated this information to the journalist. Unfortunately, our efforts to correct Dagbladet's gravely mistaken assumptions were not given any credence and Dagbladet chose to publish the false accusations against us.
228. On 20 November 2018, Dagbladet's journalist admitted in an email exchange that he could not conclude that the alleged "*slave contracts*" were genuine, but stated that he "[knew] for a fact that the contracts were used to invite Indonesians to work in Baatsfjord."<sup>266</sup> He added that the forged documents had been obtained "from the Norwegian embassy in Indonesia" which had disclosed them to Dagbladet pursuant to a freedom of information request.<sup>267</sup>
229. The next day, I wrote to the Norwegian embassy in Jakarta to seek their confirmation that the forged documents obtained by Dagbladet had been provided by the embassy. I also asked the embassy to send me any documents in their possession bearing the name of Sea & Coast, in an attempt to find out who had been fraudulently using my company's identity.<sup>268</sup>
230. On 27 November 2018, the embassy confirmed that it had provided "*some copies of employment agreements with the Sea & Coast AS stamp to the journalists (the name of the sailors were deleted)*".<sup>269</sup> It however declined to provide copies of other documentation purportedly issued by Sea & Coast, explaining that "*the Embassy processes thousands of visas annually*" and "*regrettably do[es] not have the possibility to go through two years of applications*".<sup>270</sup>
231. In subsequent exchanges, despite my insistence, the embassy continued to refuse to provide the requested information and documentation. It also declined to confirm

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<sup>266</sup> Email from G. Thorenfeldt to K. Levanidov and P. Pildegovics, 20 November 2018, **PP-0205**.

<sup>267</sup> *Ibid.* [emphasis added].

<sup>268</sup> Email exchange between P. Pildegovics, K. Levanidov and the Norwegian embassy in Jakarta, November-December 2018, **PP-0206**, p. 1.

<sup>269</sup> *Ibid.*, p. 2.

<sup>270</sup> *Ibid.*, p. 2.

whether anyone had actually been issued visas to Norway on the basis of the forged Sea & Coast employment contracts.<sup>271</sup>

232. When questioned regarding its policy when faced with documents of dubious authenticity, the Embassy stated that “*it is possible for the applicant to be granted a visa even though the conditions in the contract are questionable. If we are in doubt about the validity of documents in an application, we will normally consult with the issuer of the document, or the applicant*”<sup>272</sup>. The embassy did not explain why, in this particular case, it had made no attempt to contact Sea & Coast.
233. The embassy did however acknowledge that it had concerns about the documents at issue. Instead of contacting us to confirm the validity of the documents, the embassy chose to send them to Dagbladet, the Norwegian police and even Norway’s Ministry of Foreign Affairs: “*Because of the questionable conditions reflected in the contracts, the embassy reported these cases to the Ministry of Foreign Affairs and KRIPOS*”.<sup>273</sup> To my knowledge, the forged documents served no other purpose other than to smear our reputation since clearly the unidentified seamen who purportedly presented visa applications on the basis of these documents never reported to Sea & Coast.
234. Following this troubling episode, Mr. Levanidov and I were contacted by the Finnmark police. Since the allegations against our companies had no basis whatsoever, no charges were pressed, and the police took no official action against us.
235. Still, the Norwegian authorities felt confident enough to provide comments to Dagbladet. While no formal investigation had been opened against us or our companies, the prosecutor appointed to the case declared to Dagbladet that “*we were able to stop their activities in Norway if nothing else*”.<sup>274</sup>

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<sup>271</sup> *Ibid.*

<sup>272</sup> *Ibid.*, p. 6

<sup>273</sup> *Ibid.*, p. 6

<sup>274</sup> S. Gedde-Dahl, G. Thorenfeldt, L. Stang, O. Stromman, “*Plan a crab raid in Batsfjord,*” Dabladet, 29 November 2018, **PP-0203**.

236. This statement, which apparently referred to Senator’s arrest, unwittingly revealed the true motive behind Norway’s adverse actions against our investments and the public smear campaign that followed.

