

SJR

51

# HOUSE COMMITTEE REPORT

(9)

Date referred: 2/5/88

FURTHER REFERRALS:

DATE: 3-2-88

The Resources Committee has considered SJR 51

Requesting a support services priority for American carriers and bulk fuel suppliers servicing foreign processing vessels in the exclusive economic zone.

### RECOMMENDS:

- replace with \_\_\_\_\_  the same title  
 attached amendment(s)  a new title  
 do pass  
 do not pass  
 no recommendation  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS:  \_\_\_\_\_ letter of intent

### ATTACHES NEW FISCAL NOTE(S):

- fiscal impact  same as previous fiscal note published \_\_\_\_\_  
 zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_  
 zero with analysis

### SIGNING DO PASS:

Jim G.T.  
\_\_\_\_\_  
Mike Favre  
\_\_\_\_\_  
Michael Amico  
\_\_\_\_\_  
Dick Sherry  
\_\_\_\_\_  
Chip Davison  
\_\_\_\_\_  
James J. ...  
\_\_\_\_\_  
James Pearce  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### SIGNING OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Jim G.T.  
Chairman's signature

**FISCAL NOTE**

**REQUEST:**

Revision Date: January 25, 1988 Agency Affected: Commerce & Econ. Dev.  
 Title: SJR 51 BRU: Division of Business Development  
 Sponsor: Sturgulewski Components: \_\_\_\_\_  
 Requester: \_\_\_\_\_

**EXPENDITURES / REVENUES : (Thousands of Dollars)**

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-				

CAPITAL	-0-	-0-				
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REVENUE	-0-	-0-				
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**FUNDING: (Thousands of dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-				

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary.)

Prepared by: Paul Peyton *PP* Phone: 465-2162  
 Division: Business Development Date: January 25, 1988  
 Approved by Commissioner: J. Anthony Smith *JAS* Date: January 25, 1988  
 Agency: Department of Commerce and Economic Development

- Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

# North Pacific Fishery Management Council

James O. Campbell, Chairman  
Jim H. Branson, Executive Director

605 West 4th Avenue  
Anchorage, Alaska 99501

January 29, 1988



Mailing Address: P.O. Box 103136  
Anchorage, Alaska 99510

Telephone: (907) 271-2809  
FAX (907) 271-2817

Shari Gross  
Gross & Associates  
617 16th Avenue E.  
Seattle, Washington 98112

Dear Shari:

The North Pacific Fishery Management Council is reviewing a proposal to give U.S. transport and bulk fuel carriers preferential treatment over foreign vessels that now provide those services to the foreign fish processors operating off Alaska. The proposal was submitted by Paul Fuhs, Mayor of Unalaska, to increase the economic return to the U.S. from the fishery resource by allowing for fuller participation by domestic support firms. Under his proposal, foreign fishing and processing vessels would be required to ship their products on U.S. carriers and purchase fuel from U.S. distributors commensurate with the domestic industry's capacity to supply those services.

After initially reviewing this proposal last week, the Council requested a legal opinion from NOAA General Counsel on whether such preferential treatment of the U.S. support industry is mandated or even allowed under the Magnuson Fishery Conservation and Management Act. They also recommended that an industry workgroup be established to carefully examine the issues involved and recommend solutions.

You are among the following individuals I've invited to be on the industry workgroup, which I've asked Richard Knapp, Vice President for Marketing for the Alaska Railroad, to chair:

Mike Coleman	Kemp Pacific Fisheries
Barry Collier	Pacific Seafood Processors Association
Ted Evans	Alaska Factory Trawlers Association
Paul Fuhs	Unalaska
Pete Granger	American High Seas Fisheries Association
Shari Gross	Gross and Associates
Fred Kirkes	American President Lines
Tom Martin	Crowley Maritime
Hans Mauritzen	SunMar
Jerry McAviney	Sea-Land
Elwood Peterson	International Shipping Services
Tom Rueter	North Star
Max Soriano	Delta Western
Peter Strong	Coastal Transportation
Everett Trout	TOTE
Rich Wilson	St. George

January 29, 1988

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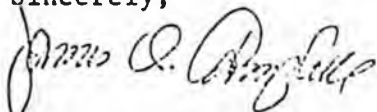
I've tentatively named the workgroup the "Maritime Support Group" but am open to suggestions should some other name be more appropriate as we proceed through our discussions.

