

SJR

52

STATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

*gmk*

DATE: 2/28/92

FURTHER:

Date of 5-Day Notice: Waived  
(in accordance with Uniform Rule 23)

DATE TURNED  
INTO OFFICE: Feb 28,

Resources Committee considered SJR 52

Supporting the inshore-offshore fisheries allocation plans proposed by the North Pacific Fishery Management Council.

and recommends:

replace with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

same title  
 new title  
 technical title change  
(HB only)

attaches amendment(s)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES:** Dept/Date  
 **zero** fiscal notes Sen Resurias Cmte 2/28/92

**PREVIOUS FISCAL NOTES:** Dept/Date  
 **Governor's bill** with fiscal notes:  
**zero** fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

appropriation--no fiscal note

**DO PASS:**  
Jan Galt  
[Signature]  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_

**OTHER RECOMMENDATIONS:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chair: Signature and Recommendation

**FISCAL NOTE**

**STATE OF ALASKA**  
**1992 LEGISLATIVE SESSION**

BILL NO. SJR 52

Revision Date: 2/28/92 Department Affected: \_\_\_\_\_  
 Title: Inshore-offshore fisheries allocation plan BRU: \_\_\_\_\_  
 Component: \_\_\_\_\_  
 Sponsor: Sen. Fred Zharoff  
 Requestor: Senate Resources Committee COMPONENT SERIAL NO. 

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

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>CAPITAL</b>						
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<b>REVENUE FUND SOURCE:</b>						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

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

This resolution is directed to the federal government and does not require a state appropriation.

Prepared By: Terry Otness *TO* Phone: 465-4907  
 Division: Senate Resources Committee Date: 2/28/92  
 Approved by Commissioner: Senator Lloyd Jones *LJ* Chairman, Senate Resources Committee  
 Agency: \_\_\_\_\_ Date: 2/28/92

Parker Recreational Services  
4440 Columbia Blvd.  
Juneau, Alaska 99801

February 28, 1992

Senator Lloyd Jones  
Chairman, Senate Resource Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Jones:

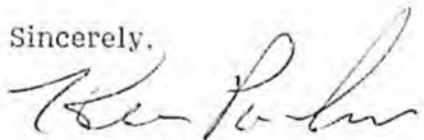
I am a 26 year resident of Alaska, a father of two hungry school age boys and a soon to be an adult young woman, a Lodge owner, a charter vessel operator, and a life long sport fisherman. I would like to offer my personal observations and position on SENATE BILL NO. 397, "An Act authorizing the Board of Fisheries to allocate fishery resources to the guided sport fishery".

First let me say that I oppose SB #397 as it is unwarranted, discriminatory, and detrimental to the economic interest of the State of Alaska. I can not see where it is justified to allow blatant discrimination between recreational fishers; those that have opportunity and access to a privately owned boat and those that do not. The residents and non-residents that choose to sport fish on a chartered vessel don't deserve to be considered as a second class citizen. That is precisely what SB #397 would facilitate!

The State of Alaska needs, more now than ever, to stimulate economic growth in business sectors other than in the oil industry and the guided sport component of the tourism industry offers great opportunity to accomplish just that. Alaska will not continue to be the preferred destination that it has become if the Legislature enacts laws like SB #397 that says we are going to treat our visitors differently.

Thank you for the opportunity to comment on this important issue.

Sincerely,



Kenneth P. Parker



## SENATOR FRED F. ZHAROFF

### ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99815 (907) 486-5250

DURING SESSION:


P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • Pribilof Islands • SHUMAGIN ISLANDS

#### MEMORANDUM

TO: Senator Lloyd Jones  
Chairman  
Senate Resources Committee

FROM: Senator Fred F. Zharoff 

DATE: February 28, 1992

RE: Senate Joint Resolution No. 52 - "Supporting the inshore-offshore fisheries allocation plans proposed by the North Pacific Fishery Management Council."

RESOLUTION SUMMARY: SJR 52 requests the Secretary of the U.S. Department of Commerce to approve the inshore-offshore fisheries allocation plan that was passed by the North Pacific Fishery Management Council in June, 1991.

The resolution describes the detrimental impacts the factory trawler fleet has had on Alaska. It summarizes the benefits to the state from the development of the inshore harvesting and processing industry.

FISCAL IMPACT: Zero fiscal note prepared by the Senate Resources Committee. SJR 52 is directed toward the federal government and requires no state appropriations.

PREVIOUS ACTION: Introduced on Feb. 28, 1992.

BACKGROUND INFORMATION: After years of study and debate, the North Pacific Fishery Management Council -- in June, 1991 -- recommended to the Secretary of Commerce that a plan be adopted that would allocate specific percentages of the fishery resources of the Gulf of Alaska and the Bering Sea to the inshore processing sector and to the offshore processing sector. A decision on this plan is expected soon.

The purpose of plan is to settle the fisheries allocation question between the inshore and offshore (factory trawlers) components of the industry. Through their wasteful fishing practices and overbuilt processing capacity, the factory trawlers have created tremendous problems for the managers of the North Pacific fishery resource, including overfishing and potential resource depletion. In some cases, shore based plants -- which pay Alaska taxes and support local economies -- were forced to shut down when the factory trawler fleet took all the available quota.

The factory trawler fleet strongly opposes the council's proposed plan and has launched a "no holds barred" lobbying campaign in Washington, D.C. to convince the Secretary of Commerce to reject it.

ATTACHED BACKUP INFORMATION:

1. Fiscal note.
2. Anchorage Times editorial in support of the inshore allocation, Feb. 20, 1992.
3. Anchorage Daily News article about efforts to have the plan rejected, Feb. 27, 1992.
4. Anchorage Times article about the fight in Washington, D.C. over the allocation plan, Feb. 22, 1992.
5. Anchorage Daily News article about conflicting opinions in Washington, D.C. over the allocation plan, Feb. 14, 1992.
6. Kodiak Daily Mirror article about the conflict in Washington, D.C., Feb. 7, 1992.
7. Kodiak Daily Mirror article about destructive factory trawler fishing practices in Russian territorial waters, Jan. 23, 1992.

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SJR 52

Revision Date: 2/28/92 Department Affected: \_\_\_\_\_  
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COMPONENT SERIAL NO. 

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

This resolution is directed to the federal government and does not require a state appropriation.

Prepared By: Terry Otness Phone: 465-4907  
 Division: Senate Resources Committee Date: 2/28/92  
 Approved by Commissioner: Senator Lloyd Jones Chairman, Senate Resources Committee  
 Agency: \_\_\_\_\_ Date: 2/28/92

# The Anchorage Times

"Putting Alaska first"

BILL J. ALLEN *Publisher* GENE AREHART *President*  
WILLIAM J. TOBIN *Asst. Publisher* JAMES H. SLACK *General Manager*

J. RANDOLPH MURRAY *Editor*  
PAUL JENKINS *Managing Editor*  
DENNIS FRAZLEY *Editor, Editorial Pages*

Robert B. Atwood, *Publisher Emeritus*

## FISH WAR INTENSIFIES

### Trawlers show clout

**A**LTHOUGH MANY Alaskans may not realize it, our state is at war — a fish war in which Alaska fishermen who supply pollock to onshore processors are on one side, and the giant fleet of Seattle-based factory trawlers are lined up on the other. Unfortunately for our state, the other guys appear to be winning.