## **IX. THE VALUE OF CLAIMANTS’ INVESTMENTS WAS DESTROYED BY NORWAY’S ADVERSE ACTIONS**

237. Norway’s adverse actions prevented Claimants from operating their snow crab fishing enterprise. They effectively destroyed the value of Claimants’ investments in Norway, as North Star was prevented from conducting the very economic activity it had been set up for – catching snow crabs in the Barents Sea and delivering them to Seagourmet’s Norwegian factory.
238. Norway started preventing North Star from catching snow crabs just when North Star’s business was getting ready to operate at scale and to build on the lessons learned during its early years of operation in 2015 and 2016. These actions also occurred at a time when snow crab prices were on a sharply increasing trend, causing North Star to suffer large revenue losses.
239. By January 2017, North Star had finished building its fleet of fishing vessels as it had completed its purchase of Sokol and Solyaris. The ships had undergone repairs in 2015 and 2016 and the sellers were ready to deliver them to North Star by mid-January 2017. The ships required no further repairs and were equipped for snow crab fishing. Both were expected to be issued licences authorizing them to catch snow crabs in the NEACF and Svalbard zones by Latvia during the month of January 2017.<sup>275</sup> Both ships had experienced snow crab fishing crews which would have been retained by North Star. On that basis, North Star expected that both Sokol and Solyaris would have been ready to join its fleet and commence catching snow crabs at the latest on 1<sup>st</sup> February 2017.
240. In 2017 onward, North Star planned to operate its fleet in every calendar month, including the summer months which are considered as a low season for snow crab fishing. North Star’s plan to fish during the summer months is shown by Seagourmet’s

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<sup>275</sup> Letter from Ministry of Agriculture, 4 January 2017, **PP-0110**.

installation of a meat extraction line specifically designed to process North Star's lower-meat-fill crabs caught during those months.<sup>276</sup>

241. In my experience, a fishing vessel must typically spend between 14 and 21 days at port each year for routine maintenance and repair works. This means that North Star's vessels would normally have been available for snow crab fishing operations between 344 and 351 days each year ("operating days"). Out of those operating days, a vessel splits its time between the fishing grounds and in transit from and to the port. A vessel maximizes its catch productivity by spending more time at sea fishing and less time in the port.
242. In 2015, North Star's vessels progressively started operating through the first half of the year, and all of North Star's vessels were effectively prevented from fishing snow crabs by Norway starting in September 2016. North Star's vessels therefore had fewer available operating days in 2015 and 2016 than they would have had in subsequent years, but for Norway's adverse actions.
243. The following table shows the breakdown between days in operation, days at sea and days at port for each of North Star's ships in 2015 and 2016 according to the Baatsfjord port authority's statistics:

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<sup>276</sup> Witness Statement of Kirill Levanidov, para. 47.

Vessel	Year	Operating Days		
		At Sea	At Port	Total
<b>Saldus</b>	2015	191	60	250
	2016	97	166	264
<b>Solveiga</b>	2015	214	53	266
	2016	207	51	258
<b>Solvita</b>	2015	198	129	327
	2016	216	48	264
<b>Senator</b>	2015	200	24	224
	2016	236	15	251

244. Because of accidents, North Star's ships spent fewer days at sea as a proportion of available operating days in 2015 and 2016 than they were expected. As a result, Solvita and Saldus were each kept at port for unplanned repairs for significant periods during 2015 and 2016.<sup>277</sup>
245. In 2015 and 2016, North Star's ships also faced bottlenecks at port which had been resolved by September 2016. During those years, Seagourmet was undergoing refitting and renovation works which prevented it from absorbing 100% of North Star's catches. As a result, North Star vessels had to land some of their catches at other Norwegian factories, which created delays and limited their number of sea days. Seagourmet's capacity investments, once completed, meant that these trips to other factories would no longer be necessary in late 2016 onward. It also meant that North Star's ships could unload faster, as Seagourmet had better unloading facilities and larger storage capacity.
246. Thanks to these productivity improvements, North Star expected that its live catchers Saldus, Solvita and Solveiga would each have been at sea at least 282 days per calendar year in 2017 onward, or 82% of available operating days, consistent with the number shown by Solveiga in 2015 and 2016. North Star was expecting Senator, Sokol and Solyaris to spend at least the same percentage of available operating days at sea as had been shown by Senator in 2016, namely 94% of available operating days or 323 days per calendar year. Factory vessels are capable of spending a greater percentage of available operating days at sea than live catchers because these ships have an option to

