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94-20 FISH AND WILDLIFE MISCELLANEOUS—PART 3

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HEARINGS

BEFORE THE

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COMMITTEE ON FISHERIES AND WILDLIFE
CONSERVATION AND THE ENVIRONMENT

OF THE

COMMITTEE ON
MERCHANT MARINE AND FISHERIES
HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

SPINY ROCK LOBSTER—H.R. 2473

JULY 8, 1975

RELIEF FOR FISHING INDUSTRY

H.R. 2296, H.R. 2971, H.R. 3294, AND H.R. 5760

SEPTEMBER 22, 1975

ADMINISTRATION OF FISH AND WILDLIFE PROGRAMS

H.R. 5523

OCTOBER 30, 1975

FISHERIES MARKETING

H.R. 6084, H.R. 6981, H.R. 8645, AND H.R. 9249

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SPINY ROCK LOBSTERS

TUESDAY, JULY 8, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FISHERIES AND WILDLIFE
CONSERVATION AND THE ENVIRONMENT OF THE
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:40 a.m., in room 1334, Longworth Office Building, Hon. Robert L. Leggett, Subcommittee Chairman, presiding.

Mr. LEGGETT. The meeting of the Subcommittee on Fisheries and Wildlife Conservation and the Environment will please come to order.

I want to make my profuse apologies to my distinguished witnesses and colleagues for my delay. I just got in late last night from Samalae where we were on an inspection tour of the facilities over there.

Off the record.

[Discussion off the record.]

Mr. LEGGETT. Back on the record.

This morning we will hear testimony on H.R. 2473, introduced by our colleagues, Mr. Rogers, Mr. Sikes, and Mr. Fascell of Florida.

This bill provides for the protection of juvenile and egg-bearing spiny rock lobsters, one of four species of spiny lobsters found off the coast of the United States, and the only one which is commercially exploited.

Perhaps the most difficult problem inherent in the prudent management of all our natural resources is determining the balance between man's use of these resources and their requisite conservation.

Reasonable men will agree that valuable resources are worthy of preservation. However, the difference of opinion arises with respect to setting the necessary conservation limits to assure its healthy existence.

As we all know, man is not wholly immune from misjudging the natural limits of our resources which frequently results in over-exploitation and eventual ecological deterioration. Thus, when information is unavailable or incomplete, it behooves us to err on the side of conservation.

The subject before us today may well fall within this "spiny" dilemma. Evidence points to the conclusion that the spiny lobster has suffered increasing exploitation. Although precise data are

sparse, at least one State, Florida, has taken legislative steps similar to the ones being proposed here.

It may be that a comprehensive Federal law is required in order to effectively address this international problem.

[The bill and departmental reports follow:]

H.R. 2473, 94th Cong., 1st Sess.

A BILL To protect juvenile and egg-bearing spiny rock lobsters

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That with respect to any spiny rock lobster, it is unlawful for any person subject to the jurisdiction of the United States to—

(A) import any such lobster into, or export any such lobster from, the United States;

(B) take any such lobster within the United States or the territorial sea of the United States;

(C) take any such lobster upon the high seas;

(D) possess, sell, deliver, carry, transport, or ship by any means whatsoever any such lobster taken in violation of subparagraphs (B) and (C);

(E) deliver, receive, carry, transport, or ship in interstate or foreign commerce, by any means whatsoever and in the course of a commercial activity, any such lobster;

(F) sell or offer for sale in interstate or foreign commerce any such lobster; or

(G) violate any regulation pertaining to such lobster which may be promulgated by the Secretary.

Sec. 2. Any importation into the United States, or possession, of a catch of spiny rock lobster in which more than—

(A) 2 per centum of the egg-bearing females have exposed eggs or eggs clipped, cut, stripped, scraped, or scrubbed therefrom; or

(B) 2 per centum by weight thereof contains lobsters described in paragraph (6) (B) of section 7 of this Act,

shall be presumed to be an importation or possession in violation of this Act.

Sec. 3. The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this Act.

Sec. 4. (a) (1) Any person who takes, imports, exports, possesses, sells, offers for sale, delivers, carries, transports, or ships any spiny rock lobster in violation of subparagraphs (A) through (F) of the first section of this Act shall be fined not less than \$20 nor more than \$50 for each such lobster so taken, or imprisoned for not more than six months, or both.