Your first meeting will be Thursday, February 11, starting at 9:00 a.m. in Room 2079, Building 4, of the Northwest and Alaska Fisheries Center, 7600 Sand Point Way N.E., Seattle.

Attached is a draft agenda with issues and questions we should touch on. I'm also enclosing the proposal package submitted by Paul Fuhs. I imagine this first session will be mainly exploratory in nature but will help to focus the issues, define the problems, and identify the analyses and information needed for future meetings. If you have specific questions about the meeting arrangements or issues, please contact either Clarence Pautzke at the Council office (907-271-2809).

I look forward to seeing you in Seattle.

Sincerely,



James O. Campbell  
Chairman

enclosures

Draft Agenda

Maritime Support Group  
February 11, 1988

1. Introduction

- a. Introduction of Committee members.
- b. Summary of Fishery Support Industry proposal.
- c. Identification of the problem.

2. Foreign Fishery Support Operations

- a. What are the nationality, type and number of foreign vessels supporting foreign factory processors working off Alaska?
- b. What are the types and volumes of cargo or fuel supplied and their origin and destinations?
- c. How many trips do these vessels make each year and where are their ports of call?
- d. What are the general operational patterns for the carriers in servicing the fleet?

3. U.S. Capacity to Provide Services

- a. How many U.S. vessels now are providing support services to fisheries off Alaska?
- b. What are the types and volumes of cargo or fuel provided? What percentage is this of the whole?
- c. What are their general operational patterns?
- d. How will the U.S. support sector expand over the next five years?

4. Shoreside Support Facilities

- a. What are the current shoreside constraints to providing expanded support services to the fishing industry? Is land available?
- b. Are port facilities in the Bering Sea and Aleutians or elsewhere in Alaska capable of handling large traffic volumes? Is dock space available? Handling facilities? Container storage areas? What are the turnaround times for port visits?
- c. Where are current port locations? Where could they be expected to develop to support the fishing industry?
- d. What preference is given to domestic and U.S. foreign ships making port calls? Do U.S. or foreign vessels provide a greater boost to the local economy?

5. Major Factors Affecting Competitiveness of U.S. Support Industry
  - a. How do subsidies affect the competitive balance within the domestic fleet and between domestic and foreign support operations?
  - b. How do local, state or federal taxes affect U.S. competitiveness?
  - c. Are port operations efficient enough to support expanded operations?
6. Mechanisms for Improving the Competitiveness of the U.S. Support Industry
  - a. What changes in laws or policies are needed at the local, state or federal levels to enhance U.S. support operations?
  - b. Is legislation necessary to encourage the U.S. industry to participate to a larger degree?
  - c. Lacking successful legislation, what else can be done to encourage or promote or even make possible the utilization of U.S. bottoms in the transportation of the vast fish resource off Alaska?
  - d. If foreign vessel permit restrictions are necessary, what should they be and when should they be imposed? Before the season begins or as U.S. capacity develops during the year?
  - e. What is a good measure of U.S. capacity?
7. Impacts on Other Industry Sectors
  - a. Will measures that increase the competitive position of the U.S. support industry necessarily mandate higher costs to the U.S. processing industry?
  - b. How will these measures impact ports and port development?
8. Next Steps
  - a. What information and analyses are needed?
  - b. How can the information be gathered? Is it proprietary?
  - c. Who should help with the analyses?
  - d. When and where should the workgroup meet next?

**DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT**

*DIVISION OF BUSINESS DEVELOPMENT*

P O BOX EE  
JUNEAU, ALASKA 99811-0800  
PHONE (907) 465-2017

BRIEFING MEMO -- HJR45 and SJR51

SUPPORT SERVICES PRIORITY FOR FISHERY OPERATIONS IN THE EEZ

The Southwest Alaska Municipal Conference submitted a proposal in October 1987 to the North Pacific Management Council to "establish a linkage between the issuance of permits to foreign fish processing vessels and their use of U.S. transport and bulk fuel carriers. Permits to foreign processing vessels would be issued only upon the condition of existing contracts for the purchase of specific volumes of the services of U.S. cargo and bulk fuel carriers for their at sea operations. The volume required by the contract would equal U.S. capacity to provide those services."