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<sup>277</sup> Sample invoices by Kimek to North Star, 2015-2016, **PP-0177**.

unload their frozen snow crab products at sea to transport vessels and be resupplied by the same vessels, thus spending less time in transit to and from the port.

247. In 2015 and 2016, North Star's live catchers Saldus, Solvita and Solveiga showed varying levels of catch productivity per day at sea. This was to be expected given that 2015 and 2016 were start-up years for the company; however, the three vessels are similar and were expected to achieve comparable catch numbers over time. The following reasons explain their varying performance in 2015 and 2016:
- (a) First, Saldus was not as well equipped as Solvita and Solveiga. Its refrigeration system was suboptimal, which lead to a high rate of casualties before landing (which is a problem since dead crabs generally cannot be sold). In 2016, North Star installed new a chilling system, tanks and piping which allowed Saldus to show productivity improvements.
  - (b) Second, during their first two years, North Star's crews were experimenting with different fishing techniques (including different numbers of pots, length of time pots would be left in the water ("soak time"), use of different baits). They were also exploring different fishing grounds. During these early years, North Star captains learned which fishing techniques and fishing grounds were the most productive. Their experience was then shared, and North Star expected that all of its captains would apply best practices building upon it. On that basis, North Star expected that, starting in 2017, Saldus and Solvita would show catch productivity numbers comparable to Solveiga's, the ship which had shown the best results on average in 2015 and 2016.
248. Sokol and Solyaris have comparable dimension, processing, storage and seagoing capacities to Senator's and would have had a similar number of crew members on board. Sokol and Solyaris are tuna long liners which are particularly well suited for snow crab fishing and processing. They would have fished with a similar number of pots as Senator. Their factory equipment was also of a similar quality as Senator's. From a technical standpoint, Sokol and Solyaris could therefore be expected to show catch and processing productivity numbers comparable to Senator's. They were however significantly more fuel efficient, requiring only 2.3-3 tonnes of marine gas oil per day compared to 4-5 tonnes for Senator.

249. In 2015 and 2016, under their previous owner, Sokol and Solyaris had however shown lower productivity, mainly due to differences in the regulatory requirements under which they were then operating. Both ships then flew the Russian flag. For this reason, they were not allowed to deliver products to Norwegian ports. Per Russian legislation, seafood products caught on Russian fishing vessels must clear customs in a Russian port. However, due to the high fees charged to vessel operators calling these ports, the Russian snow crab fishing fleet (including Sokol and Solyaris) largely avoided them, relying exclusively on Russian transshipment vessels for the landing of their catches in Russia. This process involves a loss of time and flexibility, since a fishing vessel entirely reliant on transport vessels must at times stand idle waiting for such vessels to deliver suppliers or take catches. By contrast, a vessel like Senator could call the port of Baatsfjord whenever it was more efficient to do so.
250. North Star had obtained confirmation from the Latvian Ministry of Agriculture that it could bring Sokol and Solyaris under the Latvian flag. As such, Sokol and Solyaris would have been able to call the port of Baatsfjord, which would have allowed North Star to operate them at full capacity contrary to their previous owners.
251. From 2017 onward, North Star expected that its vessels would continue making productivity gains, building upon the improvements shown in 2016, which had led to an increase of 26% in catches per day at sea compared to 2015.
252. Based on the following factors, my best estimate is that North Star would have been able to further increase its ships' daily catch productivity by at least 10% in each of 2017, 2018 and 2019, and by at least 5% in 2020:
- (a) First, North Star planned to equip its ships with additional crab pots. In 2015 and 2016, North Star's live catchers (Saldus, Solvita and Solveiga) were equipped with approximately 2,500 pots while Senator fished with 3,500 pots. North Star planned to increase these numbers to 4,000 for the live catchers and 6,000 for its factory vessels. In comparison, Norwegian snow crab fishing vessels have been reported to use up to 9,000 pots.
  - (b) Second, North Star had made (and was planning to make) further capacity investments in its factory vessels. In June 2016, North Star installed new

freezing equipment onboard Senator<sup>278</sup>, allowing it to increase its production capacity from 12 tonnes per day to 18 tonnes per day.