When lawyers at the Department of Justice weighed in the other day with an independent opinion on how Alaska's pollock should be allocated, it illustrated just how powerful the U.S. factory trawler lobby has become.

In their opinion, the federal attorneys argued against dividing Alaska's pollock resources between fishermen who supply the onshore processors and the offshore trawlers. They recommended instead an auction of the resource — all of Alaska's fish going to the highest bidder, which undoubtedly would mean the trawlers get all of it.

**BECAUSE THE** opinion was volunteered — no one had asked for it — and because the arguments it presented, wording and all, were very similar to the position advocated by the trawlers association, it could have been written by the trawlers themselves. In any event, it contained flaws in its reasoning.

Principal among those flaws is the contention that the allocation of U.S. resources should go to the most "efficient" operations, and whoever is willing to pay the most for those resources, therefore, must be the most efficient.

Obviously overlooked by the Justice Department lawyers is the fact that the reason trawlers make so much profit is because they are notoriously inefficient when it comes to full utilization of fish resources. The trawl fleet operations account for an enormous amount of fish waste — almost 30 percent of everything caught is discarded. The food is wasted in order to increase profit margins.

**ALASKA'S INSHORE** fishery, on the other hand, maximizes productivity from the fishery and therefore is the most efficient. Alaska's shore-based fishery also provides employment and economic benefits to numerous local communities, one of the objectives in federal guidelines for allocating fish resources.

Those were among the reasons why the North Pacific Fishery Management Council recommended last fall the allocation of up to half of the available pollock for annual harvest to the inshore fishery. But NPFMC's recommendation is still awaiting approval by the secretary of Commerce.

Former Commerce Secretary Robert Mosbacher was well briefed on the issue, and Alaskans were optimistic he would side in favor of the NPFMC recommendation. However, he has since moved on and a new secretary, Barbara Franklin, is awaiting confirmation by the Senate. Where she will come down on the issue, no one knows.

But it's apparent that the trawlers lobby will be doing everything possible to sway her opinion its way.



## Schwarze

**GOFFSTOWN, N.H.** — Regard "spin" the White House puts of Hampshire primary returns, the unmistakable signs that President serious political problems this year Schwarzenegger phenomenon and the Shop 'n' Save factor. Put them and they spell trouble for the incumbent.

In hopes of injecting some energy was a notably lethargic campaign of servative challenger Patrick Bush. Bush operatives went to Hollywood Schwarzenegger — and got more bargained for. Accompanying Bush's national campaign swing here Saturday "minator" star stirred much more than the liberator of Kuwait could expect.

It took me back 30 years to the Richard Nixon would invite a Hollywood named Ronald Reagan to lend some of his rallies in California. Schwarzenegger told by associates of his in the film world, is on the same path that once entered, aiming to become governor of California. He may be a great candidate, but as a shill for Bush he has the flaw Reagan did when he was war-crowds in Nixon's losing 1960 and 1968.

In both cases, the supposed show was so overshadowed in presence by the "second banana" that diminished, not aided, by having Bush normally looks and sounds like a glib leader, but next to Schwarzenegger like most mere mortals — seemed And his message at the moment, limp.

For the thousands of New Hampshire voters angry and frustrated at the

# Official wants to reject plans for fish catch

## Inspector general criticizes council's work on pollock

By BRIGID SCHULTE  
and HAL BERNTON  
Daily News reporters

WASHINGTON — The Commerce Department's inspector general says two proposals to guarantee pollock to Alaska's shore-based plants are based on incomplete and faulty studies, and should be rejected.

Inspector General Frank DeGeorge released the report Wednesday, one week before the department is scheduled to make a final decision on the allocation proposals. The proposals were approved last summer by the federal North Pacific Fishery Management Council. They have triggered one of the nastiest fish fights of the past decade, pitting Alaska politicians and shore operators against largely Seattle-based factory trawler companies that process fish

at sea. They are fighting for shares of a North Pacific pollock catch worth more than \$1 billion a year.

Factory trawler operators are hoping the inspector general's report will doom the allocation proposals.

"No self-respecting administration official would dare put their reputation on the line for this thing," said Stuart Looney, president of the factory trawler company Royal Seafoods Inc.

Meanwhile, Alaska politicians are trying to downplay the findings as they lobby the Bush Administration to support the shore plants.

"The audit revealed no violations of laws or regulations in the way the council process was conducted," Murkowski and Young said

Please see Back Page,  
**POLLOCK**

# POLLOCK: Official wants proposals rejected

Continued from Page A-1  
a statement Wednesday. The council followed both a letter and intent of the law."

The proposals were approved by the fishery council last summer in a 9-2 vote. The council is a group of fishing industry, federal and state officials who help craft federal fishery policy, and the Commerce Department normally approves council actions.

One proposal would guarantee most of the Gulf of Alaska pollock to boats serving Kodiak and other shore-based plants. The other proposal would guarantee at least 45 percent of the much larger Bering Sea pollock catch to boats serving shore plants.

The fish are now caught

on a first come, first-served basis, and factory trawlers have charged the proposals are an unfair attempt to rig the harvest in favor of their competitors.

The inspector general's report did not attempt to judge the merits of the proposal. Instead, it looked at the economic, social and environmental studies on which the council is required to base decisions. The report's findings include:

- The council failed to prepare a cost-benefit analysis of how the proposal would affect the fishing industry.

- The council failed to document how the allocation proposal would help solve the problem of an oversized fleet with too many boats chasing after the pollock.

- The council failed to

study how the proposal would affect Steller sea lions, which are listed as a threatened species. Key sea lion rookeries lie within many of the major pollock harvest areas.

- The council failed to address the full social impact of jobs being shifted from the factory trawler fleet to the shore-based processors.

Rick Lauber, the council chairman, said the council closely followed the legal advice of attorneys from the National Marine Fisheries Service. Those attorneys said the studies meet all legal requirements, and specifically said the council did not have to do a cost-benefit analysis.

"Now, they're saying we should have done something we thought wasn't necessary," Lauber said. "The

whole thing is so unfair." Both shore plant and factory trawler supporters are now pressing forward with a final week of lobbying to try and sway the final decision. And both sides are vowing to sue if the decision goes against them.

"The record is unimpeachable for this action, so, given the violations of the law that have occurred, we would in all likelihood litigate on it," said Jim Gilmore, a lobbyist for the American Factory Trawler Association.

Dennis Phelan, lobbyist for the Pacific Seafood Processors Association, said the plan meets all legal standards. If the Commerce Department decides to "minimize some new standard," Phelan said, that's illegal and "we'll have no choice but to sue."