The Department of Commerce and Economic Development (DCED) supports this proposal and the intent of the resolutions before the Legislature. The idea clearly has merit and support service development has great potential to spur economic growth in Alaska. The proposed support services preference should provide U.S. suppliers of at-sea services with needed market access to the foreign fleets, and is likely to generate spinoff business on-shore. It is unlikely that such access will be achieved through other developments such as market forces or Americanization of the processing and fishing sectors.

The department has not conducted an in-depth legal review of the proposal, however, there are several options for the council to consider for implementation. The resolutions may be overly specific in calling for an amendment to the Fishery Management Plan. As the council and NOAA review the legal framework and ramifications, DCED will elaborate on its position.

COUNCIL ACTIONS TO DATE

At its January meeting, the NPFMC set up a work group to study the proposal. There was general support on the council for the amendment, but there was concern about legal aspects and the staff workload from this and several other major proposals pending in the amendment process. This proposal could have sweeping implications and members felt that adequate staff work at this stage was essential.

To date, NOAA general counsel has not advised the council on the legality of the proposal. The council reserved the right to put the proposal in the amendment cycle following issuance of the legal opinion (due March 1) and work group report. This would likely occur at the April meeting. The amendment could be adopted at the September meeting and be in force by December.

#### THE LEGAL ASPECTS

The Magnuson Act provisions cited below appear to be specific to U.S. vessels that service the fishing fleet. Under the proposal, these support vessels could obtain a preference over foreign providers. The Act is mute on shore-based service suppliers and there is nothing in the law that would require U.S. fishing and processing vessels to buy domestic services.

A legal opinion prepared for American President Lines found that:

The Magnuson Act can be read to justify an FMP giving preferential treatment for U.S. support services: Under the act, "fishing" includes "any operations at sea in support of, or in preparation for" catching, taking or harvesting or other activities reasonably expected to result in these activities. Similarly, the Act defines "fishing vessel" to include "any vessel . . . which is normally used for . . . aiding or assisting one or more vessels at sea in the performance of any activity relating to fishing, including . . . transportation."

NMFS currently requires foreign-flag transport vessels to obtain activity code 3 (support) permits in recognition of this provision of the FCMA.

#### MAGNITUDE OF PROPOSAL

In 1985, there were 359 foreign flag vessels operating in the Bering Sea, and 99 of them were freighters and tankers. Almost no goods or services are procured by foreign fleets from U.S. firms or from U.S. coastal communities. The Russian fleet of approximately 40 vessels does buy some fuel and provides shore leave in Dutch Harbor.

Supporters estimate current foreign fleet fuel consumption at 160 million gallons annually. DCED estimated 144 million gallon consumption in 1985. Using an average of 150 million gallons at \$.60/gal yields about \$90 million in potential fuel sales. Dutch Harbor vendors sold approximately 56 million gallons to all customers in 1986.

SWAMC materials state that

"In 1986, more than 5,000 vessel-to-vessel at-sea transshipments were made of frozen fish and meal products by foreign vessels. This amounted to 1,200,000 metric tons . . . in contrast to the total estimated shipment of fish on U.S. bottoms of 50,000 to 75,000 metric tons."

That total of 1.2 million metric tons equals 2.6 billion pounds, and freight related tariffs are estimated to be in the range of \$350 million.

The Jones Act prohibits shipping between American ports on foreign bottoms and the Nicholson Act prohibits landing fish on foreign bottoms. Therefore, U.S. vessels are needed to transport products to U.S. ports and markets. With joint venture operations rapidly dwindling, there will soon (perhaps by 1990) not be enough domestic vessels and cargo handling facilities to move the volume of products required by the growing U.S. market. Without additional capacity, seafood products from the Bering Sea will have to be first shipped overseas on foreign vessels.