- (c) Third, North Star expected that its crews would continue to optimize catch productivity based on their growing knowledge of the fishing grounds and mastery of snow crab fishing techniques, including soak time and bait selection.
  - (d) Fourth, by 2017, North Star's captains had become familiar with seasonal changes and migration patterns of snow crab populations. This allowed them to select the most productive fishing grounds depending on the time of the year, which North Star expected would lead to better catch numbers in subsequent years.
253. In order to support its operations in 2017 onward, North Star would have incurred costs falling in the following categories: (i) employment-related costs; (ii) fuel costs; (iii) equipment costs; (iv) repair and maintenance costs; (v) insurance costs; (vi) duties and other costs; and (vii) administrative costs.
254. Employment-related costs include salaries paid to seamen and social security costs. These costs have been booked in North Star's financial statements under the line items "remuneration for work", "cost of manning the vessel" and "social security costs". Prior to 2016, North Star contracted with third-party companies for its vessel crews. The amounts charged by these third-party companies were booked under "costs of manning the vessel". In 2016, North Star started hiring crew members directly and booked their salary costs under "remuneration for work".
255. North Star's employment-related costs are mainly dependent on the number of days at sea spent by the company's ships. Social security costs are fixed according to Latvian legislation.
256. Fuel costs include the cost of marine fuel (marine gas oil or MGO) and lubricants consumed by vessels in the course of their operations. Vessel fuel and lubricant

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<sup>278</sup> Invoice from [REDACTED] to North Star, 17 May 2016, **PP-0207**; Invoice from [REDACTED] to North Star, 5 July 2016, **PP-0208**; Invoice from [REDACTED] to North Star, 12 August 2016, **PP-0209**; Invoice from [REDACTED] to North Star, 10 October 2016, **PP-0210**

consumption is dependent on vessel usage, and the cost thereof is dependent on the spot prices for MGO.

257. Equipment costs refer to the cost of purchasing crab pots and other catching equipment for North Star's ships. In 2015 and 2016, North Star expensed approximately EUR 1.7 million to outfit its vessels with such equipment. This expense was largely non-recurring as North Star would have continued using the same equipment in subsequent years. My best estimate for subsequent years is that North Star would have been incurring equipment costs at approximately 50% of the level it incurred in 2016 and that these costs would have been capitalized instead of expensed.
258. Repair and maintenance costs refer to the cost of repairing and maintaining the vessels. In 2015 and 2016, North Star incurred total repair and maintenance costs of EUR 1.2 million and EUR 0.9 million. These figures included both recurring and non-recurring expenses, as they included the repair costs related to Saldus' and Solvita's accidents.
259. Recurring (or routine) repair and maintenance costs are expected to vary year-to-year based on five-year operating cycles, as the frequency of the different types of repair and maintenance works varies. The following table provides a breakdown of estimated recurring repair and maintenance costs on a per vessel basis over a typical five-year cycle:

<i>Operating Year</i>	<i>Routine repair and maintenance work</i>	<i>Estimated cost - per year per vessel</i>
1	Hull: sanding and painting above waterline. Mechanical: checking and necessary repair of main and auxiliary engines and gen sets, check and renew of all safety equipment, check and repair of all electronics and radio parts, check and repair of refrigeration and electric systems, check and repair of all fishing equipment and processing equipment.	EUR 200,000