ANCHORAGE TIMES  
\*\*\*\*\*  
FINISHED BY THE ANCHORAGE MEMBERS OF THE LEGISLATIVE COUNCIL  
IN TO JUNEAU COURTESY OF ALASKA AIRLINES

# The Anchorage Times

Locally owned since 1915; Alaska's best newspaper

SATURDAY, February 22, 1992

## GOOD MORNING



HIGH 55, LOW 32

Cloudy with flurries.  
N wind 10 mph.  
Detailed map, A2

Daylight: 9 hours, 42 minutes  
Sunrise: 8:23  
Sunset: 6:05  
Light gain: 5 minutes, 42 seconds

### INSIDE

#### METRO

Gov. Walter J. Hickel introduces his bill to solve Alaska's subsistence dilemma, but the AFN and some lawmakers say it falls short. B1

#### SPORTS

John Schandelmeyer wins the Yukon Quest. C1

#### BUSINESS

Winter layoffs in construction and real estate combine with an influx of job hunters to push Alaska's unemployment rate to 11.6 percent in January. E1

ADVICE	D7
BUSINESS	E1
CLASSIFIED	F1
COMICS	D7, 8, 9
CROSSWORDS	D8
DEAR ABBY	D7
EDITORIALS	B6
METRO	B1
MOVIES	D5
OBITUARIES	B2
ON RECORD	B2
RELIGION	D1
SPORTS	C1
STOCKS	E3
TV	D6
WEDDINGS	D4

## Bottom-fish feud spills over onto Capitol Hill

By IMRE NEMETH

TIMES BUSINESS WRITER

Two warring factions of Alaska's commercial fishing industry have launched last-ditch efforts to woo federal regulators as a ruling nears on splitting Alaska's \$1-billion bottom-fish industry between the two groups.

The pending reallocation of bottom fish stocks in the Bering Sea and Gulf of Alaska has sparked a survival-of-the-fittest lobbying battle in which onshore processors and a well-positioned Seattle factory trawl fleet are slugging it out to influence officials from the White House to Capitol Hill.

"I've never seen anything like it," said Margaret Hayes, chief fisheries attorney for the Commerce Department. "This is more (lobbying) than I've seen before on any other fisheries proposal."

The proposal calls for a 55 percent share of

the harvest for factory trawlers, which process surimi and fillets at sea, and 45 percent for catcher vessels that deliver to shore-based plants in Dutch Harbor, Kodiak, Akutan and St. Paul.

A decision is expected March 5 by either yet-to-be-confirmed Commerce Secretary Barbara Franklin or the current acting secretary.

"It's a tough, tough battle," said Bill Woolf, spokesman for Sen. Frank Murkowski, R-Alaska, in Washington, D.C. "We frankly consider the allocation vital for Alaska. (Otherwise), people are going to be put out of work."

Both sides in the debate believe their economic survival hinges on the decision.

Bruce Bult, a spokesman for the Seattle-based American Factory Trawlers Association, says the industry is "in a bind."  
See Fish, back page



A worker keeps the flow of processing machine at an onshore

mistake was the injured dog. I've gotten hurt during a run I took Tuesday, Larson said. "But I'm not injured 'til we get to the trail." The injuries included two minor cuts and a slight tangle in the wrap-around at a route to the finish. "It was the cleanest run,"

Today's 25-mile heat is scheduled to begin at 1 p.m. on Fourth Avenue in downtown Anchorage. The mushers are competing for a \$70,000 purse, with the winner guaranteed \$11,800. "Day winnings" are also awarded to the mushers who turn in the four best times for each heat.

Here are the results after one 25-mile heat:

- 1) Roxy Wright-Champaine, Salcha 87:30
- 2) Ross Saunderson, B.C., Canada 87:39

Marvin Kokrine, North Pole	88:39
Dan Daigle, Salcha	90:01
George Atla, North Pole	90:41
Eddy Streeper, Minnesota	90:44
8) Curtis Erhart, Fairbanks	91:38
9) Dale Raitt, Salcha	91:53
10) Jose Redington Jr., Manley	93:54
11) Jim Amdt, North Pole	94:14
12) Jeff Conn, Ester	94:39
13) Eddie Dayton, Big Lake	94:59
14) Glen Calvert, Manitoba	96:58
15) Tim Redington, Konny Lake	98:30
16) Jim Harvey, Alberta	99:40
17) Don Cousins, Alberta	101:35
18) Stan Huntington, Galena	102:17
19) Robert Ivan, Akiak	108:47
20) Walt Brockman, Wisconsin	113:46

Day winnings: Wright-Champaine \$800; Saunderson \$700; Clarke \$600; Kokrine \$500.

...but was unable to because so much traffic was stalled.

"It looked like a parking lot," he recalled.

In desperation, Provost contacted his captain who advised him to open the intersection.

Now, a year later, he still thinks about the nightmare and wonders if he could put in for early retirement because of the stress it caused him, he joked.

Lt. Pat Donahue said about 150 officers and police reservists help out during the 10-day festival.

advances toward... aid the DFYS... September 1988 that... were staying with... at another social... d to the case knew... history. she knew Orth, to follow through... Krumm said in

ally was sentenced... prison. The Alas... eals later ruled he... een charged with... of tampering with... should be consid... arable. Orth, who is... ould not be reached

riend said the alle... husband's lawsuit... ren were abused... that the state re... ed to drop any in... use allegations.

89, a school nurse... YS worker that... ay have been a vic... il abuse and had... hool with bleeding... Krumm said in

igated and later... Friend, who then... int, that if he did... t his son, the boy... in a foster home,

riend said her chil... receiving profes... l are doing better... hey went to Mon...

e it happened... ling me," she said... to come down and

# Fish

Continued from page

Association, said the proposal would cost his industry millions of dollars and give unfair control of the surimi market to large Japanese-owned processors in Dutch Harbor.

"Is the U.S. government, by policy, proposing to grant resource and market control to the Japanese?" he said. "We're talking about tampering with people's lives, and for what? So that Nippon Suisan, Taiyo and Trident could have guaranteed economic success."

Nippon Suisan and Taiyo, both Japanese companies, own Dutch Harbor plants, while U.S.-owned Trident Seafoods Inc. has a plant in Akutan.

Onshore interests were wary of guessing the outcome, but John Iani, president of the Pacific Seafood Processors Association, said his forces have a 50-50 chance of winning.

"I think we've gotten to the point where we've proven our case," he said. "Now it's a policy decision. This is the biggest fish issue to hit the state since the Magnuson Act. If it doesn't pass, the shore plants will be out of luck."

The state's congressional delegation is trying to arrange a meeting with White House officials next week to push the proposed allocation, said Rod Moore, an aide to Rep. Don Young, R-Alaska.

The factory trawl industry, which now harvests 80 percent of Bering Sea pollock, has been locked in political competition

with shore-based interests since the allocation proposal passed the North Pacific Fishery Management Council in June by a 9-2 vote.

Jim Cornelius, a council economist, described the current state of events as a "Super Bowl attrition" with no clear front-runner.

"I've seen controversy in the past, but not one that reached such a polarization," he said.