#### TECHNICAL ASPECTS OF NPFMC ACTION ALTERNATIVES

Lawyers for supporters indicate that linking foreign processing allocations to the use of U.S. support services in the Fishery Management Plan (FMP) would be legally permissible, only if the action was not based solely on economic considerations. Biological justifications might include improved enforcement which would follow from more accurate foreign catch reporting through monitoring of shipping records on domestic carriers.

As an alternative to FMP amendments, the council could recommend permit restrictions on foreign processing permits, requesting that NOAA impose conditions linked to the use of U.S. support services. If the council offered the permit restriction as a "recommendation" rather than as a part of a formal FMP, NOAA would have more latitude to impose conditions which reflect commercial considerations, but would also be less compelled to act on the recommendation.

#### EFFECT ON DOMESTIC SERVICE PROVIDERS

The DCED has been encouraging the development of support services for some time, as roughly two-thirds of the processing capacity for North Pacific groundfish is expected to develop off-shore due to the location of the resource relative to good harbors and the relative economics of at-sea processing. That was the conclusion of the North Pacific Fisheries Delphi study conducted by DCED in 1985.

A Support Services Survey, released last year, was undertaken by DCED to determine the supply patterns of the existing American fleet and to examine the potential for development of support services. The conclusion was that there is significant potential, especially in the Pribilof Islands and for at-sea fuel and supply services. However, lack of adequate infrastructure was identified as a critical bottleneck. Another problem has been the degree of vertical integration in the foreign fishing operations, and the reluctance to break established supply patterns even if the U.S. alternative is less expensive.

Development of harbors in the Pribilofs and transportation infrastructure there and in the regional transshipment centers at Dutch Harbor and Kodiak must go hand-in-hand with initiatives such as this if the state is to realize its full potential for development from the North Pacific fisheries resources.

The DCED has been investigating the possibility of public/private partnerships in infrastructure development for the region with some success. Cargo carriers and fuel suppliers are poised to move, and have been following events in the Bering Sea very closely. Those approached have expressed considerable interest in the public/private infrastructure development concept. Clearly, the financial markets would be much more receptive if there were a federal policy giving domestic carriers priority in the Bering Sea.

The SWAMC proposal was supported in testimony before the NPFMC permit review committee by: Western Pioneer, Crowley Maritime, Sea Land, Total Ocean Trailer Express, American President Line, Foss Maritime, Petro Marine, Coastal Transportation and American Waterway Operators.

For Further Information Contact:  
Paul Peyton, Development Officer  
Phone: 465-2162

# CITY OF UNALASKA

P.O. BOX 87  
UNALASKA, ALASKA 99585  
(907) 581-1281

"Capital of the Aleutians"

October 8, 1987



James O. Campbell, Chairman  
North Pacific Management Council  
P.O. Box 103136  
Anchorage AK 99510

Dear Mr. Campbell:

This letter is to outline and clarify our proposal for the 1989 Groundfish FMP.

The proposal calls for a priority system for U.S. shippers and U.S. fuel suppliers in the U.S. EEZ. Foreign fishing and processing vessels would be required to ship their products on U.S. carriers and purchase fuel from U.S. distributors to the extent that the domestic industry has the capacity to supply these services.

These service industries are specifically cited in the Magnuson Act right next to fishing and fish processing. It is clear the intent is to capture maximum return to American companies in an "exclusive economic zone" not just a "fishery zone". The Council is charged in the Magnuson Act with representing the domestic interests of all parties with standing as named in the act.

Since NMFS has released the data, we now have a clear analysis of the volumes of fish cargoes. It is not difficult to assess domestic shipping capacity and require that Foreign Processors fully utilize that capacity before foreign shipping is allowed to carry it.

In many ways, it is easier to assess domestic shipping and fueling capacity than it is to assess domestic processing capacity. In addition cargo shipped data is easier to obtain and verify than fisheries data.

While you have seen mainly fishermen and processors in the past, you will see a much more active presence at the Council meetings by the shipping and fuel supply industry. They are fully aware of and in support of this proposal.