(2) Any person who violates any provision of this Act (other than subparagraphs (A) through (F) of the first section thereof) or any regulation issued pursuant thereto shall upon conviction, be fined not more than \$5,000 or imprisoned for not more than six months, or both.

(b) The several district courts of the United States shall have jurisdiction over any actions arising under this Act.

Sec. 5. (a) The provisions of this Act and any regulation issued pursuant thereto shall be enforced by the Secretary, the Secretary of the Treasury, or the Secretary of the Department in which the Coast Guard is operating, or all such Secretaries. Each such Secretary may utilize by agreement, with or without reimbursement, the personnel, services, and facilities of any other Federal agency or any State agency for purposes of enforcing this Act.

(b) The judges of the district courts of the United States and the United States magistrates may, within their respective jurisdictions, upon proper oath or affirmation showing probable cause, issue such warrants or other process as may be required for enforcement of this Act and any regulation issued thereunder.

(c) Any person authorized by the Secretary, the Secretary of the Treasury, or the Secretary of the Department in which the Coast Guard is operating, to enforce this Act may detain for inspection and inspect and package, crate, or other container, including its contents, and all accompanying documents, upon importation or exportation. Such person may execute and serve any arrest

warrant, search warrant, or other warrant or criminal process issued by any officer or court of competent jurisdiction for enforcement of this Act. Such person so authorized may search and seize, with or without a warrant, as authorized by law. Any spiny rock lobster, property, or item so seized shall be held by any person authorized by the Secretary, the Secretary of the Treasury, or the Secretary of the Department in which the Coast Guard is operating pending disposition of criminal proceedings, or the institution of any action in rem for forfeiture of such lobster, property, or item pursuant to subsection (d); except that the Secretary may, in lieu of holding such lobster, property, or item, permit the owner or consignee to post a bond or other surety satisfactory to the Secretary.

(d) (1) Any spiny rock lobster possessed, sold, purchased, offered for sale or purchase, transported, delivered, received, carried, shipped, exported, or imported contrary to the provisions of this Act or any regulation issued pursuant thereto shall be subject to forfeiture to the United States.

(2) All traps, nets, and other equipment, vessels, vehicles, aircraft, and other means of transportation used to aid the taking, possessing, selling, purchasing, offering for sale or purchase, transporting, delivering, receiving, carrying shipping, exporting, or importing of any spiny rock lobster in violation of this Act or any regulation issued pursuant thereto shall be subject to forfeiture to the United States upon conviction of a violation pursuant to section 4(a) of this Act.

(e) All provisions of law relating to the seizure, forfeiture, and condemnation of a vessel for violation of the customs laws, the disposition of such vessel or the proceeds from the sale thereof, and the remission or mitigation of such forfeiture, shall apply to the seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this Act, insofar as such provisions of law are applicable and not inconsistent with the provisions of this Act, except that all powers, rights, and duties conferred or imposed by the customs laws upon any officer or employee of the Treasury Department shall, for the purposes of this Act, be exercised or performed by the Secretary or by such persons as he may designate.

SEC. 6. Any State may adopt and enforce laws and regulations relating to the protection and taking, within its jurisdiction, of spiny rock lobsters if the Secretary determines, after review thereof, that such laws and regulations are consistent with the provisions of this Act and the regulations issued pursuant thereto. If the Secretary determines that any such State laws and regulations are so consistent, the provisions of this Act and the regulations issued pursuant thereto shall not apply to such lobsters within the jurisdiction of the State.

SEC. 7. As used in this Act—

(1) The term "commercial activity" means all activities of industry and trade, including, but not limited to, the buying or selling of commodities and activities conducted for the purpose of facilitating such buying and selling.

(2) The term "foreign commerce" includes, among other things, any transaction—

(A) between persons within one foreign country;

(B) between persons in two or more foreign countries;

(C) between a person within the United States and a person in a foreign country; or

(D) between persons within the United States, where the fish and wildlife in question are moving in any country or countries outside the United States.