The proposal initially spawned more than 500 pages of economic and biological review by the Alaska office of the National Marine Fisheries Service and another 500 pages of public testimony. Both sides since have added further comment for the record and two full-scale governmental investigations also are under way.

The Commerce Department has probed allegations of conflict of interest among 11 members of the North Pacific council. A draft report based on the investigation has been issued to the National Oceanic & Atmospheric Administration following extensive study throughout Alaska. NOAA oversees the fisheries service and the council.

Wayne Weaver, a spokesman in Commerce's Inspector General's office, declined to say what was in the report, nor would he say when it would be made public.

The Washington, D.C., office of the fisheries service also has started analyzing the inshore-offshore proposal to supplement nearly 1,100 public comments and its Alaska offices's economic analysis, said Dick Schaefer, director of the service's Office of Fish Conservation and Management. A 90-day public comment

period ended earlier this month.

The fisheries service analysis of the entire issue remains "several weeks" from completion, but must be submitted prior to the March 5 deadline, Schaefer said.

The agency last month rejected a similar onshore-offshore allocation proposal dividing Pacific whiting off Oregon's coast. Btl said the move is indicative of the agency's feelings toward allocations between different user groups, but officials say the agency has voiced no opinion on the Alaska proposal.

The Department of Justice's Antitrust Division also has entered the fray, submitting a review that advocates rejection of the proposal.

"Neither the current allocation system nor the proposed amendment are consistent with the efficiency goals of National Standard," the opinion said.

The National Standard, as defined by the Magnuson Act, says fishery management should promote efficiency in the utilization of the resource.

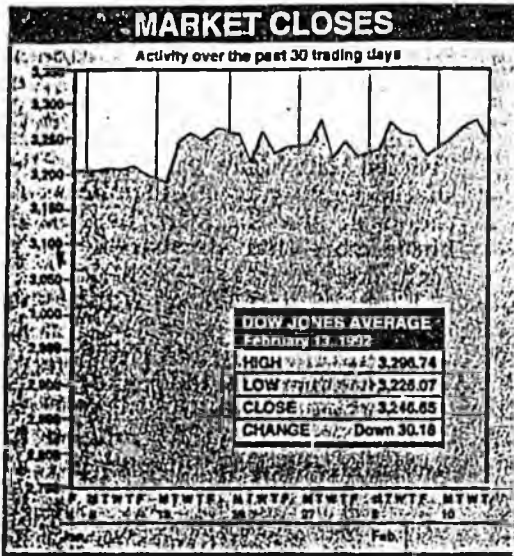
The Antitrust Division favored a controversial individual quota system passed by the North Pacific council in December. The council is to review the quota in April.

Moore, of Young's office, downplayed the Justice review, deriding it as "just an opinion of a bunch of lawyers."

Hayes at the Commerce Department said the Justice opinion was the first one she could recall on a fisheries issue. She said the Antitrust Division's review is without real clout, since the Natural Resource Division at Justice would defend her agency in the event of legal challenges to any allocation.

2/14/92

## THE MARKETPLACE



The Associated Press

Complete stock and commodity reports begin on Page C-3. The price of the Treasury's 30-year bond in the secondary market fell 1 point, or \$11.25 per \$1,000 in face amount. The bond's yield shot up to 7.91 percent from 7.80 percent late Wednesday.

### Judge overturns VDT law

SAN FRANCISCO.— A Superior Court judge on Thursday overturned San Francisco's landmark video display terminal safety ordinance, the only law in the United States that required private companies to protect workers from the muscle-straining dangers of VDT work. Judge Lucy Kelly McCabe, ruling in favor of two small data-processing companies, held that California's 1973 Occupational Safety and Health Act pre-empted the San Francisco ordinance, which required periodic rest breaks and properly designed office furniture for anyone who spent four hours a day or more at a VDT. The ruling left business representatives greatly relieved and worker safety advocates bitterly disappointed.

Daily News wire services

## BUSINESS NOTEBOOK

### Small-business guide

□ The office of the Alaska State Ombudsman has created the Ombudsman Resource Guide for Small Business. The brochure is designed as a reference guide for small-business owners trying to negotiate their way

# Fish plan alive

## Trawlers' actions irk Commerce

By DONNA PARKER  
Special to the Daily News

A recent U.S. Justice Department opinion against a proposal to divide Alaska's rich bottom fishery between offshore processing ships and boats serving onshore plants was unsolicited, inaccurate and misused by those who hope the plan will be nixed, a top federal Department of Commerce official said.

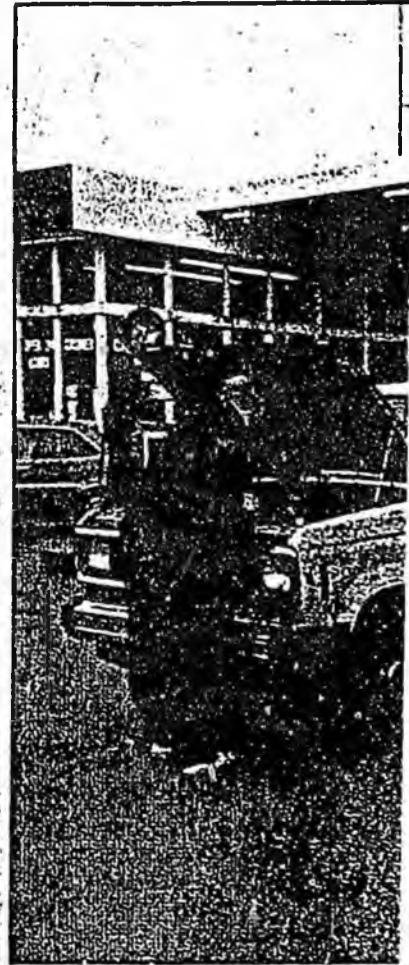
Margaret Hayes, assistant general counsel on fisheries for the Commerce Department, said the legal comments circulated by the American Factory Trawler Association is being misrepresented as a Justice Department decision.

The comments were written by four attorneys from the Antitrust Division who urged the proposed allocation plan be rejected because it does not meet the requirements of federal law.

The allocation plan has torn apart the bottom-fishing industry. Most of the offshore ships that fish off Alaska are based in Seattle or elsewhere outside the state. The onshore plants are located mainly in Kodiak and Dutch Harbor.

The onshore plants want a guarantee the huge ships that catch and process fish can't take all the fish near their plants; they say the guarantee is vital to the economic survival of Alaska

Please see Page C-6, FLEET



Earl Davis has sold his Chevron

## Retiree Owner hands

By ALICIA AGOS  
Daily News business reporter

Retirement is calling Earl. Earl is Earl Davis, colorado owner of the midtown Earl Chevron. And Davis, known motorists all over town by his promotional bumper stickers urging them to "Call Earl," selling the service station has owned and operated for the past nine years.

Davis' decision to sell the station to local businessman William Faas was motivated purely by the lure of retirement, he said.