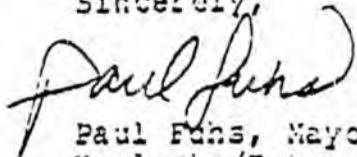
James O. Campbell  
October 8, 1987  
Page 2 of 2

We are making this proposal because the benefits of this support activity would be great for our town, as well as other west coast parts. Employment for local residents (and American seaman) would be substantial, along with tax revenues we need to provide the infrastructure for the developing domestic bottomfish industry.

Last year when the 100 mile zone was being considered, joint venture interests suggested that we focus on service industries rather than primary processing. While we are still doing what we can to support our shoreplants, we are taking their advice and pursuing the service aspect of the industry by filing this proposal.

Please contact us if you have any further questions concerning our proposal.

Sincerely,



Paul Funs, Mayor  
Unalaska/Dutch Harbor

## I. STATEMENT OF PROPOSAL

This transmittal requests that the Council incorporate this proposal into the 1989 Fishery Management Plan (FMP) for the U.S. support industry specifically marine transportation and bulk fuel.

The Alaskan groundfish industry is developing and becoming progressively more Americanized. A key catalyst for Americanization of harvesting and processing has been the Magnuson Act. Like harvesters and processors, the United States support industry, specifically marine transportation, cold storage, bulk fueling and other support services are also eligible to benefit from the Magnuson Act. These support operations are specifically identified as a form of "fishing" in the Magnuson Act. According to the Magnuson Act, the term "fishing vessels" includes vessels engaged in the transport of fish and/or fish products or any other support activity (Sec. 3.11). The CFR further clarifies that support activity includes "transferring or transporting fish or fish products; or supplying a fishing vessel with water, fuel provisions, . . . . . " (50 CFR 611.2)

Despite successes in harvesting and more recently in processing, U.S. support services and small Southwest Alaska coastal communities have realized only marginal economic gains. More than 500 foreign flag vessels spent 34,000 vessel days operating in the U.S. EEZ in 1986 but used only marginal amounts of U.S. shipping capacity or other support services. U.S. support services are both cost and quality competitive with foreign support services. However, large foreign flag fleets continue to support their distant water fleets operating in U.S. waters from home ports using little if any U.S. provided support services .

## II. OBJECTIVE

### A. PROBLEM STATEMENT

Despite recent gains made by U.S. harvesting and processing sectors, the economic value accruing to U.S. interests continue to be a small fractional part of the total economic value of the resource. Some estimates place the U.S. return at about 10 percent of the total. Foreign flag processing fleets, tramps and other support vessels continue to maintain a high level presence in U.S. waters, declining only seven percent in the number of vessel days from 1985 to 1986. The U.S. support industry has not experienced gains comparable to harvest and processing because foreign fishing companies have large vertically integrated operations that provide a strong disincentive to use U.S. support services even when such services are more economical. So long as foreign fishing companies continue to preclude participation by U.S. support firms, an increased amount of economic benefit of the resource will

not flow to Southwestern Alaskan communities or to the U.S. support industry.

## **B. IMPLICATIONS IF THE PROBLEM IS NOT SOLVED**

Because of the market dominance exercised by Japan, Korea, and the state-owned nature of the Polish and USSR fishing companies, free-market economics cannot play its traditional role in establishing a competitive framework within which U.S. support firms can successfully operate and compete on fair terms. It is a well understood fact that both Japan and Korea exercise tight control through tariff and quotas over the importation of U.S. processed fish products. This scheme closely regulates the import of designated fish and shellfish species to protect Japanese and Korean domestic processing industries. Japan controls its domestic market partly to protect its large investment in its distant water fishing fleets. The implications for Japan and Korea's highly restrictive import policies on the development of U.S. processing capacity is ominous in that there will be significant political pressure put on their respective governments to maintain trade protectionist measures especially aimed at U.S. processed product. Therefore, the Japanese and Koreans will move energetically to maintain their current dominance in support services, especially maritime transportation. And, as long as foreign fishing companies refrain from procuring transport, fuel, provisions or repair services, from the U.S. support industry, Southwest Alaskan communities will not derive more than marginal economic benefit from the fisheries.