2	All of above plus dry docking of the vessel, checking the remaining thickness of the hull, replacement of hull steel sheets as necessary, pulling the main shaft and inspection, repair of shaft and propeller, sanding and painting of underwater parts.	EUR 350,000
3	Same as year 1	EUR 200,000
4	Same as year 2	EUR 350,000
5	Same as year 4 except dry dock (unless done the year before) plus complete overhaul of main engine and auxiliary engines, inspection by the class society for all mechanical, constructional, safety and environmental requirements and repairs as necessary.	EUR 450,000 to EUR 500,000

260. Insurance costs are fixed on a per vessel basis. In 2015 and 2016, North Star incurred EUR 150,256 and EUR 149,121 in insurance costs for its four vessels. It expected to incur a similar level of expense on a per vessel basis in 2017 onward.
261. Duties and other costs include vessel duties paid to port authorities, fees paid based on catch volumes (“limit unit fees”) and various miscellaneous costs related to the operation of the vessels (for example the purchase of hardware and other materials for day-to-day maintenance needs). These costs have been booked in North Star’s financial statements under the line items “materials costs”, “limit unit fee”, “duties on vessels”, “stock changes” and “other costs”.
262. Administrative costs include costs related to North Star’s administration and include communication costs, employment-related costs related to administrative staff (“remuneration for work” and “social security costs”), the cost of business trips, professional costs, office and car maintenance costs, representation costs and other administrative costs. These costs totaled EUR 260,043 and EUR 353,980 in 2015 and 2016. They are fixed and were expected to remain stable in 2017 onward.
263. In light of North Star’s capacity investments (notably the planned addition of Sokol and Solyaris to its fleet), expected productivity improvements and the large increases in

snow crab prices, North Star would have expected to see significant revenue increases in 2017 onward. These revenues would have been significantly higher than North Star's total costs, which would certainly have allowed the company to be profitable in every year from 2017 onward.

264. Due to Norway's adverse actions preventing North Star from operating its snow crab fishing business, North Star's actual results since 2017 have been very different than what would have been expected had Norway not taken these actions.
265. In the financial year 2017, North Star's revenues plunged to EUR 110,756, down from over EUR 6.9 million in 2016.<sup>279</sup> As Norway prevented North Star from fishing for snow crabs, North Star could only sell frozen clusters and processed crab meat remaining in its inventory from 2016 catches. North Star was otherwise able to raise cash by selling Solveiga and the fishing capacity rights it had bought for Sokol and Solyaris.
266. In early 2018, in an effort to restart its fishing operations, North Star and Seagourmet agreed to experiment with shrimp fishing with pots in the Barents Sea, NEAFC and the Svalbard zone. Early results were encouraging but were suspended due to the substantial investments needed to refit North Star's vessels for this alternative fishery.<sup>280</sup> Over 2018, North Star earned minimal revenue from the sale of shrimp. It also booked revenues of approximately EUR 680,000 by leasing Saldus to Seagourmet in support of the companies' joint shrimp fishing project.<sup>281</sup> North Star's total revenue for the year amounted to less than EUR 780,000.

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<sup>279</sup> SIA North Star's Annual Report, 2017, **PP-0213**.

<sup>280</sup> SIA North Star's Annual Report, 2018, **PP-0214**, p. 4.

<sup>281</sup> *Ibid.*, p. 12 ("Other income").

267. North Star's total revenue for the year 2019 was EUR 310,515, again earned from Seagourmet for the lease of Saldus in connection with the two companies' shrimp fishing experiment.
268. Since 2017, North Star has declared annual financial losses in each fiscal year: EUR 1.6 million in 2017<sup>282</sup>, EUR 1.7 million in 2018<sup>283</sup>, and EUR 1.7 million in 2019.<sup>284</sup> North Star's 2020 annual report has not yet been filed at the time of signature of the present witness statement, but it is presently expected that North Star will declare a financial loss of more than EUR 2.5 million in 2020.

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Signed in Riga on 11 March 2021

Peteris Pildegovics

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<sup>282</sup> SIA North Star's Annual Report, 2017, **PP-0213**.

<sup>283</sup> SIA North Star's Annual Report, 2018, **PP-0214**.

<sup>284</sup> SIA North Star's Annual Report, 2019, **PP-0212**, p. 15.