"I'm 65. I'm drawing Social Security. Why should I work?" said Davis, who acts as

## FLEET: Attorneys' letter irks Commerce counsel

Continued from Page C-1

coastal communities. The offshore group argues the plan is inefficient and penalizes them for their investment in at-sea processing.

The Commerce Department, which is to decide by March 5 on the allocation plan, did not request the comments, she said. And the Antitrust Division would not defend whatever decision is made, she said.

She was perturbed that the legal comments were being touted by the trawler association — which represents the offshore fleet — as representing a Justice Department decision.

"This document from Justice is not a decision. It is merely a comment on a set of proposed regulations that we asked the whole world to comment on," Hayes said.

The comments would not carry much weight within the Commerce Department, she said.

"We certainly would respect the opinion of the Antitrust Division in areas where they have expertise. But I don't think they have any particular expertise on the national standards of the Magnuson Act," she said of the federal law that governs fishing off the U.S. coast.

The Justice Department lawyers did not return calls asking for comment.

Bruce Buis, spokesman for the trawlers association, said the group's lobbyists had solicited the Justice Department lawyers in hopes of securing a legal opinion that could overturn the proposed allocation plan.

"Yes, we contacted them. We talked to them and asked them to look into this. And we provided them with information explaining our point of view of the issue," Buis said. "We've approached anybody that we think might help have this overturned."

The trawlers association circulated the Justice Department comments to the press last week with a cover letter interpreting the 10-page document.

The letter claimed the Justice Department had concluded the allocation plan wasn't consistent with the Magnuson Act's efficiency requirements and "puts the government in a bind if Commerce approves" the plan.

*"This document from Justice is not a decision. It is merely a comment on a set of proposed regulations..."*

— Margaret Hayes

"The reason is," wrote Buis in the cover letter, "that if the allocation is challenged in court — as it would be — the Department of Justice would have to defend the Department of Commerce. And Justice has already said that the proposed allocation doesn't satisfy the law."

That caused proclamations that the onshore/offshore proposal was all but dead. However, Hayes said that is far from true. The legal comments were inaccurate readings of the Magnuson Act, she said, and if the decision is challenged in court, the Lands and Natural Resource Division of the Justice Department would defend the government.

John Iant, director of the Pacific Seafood Processors Association, which represents on-shore plants, blasted the trawlers association. "This is another case where the factory trawlers have ginned-up erroneous information," he said. The allocation proposal would guarantee shore-based fleets 45 percent of the huge pollock catch in the Bering Sea and all of the pollock catch in the Gulf of Alaska.

Last spring, the trawlers association was behind an ad campaign that asked fishermen to oppose the proposal because it would allocate most of the pollock to a monopoly of foreign-controlled processing plants and cause fishermen to get less for their fish. The ad campaign used a box number in Alaska but never identified the group as members of the at-sea processing sector.

The on-shore/offshore separate allocation proposal was passed in a 9-2 vote by the North Pacific Fishery Management Council last June.

## DAVIS: Retirement calls

Continued from Page C-1

manager for Chevron. "He

## Ford loses record \$2.3 billion

By FREDERICK STANDISH  
The Associated Press

DETROIT — Ford Motor Co., once the most profitable of the Big Three automakers, on Thursday reported a record \$2.3 billion loss in 1991, further solidifying the year as U.S. auto industry's worst.

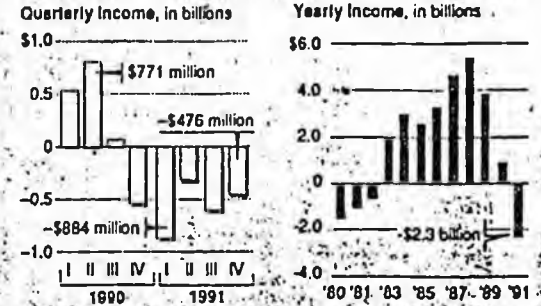
Enormous losses expected Feb. 24 from General Motors Corp. will push combined Big Three automakers' losses toward \$7 billion, far beyond any level seen before.

Despite the miserable financial news, Ford Treasurer David McCammon said Thursday there are some faint signs of recovery in a fragile economy. If things hold together, he said, a turnaround in the strapped auto industry could begin by the end of the year.

Indeed, the Ford loss announcement coincided with industry sales figures that showed a surge of car buying in early February. The 22.7 percent jump was the strongest in many weeks,

### Ford's falling fortunes

The auto company suffered its worst loss in history in 1991: -\$2.3 billion.



SOURCE: Company reports

although it was compared to an anemic sales pace of a year earlier, when the nation was preoccupied with the Persian Gulf War.

For the fourth quarter, Ford lost \$475.7 million, or \$1.03 a share, on \$22 billion in revenues. That's slightly better than the \$518.5 mil-

lion, or \$1.11 a share, the automaker lost in the final three months of a year earlier. Fourth-quarter 1990 revenues were \$24.2 billion.

"The recent dealer orders, dealer optimism, the sales acceptance of our redesigned 1992 models have all been favorable," McCammon told

## Abu Dhabi rulers dispute auditors' BCCI

By MARCY GORDON  
The Associated Press

WASHINGTON — The ruling family of Abu Dhabi on Thursday disputed allegations by Price Waterhouse auditors that its members participated in fraudulent activities of the failed Bank of Credit and Commerce International. The Persian Gulf emirate's Al Nahyan family owns 77 percent of BCCI, whose operations were shut down last July by banking regulators in the United States, Britain and six other countries.

Earlier this year, BCCI pleaded guilty to federal racketeering charges. Under a plea agreement approved by a federal court in Washington, the bank's liquidators agreed to forfeit a record \$550 million in U.S. assets.

The Al Nahyan family has denied any wrongdoing related to BCCI and has said it was duped by the bank's Pakistani executives.

But Price Waterhouse, which had been BCCI's auditor, alleged in a Feb. 5 report to Britain's House of Commons that the Abu Dhabi government took part in the fraud and hid important information from the auditors. The Abu Dhabi rulers used their huge oil wealth to create "a banking institution of status, power and influence," the Price Waterhouse report charged.

In a statement issued late Thursday in Washington, the Abu Dhabi leaders said Price Waterhouse's allegations were "grossly misleading." The statement said the auditors' charges "ignore

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# Justice department doesn't like pollock allocation plan

## Recommends ITQs

ANCHORAGE (AP) — The Justice Department is urging rejection of a proposal by the North Pacific Fishery Management Council that would divide the annual pollock catch between factory trawlers and shore-based processors.

The agency's comments to the Commerce Department, which must decide by next month whether to approve the allocation, is the second indication the controversial proposal is in trouble with the Bush administration.

Last month, the National Marine Fisheries Service rejected a similar allocation plan for Pacific whiting off the Oregon coast.

The Fisheries Service, which is an arm of the Commerce Department, said the Oregon plan raised policy questions about whether the federal government should be in the business of dividing catches among competing user groups.

The pollock fishery is worth about \$1 billion a year. It is the largest single commercial fishery in the United States.

Since the mid-1980s, the industry has become so overbuilt that there are not enough fish available to keep all segments of the industry operating profitably.