Following application of the Magnuson Act, investment will begin to flow into new capacity for vessels and support facilities to increase the level of services available to support the fishery. U.S. capacity, especially marine shipping, and bulk fuel sales are now cost competitive with existing foreign supplied transport and fuel. Capital investment in the support industry will accomplish two goals: first, it will increase the overall competitive position of the fishery in relation to other world class fisheries and second, it will improve the economic returns earned by small Southwest Alaska communities and U.S. support service firms.

## **C. IMPLEMENTATION MEASURES**

There are a number of possible methods by which a Fishery Management Plan for the U.S. support industry could be implemented. One possible method is to first make a determination of U.S. support capacity in relation to the total amount of support services now provided by foreign operators. This percent of capacity could then be applied across the board to all foreign countries processing fish in the EEZ. It would therefore be up to each country to be responsible to see that their respective fishing companies in total use the

established percent (expressed in units of capacity, e.g. metric tons of cargo or gallons (tons) of fuel) of U.S. support service.

### III. JUSTIFICATION FOR COUNCIL ACTION

The objective of the Fishery Management Plan should be to achieve for the U.S. fishing industry the optimum value of the support fishery. "Optimum value" in this case is defined as that portion of the sustainable support activity which will provide the greatest overall benefit to the United States.

Should the council not apply the Magnuson Act by establishing a Fishery Management Plan for the support industry, foreign fishing companies will continue to use their in-place support service capacity (arising from vertical integration or state-owned enterprise) rather than U.S. support services. Consequently, only marginal value added benefits from the fishery resource will flow to U.S. firms and Alaskan communities. Large foreign fishing companies have vertically integrated operations that encourage them to forego using U.S. support services even when these services are cost competitive.

This request for Council action follows in the track of previous Council actions with respect to providing preference to the resource for U.S. harvest and processing capacity. Creation of a FMP for the U.S. support fishery would mean that foreign processing vessels would receive allocations only to the level of the in-place capacity of the U.S. support industry. Establishment of a FMP for the U.S. support industry would be accomplished under the process outlined in the Magnuson Act and as directed by existing federal codes and regulations.

### IV. FORESEEABLE IMPACTS

A FMP for support services would provide a wedge for U.S. companies to offer support services to foreign flag fleets that are competitive in terms of price and quality. A FMP would achieve for the U.S. fishing industry the optimum value of the support fishery. A FMP would facilitate raising capital for investments in expanded and upgraded shipping capacity, docks, storage yards, cargo areas and cold storage facilities thus resulting in greater efficiency for the entire industry. It would have the overall effect of making products produced from U.S. Alaskan groundfish stocks more competitive in world markets. Enhanced economic benefits from increased value added activities could be realized from increases in domestic support activity.

In 1986 more than 5,000 vessel-to-vessel at-sea transshipments were made of frozen fish and meal product by foreign vessels. This amounted to 1,200,000 metric tons of fish product transhipped at-sea by foreign flag vessels within the U.S. EEZ. This is in sharp contrast to the total estimated shipment

of fish on U.S. bottoms of 50,000 - 75,000 metric tons. Currently more than ninety percent of the fishery resource is harvested, processed and transshipped at-sea with only a small amount of activity taking place shoreside. More than 500 foreign flag vessels operate in the area and spent in excess of 34,000 operational days servicing the industry in 1986. Yet, almost no goods or services are procured by foreign fleets from U.S. firms or from U.S. coastal communities.

Following establishment of a FMP for the support industry, U.S. shipping firms would develop a feeder system to consolidate fish cargo at Dutch Harbor and Kodiak for containerized shipment to overseas markets in addition to increased shipments to U.S. west coast ports. Cold storage facilities for temporary holding of frozen product would be constructed to allow for a more even flow of product. Improved docks, cargo staging areas and other support services would be developed to provide economical support services to the industry.