(3) The term "import" means to land on, bring into, or introduce into, or attempt to land on, bring into, or introduce into, any place subject to the jurisdiction of the United States, whether or not such landing, bringing, or introduction constitutes an importation within the meaning of the customs laws of the United States.

(4) The term "person" means an individual, corporation, partnership, trust, association, or any other private entity.

(5) The term "Secretary" means the Secretary of Commerce.

(6) The term "spiny rock lobster" means any crustacean (or any part of any such crustacean) of the species *Panulirus Argus* (A) with exposed eggs or eggs clipped, cut, stripped, scraped, or scrubbed therefrom, or (B) having a carapace measurement of less than three inches or a tail measure-

ment of less than five and one-half inches (excluding protruding muscle tissue). For purposes of making measurements described in subparagraph (B)—

(i) the carapace (head, body, or front section) measurement shall be determined by beginning at the anteriormost edge (front) of the groove between the horns directly above the eyes, then proceeding along the mid-dorsal line (middle of the back) to the rear edge of the top part of the carapace; and

(ii) the tail (segmented portion) shall be measured (with the tail in a flat straight position with the tip of the tail closed) lengthwise along the center of the entire tail until the rearmost extremity is reached.

(7) The term "take" means to harass, harm, pursue, hunt, wound, kill, trap, capture, or collect, or to attempt to engage in any such conduct.

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., July 8, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Merchant Marine and Fisheries Committee,
House of Representatives,
Washington, D.C.

DEAR MADAM CHAIRMAN: This is in response to your request for our comments on H.R. 2473, a bill, "To protect juvenile and egg-bearing spiny rock lobsters."

This bill is designed to protect juvenile and egg-bearing spiny lobsters, *Panulirus argus* which are harvested primarily but not exclusively in areas outside the jurisdiction of the United States. It would make unlawful the taking, possession, sale, shipment, import or export of such lobsters, or the violation of any regulation promulgated under the Act, by any person subject to the jurisdiction of the United States.

We believe the conservation needs of spiny lobsters require action and we therefore recommend enactment of H.R. 2473 with a number of amendments.

The Department proposes the following amendments:

1. The designation "spiny rock lobster" may be understood by some individuals to include a broader category or several species other than just egg-bearing or juvenile spiny lobsters of the species *Panulirus argus*. Therefore we recommend that the term "spiny rock lobster" be deleted wherever it appears in the bill and replaced with the term "egg-bearing or juvenile spiny lobster."

2. When spiny lobsters are captured, they are removed manually from the lobster pots, each specimen being examined and measured. Consequently, there is no valid reason for permitting the retention of a single juvenile or egg-bearing female, much less the 2 percent formula contemplated in section 2 of the bill. Moreover, such a provision could hinder effective law enforcement activities. Therefore, the Department strongly recommends the deletion of section 2 of the bill with the subsequent sections being renumbered appropriately.

3. We believe it necessary to provide some discretion in the bill to the Secretary of Commerce to allow him to amplify or modify the definition in subsection 7(6) which sets the size limits for juvenile spiny lobsters, if necessary, in light of additional research or practical experience. Therefore, we propose changing the period at the end of line 17, on page 7, to a comma, and inserting thereafter the following: "or of such other carapace or tail size as the Secretary, by regulation, may determine to be appropriate." If this discretionary language is not added it would require Congressional action to make any changes in the size limits. It does not seem practical to us to require the enactment of new Federal legislation to change the legal size limits of spiny lobsters if studies indicate that a size limit other than that stated in this bill should be necessary.

4. On page 1, in subparagraphs (B) and (C) on lines 8 and 10, insert following the word "take" in both places the words "or kill". This addition, in these two places, clearly makes it unlawful to take, kill, or keep any egg-bearing or juvenile spiny lobsters. On page 2, subparagraph (D) on lines 1 and 2 delete the existing language and replace it with: "by any means whatsoever, any such lobster imported or taken in violation of subparagraphs (A), (B), and (C)."

Coupled with the following recommendation concerning the definition of the word "take", these changes in section 1 have the effect of prohibiting the obvious, controllable acts of a person. Additionally, by adding imports to subparagraph (D) it makes it unlawful to possess, sell, etc. any egg-bearing or undersized spiny lobsters which were illegally imported. We have experienced enforcement difficulties in other areas when the statutory authority did not contain this prohibition.