Last year, Seattle-based factory ships harvested about 80 percent of the pollock catch.

The North Pacific Council is proposing to dedicate about 45 percent of the annual catch to shore-based processors in Alaska to help keep them in business.

While the Justice Department said something must be done to control the pollock industry, it said the council's plan would perpetuate waste and inefficiency in violation of national fishery management standards.

The Justice Department agreed there are problems with the current "Olympic system" under

which the council sets a total harvest volume benefiting those who can catch the most fish the fastest.

Companies competing in that system, whether they operate factory ships or shore-based plants, are encouraged to spend more money developing faster and bigger ships and larger processing facilities so they can take a bigger share, the department said.

All the council's allocation plan would do is create a two-class Olympic system where the same inefficiencies persist, the Justice Department said.

"Although a new equilibrium between inshore and offshore operations would be established, both offshore and inshore firms will continue to have the incentive to harvest and process fish as quickly as possible, and will continue to overinvest in fishing and processing equipment," the Justice Department said.

It urged the Commerce Department to scrap the plan and suggest that the North Pacific Council enact a market-driven system such as assigning pollock quotas to individual fishing companies.

Such quotas, called "individual transferable quotas" or ITQs, could be assigned on the basis of historic catches, company by company.

Those quotas then could be sold so that, over time, the companies most able to efficiently catch and process the fish would buy quota rights from those less efficient companies, the Justice Department said.

"Coming on top of the whitening decision, I don't see how the Commerce Department now can approve the pollock allocation even if it wanted to," said Jim Gilmore, lobbyist for the American Factory Trawler Association, which is fighting the allocation plan.



**All American hopeful**  
 Kodlak's Carlton Sapp, right, is one of the 1,700 best high school basketball players across the country hoping to be selected to the McDonald's All-American Team. Standing next to Sapp, holding his certificate of achievement, is store manager Jane Peterson. See story, Page 10.

# ISA bids on Eagle property

By SUZANNE HANCOCK  
 Staff Writer

International Seafoods of Alaska Inc. is trying to buy another piece of the Monopoly board known as the Kodiak waterfront.

ISA is the high bidder in the proposed sale of the Eagle Fisheries Plant.

A hearing continued at 1:30 p.m. today in federal bankruptcy court in Anchorage before chief bankruptcy Judge Herb Ross.

According to Thomas J. Yerbich, attorney for a partnership known as F/V Pacific Star, one of the secured creditors, the trustee in bankruptcy entered into an agreement to sell and petitioned the court for an approval of the sale.

Other creditors have also objected to the sale because they will not be paid in full for what they are owed.

Yerbich said the creditors have stated for the record they would take the property back themselves.

"There are a number of creditors with secured interest in various parts (of the plant) with various priorities," he said.

He also stated that the property was worth more as a package, but the creditors questioned whether \$875,000 was the highest and best price available on the market.

A spokesman at ISA said the company would not discuss plans for the Eagle Plant if the purchase goes through.

A \$25,000 deposit is due today and an additional \$50,000 due next Wednesday with a potential closing in March. The next highest bidder was Henry Kim.

Yerbich said the objection filed will determine whether the sale is approved or not. The trustee has proposed the sale.

"There are a number of complex issues," he said.

If the sale is completed, property will be added to holdings of ISA and U.S. Fine Corporation.

"Other than the city and though, ISA is the largest owner as far as the highest asset."

See ISA, Page 2

# Scientist says spill damage continues

ANCHORAGE, Alaska (AP) — Wildlife and habitat continue to suffer from the effects of the Exxon Valdez oil spill, says a scientist who publicly summarized two and a half years of confidential studies.

Dr. Robert Spies of Livermore, Calif., coordinator of damage studies for the Oil Spill Trustees Council, said Thursday that seaotters are continuing to die in unusually high rates. Populations of murrets and harlequin ducks are continuing to fall, harbor seals are suffering brain lesions and salmon are producing more dead eggs, he said.

Spies' presentation came nearly three years after the tanker Exxon Valdez piled up on Bligh Reef, spilling nearly 11 million gallons of North Slope crude oil. The March 24, 1989, spill was the worst in the nation's history.

The council is considering spending proposals for more studies, as well as restoring affected areas in Prince William Sound and the Gulf of Alaska.

Spies said studies thus far indicate effects of the spill are lingering.

Murrets, diving sea birds, are unable to resume reproduction after losing 250,000 of the estimated 1.4 million birds that inhabit the northern Gulf of Alaska, he said.

See Spill, Page 2

# Kodiak Daily Mirror

-C3--3-FEB 15 92  
Senator Fred Zharoff  
Box V  
Juneau, AK 99811

VOL. 52 NO. 016

THURSDAY, JANUARY 23, 1992

KODIAK, ALASKA

16 PAGES

50 CENTS

## American fishermen are landing millions of pounds of halibut caught in Russian waters

By MARK BUCKLEY  
Staff Writer

An American-flagged fleet of factory trawlers and longliners has been operating in Russian territorial waters since August or September of last year. They're returning to North American ports, primarily Dutch Harbor, with millions of pounds of halibut and other groundfish.

Had some of those fish been caught in the U.S., they would have been illegal to keep.

Some of those fish landed may be of American stock.

Because of a loophole in federal regulation, no one in the U.S. knows how many boats are in this fishery. Additionally, no one knows exact tonnage or species composition of the fish being landed here.

"The situation is legal," said Bob Trumble, Senior Biologist with the International Pacific Halibut Commission (IPHC), the organization that manages Pacific halibut in U.S. and Canadian waters.

Because the boats landing Russian-origin fish in U.S. ports are American flagged processors, they are not technically "importing" the fish. The processors can legally sell the fish as "product of the U.S.A."

Because the fish were caught legally in Russian waters, no U.S. laws were broken. This is true even though the fish may have been caught, kept or landed in ways that are illegal in America.

"The vessel owners have an arrangement with the Russians for American boats to fish inside the Russian 200-mile limit," Trumble said. "The U.S. vessels pay a fee per pound and get to keep and process the fish at sea."

The boats are both trawlers and longliners. Some of the boats are from the U.S., some are from other places. Just recently, for example, a significant quantity of fish was landed in British Columbia," Trumble added.

"There are no reporting requirements," said Trumble. "Therefore, there is no official record of the quantity of fish coming in."

"The Russians allow trawlers who are targeting pollock and cod to keep a percentage of their halibut bycatch," said Shari Gross of the Halibut Association of North America (HANA). "In American waters, it's illegal to catch halibut with a net or keep halibut when you're longlining for other species, like blackcod. Bycatch halibut here have to be returned to the sea."

"In American and Canadian waters, the minimum legal size for halibut is 32 inches," Gross said, "but the Russians have no minimum legal size limit."

"It will be an enforcement nightmare when those sublegal fish start showing up in the U.S. markets. Who can prove those fish actually came from Russia? There's the potential they could've been caught illegally in U.S. waters and then passed off as Russian fish," Gross said.

Another question regarding the Russian fishery is the mixing of Russian and American stocks of halibut.