#### V. POSSIBLE ALTERNATIVE SOLUTION

A vessel permitting system could be established that would link the issuance of a permit to operate with the use of a set amount of U.S. provided support service. Total fish tonnages or the total number of operational days would be set by the amount of U.S. support services utilized by foreign processors.

#### VI. OTHER DATA - MARITIME TRANSPORTATION AND BULK FUEL

GROUND FISH PLAN AMENDMENT PROPOSAL  
North Pacific Fishery Management Council

Name of Proposer: Paul Fuhs, Mayor Unaiaska/Dutch Harbor

Address: P.O. Box 89  
Unaiaska, Alaska 99685

Telephone: (907) 581-1251

Date: October 1, 1987 (amended 12/1/87)

Fishery Management Plan: Fishery Management Plan for the Groundfish Fishery in the Bering Sea and Aleutian Islands (FMP)

Brief Statement of Proposal: This proposal would establish a linkage between the issuance of permits to foreign fish processing vessels and their use of U.S. transport and bulk fuel carriers. Permits to foreign processing vessels would be issued only upon the condition of existing contracts for the purchase of specific volumes of the services of U.S. cargo and bulk fuel carriers for their at-sea operations. The volume required by the contract would equal U.S. capacity to provide those services. For example, if it were determined that U.S. support service firms could supply 25 percent of the total volume requirements generated by the fishery for cargo shipping and bulk fuel, then foreign processing permits would require that 25 percent of the processed fish and fuel consumed be transported and served by U.S. firms.

A conditional permit could be applied in one of two ways: to an entire country or to individual processing companies. Each country could elect either method. If a country elects to meet the permit conditions as a single entity, the allocation of U.S. support service capacity to individual processing companies would be decided by that country. Compliance would be monitored on a company by company basis. In either case, failure to meet the permit conditions would preclude the issuance of a permit for the following year.

Objectives of Proposal: To increase the economic return to U.S. citizens from the EEZ fishery resource by allowing for fuller participation by U.S. support firms. U.S. support firms cannot now fairly compete because of state-owned foreign fishing enterprises and large vertically integrated foreign fishing firms that exclude the purchase of services that could otherwise be provided by U.S. firms. This proposal will also provide an additional management tool to confirm the quantity of fish being shipped through improved documentation of cargo.

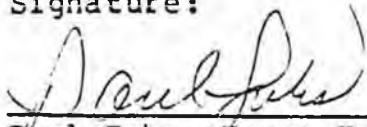
Need and Justification for Council Action: U.S. support service firms are largely excluded from participating in the industry. The total economic return accruing to U.S. citizens from the resource amounts to only a small fractional amount of the resource's total value. More than 500 foreign vessels spent in excess of 34,000 vessel days in the EEZ in 1986 by purchased only small amounts of U.S. support services. Almost all value added activities involving processing, transportation, cold storage, fuel bunkering, provisioning and ship repair continue to be provided by foreign firms. Council action will provide a wedge to open the industry to greater involvement by U.S. cargo and bulk fuel firms.

Foreseeable Impacts of Proposal: The U.S. support service industry would gain a considerable volume of new business. Alaska communities gain through increased employment, improved infrastructure and additional tax revenues. U.S. citizens will earn an improved return on the EEZ fishery resource. The U.S. enforcement agencies gain through improved data collection capabilities and other enforcement measures that will allow confirmation of quantities of fish cargoes shipped.

Are There Alternative Solutions: None. Under the current system, U.S. firms will continue to be largely excluded from participation. Foreign firms will continue to use their in-place support service capacity arising from vertical integration or state-owned enterprises.

Supportive Data: Additional data is being gathered and analyzed. Refer to the text of the Dutch Harbor Groundfish proposal for transshipment data and product volume.

Signature:



Paul Fuhs, Mayor Unalaska

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: WAYNE MARSHALL  
TITLE: CITY OF KING COVE  
ADDRESS: 1007 W. 3RD  
CITY: ANCHORAGE  
PHONE: 274-7555

ZIP: 99501

BILL NO: SJR 51  
SUBJECT: PRIORITY FOR U.S. FISHING SUPPLIERS  
MESSAGE: THE CITY OF KING COVE SUPPORTS AND ADVOCATES THE PASSAGE OF SJR 51  
PROVIDING A PREFERENCE TO THE DOMESTIC SHIPPING INDUSTRY DIRECTLY BENEFITS  
ALASKA'S COASTAL COMMUNITIES BY THE VALUE ADDED ACTIVITIES OF ONSHORE PROCESS-  
ING AND SERVICES. THIS PREFERENCE MEANS JOBS AND INCREASE IN RETAIL TRADE AND  
A HEALTHIER ECONOMY FOR ALASKA.

PC MID: 03144725

DATE: 01/22/88

TIME: 14:47:25

LIONAME: ANCHORAGE LIO

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COGHILL  
DUNCAN  
ELIASON  
FISCHER  
ZHAROFF  
FANNING

PUBLIC OPINION MESSAGE

TO: SENATOR STURGULEWSKI

NAME: JOHN LEVY  
TITLE:  
ADDRESS: 1007 W. 3RD, SUITE 201  
CITY: ANCHORAGE  
PHONE: 274-7555  
BILL NO: SJR 51  
SUBJECT: PRIORITY FOR U.S. FISHING SUPPLIERS  
MESSAGE: THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE REPRESENTING 14 CITIES AND FIRMS LOCATED IN BRISTOL BAY, THE ALEUTIANS, KODIAK, AND THE PRIBILOFS SUPPORT SJR 51 AND ADVOCATES ITS PASSAGE. GIVING PREFERENCES TO DOMESTIC SHIPPERS WILL AID COASTAL COMMUNITIES BY INCREASING THE VALUE/ADDED THAT COMES ON SHORE. THIS TRANSLATES DIRECTLY INTO MORE JOBS AND AN INCREASE IN LOCAL RETAIL TRADE

ZIP: 99501

POMID: 03154759  
DATE: 01/20/88  
TIME: 15:47:59  
LIONAME: ANCHORAGE LIO

COPIES: SENATORS

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DUNCAN  
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FANNING

RESOLUTION NO. 88-2

A RESOLUTION OF the Port Commission of the Port of Tacoma, Washington, regarding the Groundfish Fishery Management Plan for the Bering Sea and the Gulf of Alaska.

WHEREAS, the 200-mile Exclusive Economic Zone (EEZ) was established to encourage the development of the domestic fishing industry; and

WHEREAS, the Magnuson Fishery Conservation and Management Act is intended to stimulate new jobs and new sales for the domestic fishing industry; and

WHEREAS, regulations adopted under the Magnuson Act define the term "fishing" to include the "transferring or transporting of fish or fish products" and other support activities; and

WHEREAS, more than 500 foreign flag vessels spent 34,000 vessel days operating in the United States EEZ in 1986, but used only marginal amounts of United States shipping capacity and other support services; and

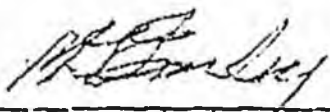
WHEREAS, in 1986, more than 5,000 vessel-to-vessel at-sea transshipments were made involving frozen fish and meal products by foreign vessels, amounting to 1,200,000 metric tons of fish product; and

WHEREAS, value-added activities involving processing, transportation, cold storage, fuel bunkering, provisioning, and ship repair will benefit Alaska communities through increased employment, improved infrastructure, and additional tax revenue; and

WHEREAS, domestic fishery support firms should have the opportunity to service these needs to the greatest extent possible, as intended by this Magnuson Act.

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF TACOMA that the Port of Tacoma Commissioners strongly urge the North Pacific Fishery Management Council to amend the 1980 groundfish fishery management plan for the Bering Sea and the Gulf of Alaska to include a support services priority for American carriers and bulk fuel suppliers servicing foreign processing vessels in the United States Exclusive Economic Zone.

ADOPTED by a majority of the members of the Port Commission of the Port of Tacoma at a regular meeting held on the 14th day of January, 1988, a majority of the members being present and voting on this resolution and signed by its President and attested by its Secretary under the official seal of said Commission in authentication of its passage this 14th day of January, 1988.

  
President of the Port Commission  
of the Port of Tacoma