"There is the potential that North American halibut stocks will be affected by the Russian fishery," said the IPHC's Trumble. "There was some tagging in Russian waters a few years ago and we got some tags back in the U.S. sector. We ex-

pect some interchange, but don't have any idea what the proportion of the interchange might be."

Trumble forecasts U.S. participation in the Russian fishery is likely to increase. "I would guess there were probably less than 20 boats there in 1991. We do project an increase in landings for 1992, but, again, we have no official records," he said.

HANA's Gross felt she could be a little more specific about landings. "We're estimating landings of 4 to 10 million pounds of halibut in 1991," Gross said. "We're expecting an enormous increase in volume for

1992 as the Russians sell more of their fish for hard currency.

"How will that increase in volume affect prices paid to the shorebased U.S. and Canadian halibut fishermen?" Gross asked.

According to industry monitors, the situation in the former Soviet Union today is chaotic. "For all we know, the Russians don't know what's going on out there," Gross said. "These deals that have been cut may or may not be with the knowledge of the central government."

A factory trawler representative defended his company's actions.

"We did have Russian observers on our boats," said Steve Finley, director of government affairs for Emerald Seafoods in Seattle.

"We were operating three factory trawlers in Russian waters and had 2 to 3 observers on our boats at all times. They were Russian officials of some sort, but things are really confusing over there right now and I can't say who exactly employed them."

"We were really happy with how it all worked out," said Finley. "We plan to go back."

See Halibut, Page 2

## Coast Guard crew honored for heroic Dora H. rescue

By JEFF GRAVES  
Staff Writer

A Coast Guard helicopter crew from Kodiak is being honored by the Naval Helicopter Association for their heroic rescue of four fishermen who were forced to abandon their sinking vessel in heavy seas last May.

Pilot Lt. Cmdr. Keith Comer and co-pilot Lt.jg. Bob Yerex, crewmen Petty Officers 2nd Class Jeff Waite and Dave Schron and Petty Officer 3rd Class Gary Srebe will be in San Diego this week to receive the prestigious award.

The coveted NHA award is given to helicopter crews in five U.S. regions each year to recognize "outstanding feats and contributions," according to organization literature.

Association judges later review the cases of the region winners to determine a national helicopter crew of the year.

This is the second year a crew from Kodiak has been chosen to



### Crewman lost

may have saved lives of the Dora H. crew.

Ycrex, who was wearing night vision goggles at the time, said he saw "a strobe from the life raft, what appeared to be about 10 miles away from us." What

nearby fishing vessels that had been searching the area for the raft.

Strebe lost his mask and snorkel immediately after hitting the water, but managed to get his bearings and reach the raft.

## Halibut— Fish come from Russia

Continued from Page 1 again. Right now our boats are fishing in the American zone, but our company president is working on the next contract with the Russians."

Finley said the American boats were required to keep bycatch.

"The contract required us to keep all bycatch. However, we had a bycatch limit as well as an overall quota. I'm not at liberty to say, though, what that bycatch limit was. When either the bycatch limit or the quota was reached, we would be out of the fishery for the rest of the year."

Finley said a total of 8 factory trawlers and several longliners operated in the Russian zone. "We had three factory trawlers and there were (a total of) five others from both American Seafoods and Ocean Trawl.

"Arctic Alaska Seafoods converted some factory trawlers into longliners and I'd guess there were 8 or 9 longliners there, though some of them were catcher ships delivering to motherships."

Asked if Emerald Seafoods ships were delivering halibut that would be of sublegal size if caught in the U.S., Finley said, "Yeah, we're delivering 'sublegal' halibut, but our contract requires us to keep them. You know, there is no U.S. law that says we're prohibited from selling those fish in this country. They were legally caught in the Russian zone."

Finley said his company voluntarily reports deliveries of large and small halibut to the National Marine Fisheries Service.

"We're calling NMFS, telling them when we enter and plan to exit U.S. waters and what our po-

sition and course heading are," he said. "That way Coast Guard planes can overfly our boats to prove they're not fishing illegally inside the U.S. zone."

"When we deliver in the U.S., we report to NMFS the amount of fish we're delivering. We voluntarily tell them the amount of 'large market' and 'small market' halibut we're bringing in."

When asked if all the other companies engaged in the fishery were reporting their catches and activities in U.S. waters as well, Finley answered, "I don't know; I don't think so."

Shari Gross of HANA wants mandatory reporting, and more.

"We're going to work with NMFS and IPHC to identify the loophole and close it," said Gross. "We brought this situation to the attention of the North Pacific Fishery Management Council at the recent Portland meeting. The council asked for a report from the NMFS staff."

"Our first goals are to close the reporting loophole and to get U.S. observer coverage on these boats."

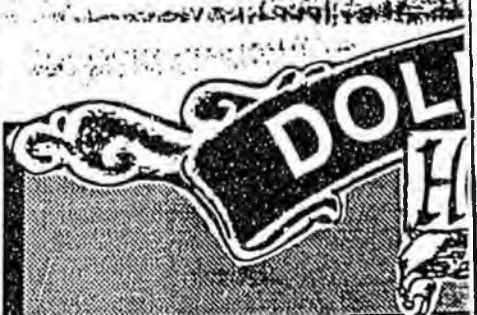
HANA may have a difficult time putting controls on American boats in the Russian fishery, though.

IPHC's Trumble said, "I don't know if they're involved in taking any marine mammals such as dolphins or endangered species like sea lions or sea turtles. Unless that can be shown, it's hard to put import restrictions on the fishery."

Dealing government-to-government with the Russians will not be easy, either.

"The Russians aren't signatories to any treaties that cover this situation," Trumble said.

extremely tired. It's pretty amazing that we could do it for as long as we did," Yerec said. "Gary recognized his own fatigue and I think he was able to understand what we were going through in the air." 100 g and 20 compl demor. petenc "It's of the



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# United States Senate

WASHINGTON, DC 20510

February 27, 1992

The Honorable Rockwell Schnabel  
Acting Secretary of Commerce  
U.S. Department of Commerce  
Washington, D.C. 20230

Dear Mr. Secretary,

We are writing in regard to a pair of fishery management plans which propose the allocation of pollock and Pacific whiting between sectors of the commercial fishing industry. These allocations were proposed by the North Pacific Fishery Management Council and the Pacific Fishery Management Council, respectively. These are two of the eight regional councils created by the Magnuson Fishery Conservation and Management Act (Magnuson Act) to craft management programs for their regional fisheries. The pollock allocation is currently awaiting Secretarial approval, while the whiting plan has been preliminarily rejected by the National Marine Fisheries Service (NMFS).

The purpose of this letter is to express our support for both allocations, and to raise questions about the manner in which NMFS is interpreting the Magnuson Act.

The Magnuson Act calls for fishery management plans which result in the greatest economic and social benefit to the nation. In both these cases, the Councils have chosen strategies which will result in a more efficient utilization of a publically owned resource. Both the quantity and total dollar value of fishery products available to consumers will increase. This increased food production will, in turn, provide greater employment, increased social stability, and a net increase in trade revenues.

Since these are the major goals of the Magnuson Act, we do not understand the apparent opposition of the agency to the proposals. We can only conclude that there is a policy dispute between the Councils and the hierarchy of NMFS. However, we must point out that Congress created the Councils as policy making bodies based upon the idea that it is better to have local citizens propose management strategies for their regions than to have this role performed in Washington, D.C. The secretary, in reviewing Council proposals, must make sure they acted reasonably and in accordance with federal law. However, as the Secretary has noted in the past, it is not the intent of the Act for the agency to substitute its policy judgment for that of the Councils.

Honorable Rockwell Schnabel  
February 27, 1992  
Page 2

We ask you, as the person ultimately responsible for plan approval, to ask NMFS to reconsider its rejection of the Pacific whiting plan and to keep Congressional intent in mind as both plans are reviewed.

Thank you for your consideration of this matter.

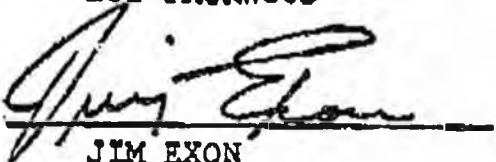
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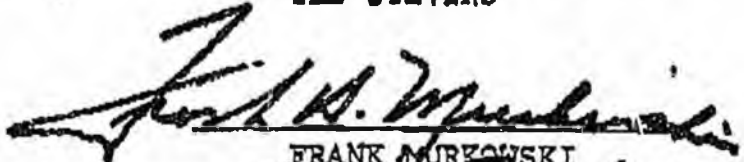
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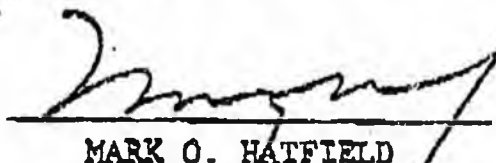
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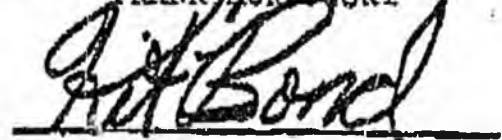
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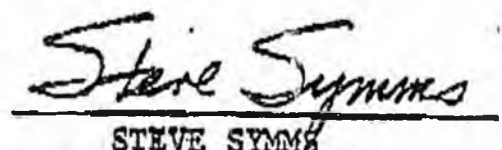
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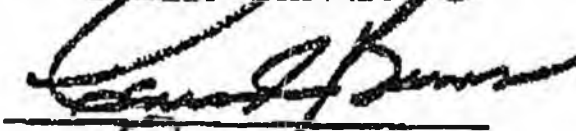
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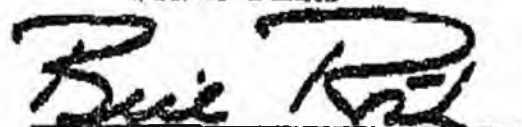
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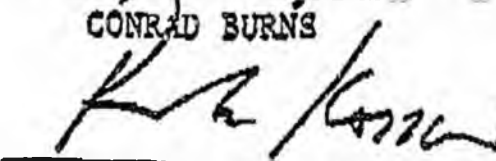
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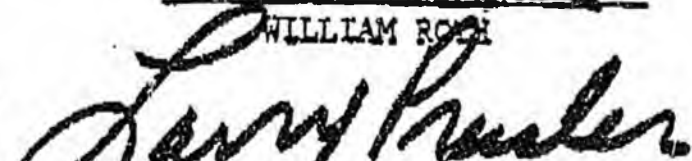
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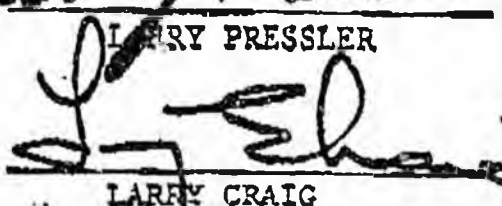
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LARRY PRESSLER



JOHN SEYMOUR



LARRY CRAIG

# United States Senate

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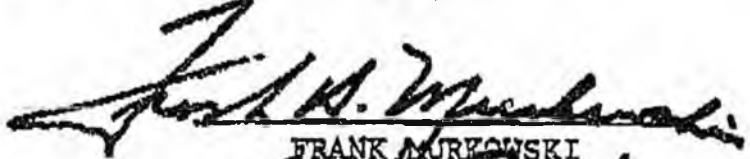
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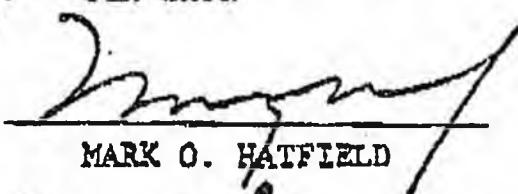
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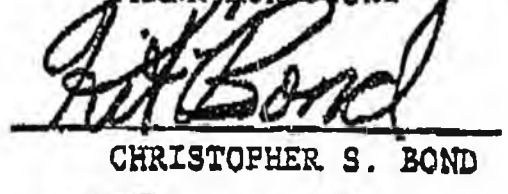
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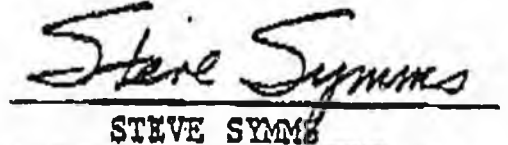
MARK O. HATFIELD



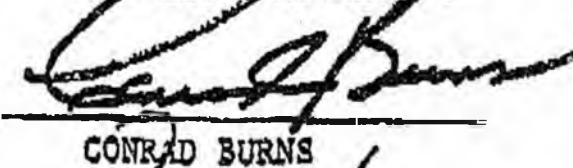
CHRISTOPHER S. BOND



CHARLES GRASSLEY



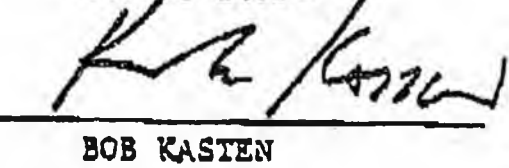
STEVE SYMMS



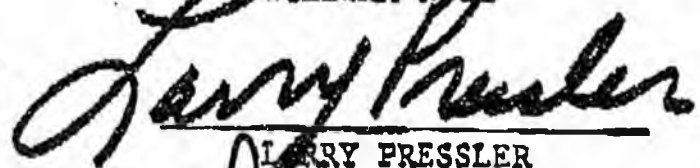
CONRAD BURNS



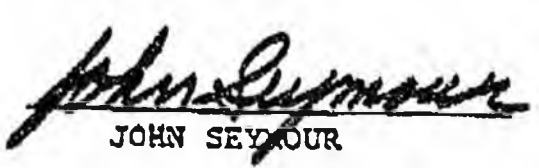
WILLIAM ROTH



BOB KASTEN



LARRY PRESSLER



JOHN SEYMOUR



LARRY CRAIG