5. In the definition section on page 8, lines 8-10, delete the existing language defining the term "take," and substitute therefor the following: "(7) The term 'take' means to trap, capture or collect, and not immediately return to the sea."

As mentioned, in connection with the prohibitions contained in section 1, this change has the effect of limiting the acts for which a person could be arrested for a violation of the Act to those acts over which the person has obvious control. For example, under the existing definition of the term "take", a person could be in technical violation of the law for "harassing" an egg-bearing or undersized spiny lobster everytime one of them entered one of his lobster traps on the ocean floor. In our opinion this is not realistic.

6. On page 1, line 9, delete the word "or" and substitute therefor the word "including". The territorial sea" should be considered as being "within the United States," not as an additional area.

7. On page 7, line 13, the term "Panulirus Argus" should be changed to read "*Panulirus argus*".

8. We suggest amending the title of the bill to read as follows: "To protect egg-bearing and juvenile spiny lobsters."

If enacted, the Department's responsibility under the bill can be absorbed in current programs without any need for additional resources.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

B. PARRETTE,
Deputy General Counsel.

DEPARTMENT OF JUSTICE,
Washington, D.C., July 17, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives,
Washington, D.C.

DEAR MADAM CHAIRMAN: This is in response to your request for the views of the Department of Justice on H.R. 2473, a bill "To protect juvenile and egg-bearing spiny rock lobsters."

This bill would protect juvenile and egg-bearing spiny rock lobsters by prohibiting their taking by persons subject to the jurisdiction of the United States. It would also prohibit their transportation in interstate commerce and the violation of regulations promulgated by the Secretary of Commerce. However, the bill's means of achieving these ends may result in some confusion.

Section 1 of the bill prohibits the taking of "any spiny rock lobster" without reference to its size or egg-bearing status. From this it would appear that no spiny rock lobsters can be taken by any person subject to the jurisdiction of the United States. It is not until final section of the bill, Section 7, that one is made aware that the prohibition applies only to small lobsters and those bearing eggs. Even then, this limitation is included not through the usual means of prohibiting the taking, transportation and so on of these particular spiny rock lobsters, but by limiting the definition of "spiny rock lobsters" to a member of the species *Panulirus Argus* "which has exposed eggs or is less than a given size." Although there is precedent for limiting a prohibition of this type through an arbitrary limitation of a definition, it would seem to create an unnecessary confusion in this case. We would therefore recommend that the bill be amended to clearly describe the protected lobsters in the prohibition section. Paragraph 1 of the bill would then read as follows:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That with respect to a spiny rock lobster (A) with exposed eggs or eggs clipped, cut, stripped, scraped, or

scrubbed therefrom or (B) having a carapace measurement of less than three inches or a tail measurement of less than five and one-half inches (excluding protruding muscle tissue), it is unlawful for any person subject to the jurisdiction of the United States to * * *."

Section 1 would then conclude with: "For purposes of making measurements described above—(i) the carapace (head, body, or front section) measurement shall be determined by beginning at the anteriormost (front) of the groove between the horns directly above the eyes, then proceeding along the mid-dorsal line (middle of the back) to the rear edge of the top part of the carapace; and (ii) the tail (segmented portion) shall be measured (with the tail in a flat straight position with the tip of the tail closed) lengthwise along the center of the entire tail until the rearmost extremity is reached."

Section 7(6) would then read simply: "The term 'spiny rock lobster' means any crustacean (or any part of any such crustacean) of the species *Panulirus Argus*."

Section 4(a)(1) (page 2, line 23, through page 3, line 4) is ambiguous. It provides: "Any person who takes, imports, exports, possesses, sells, offers for sale, delivers, carries, transports, or ships any spiny rock lobster in violation of subparagraphs (A) through (F) of the first section of this Act shall be fined not less than \$20 nor more than \$50 for each such lobster so taken, or imprisoned for not more than six months, or both."

It is unclear whether this provision intends that a person may be fined \$20 to \$50 for each lobster taken, transported, etc. in violation of the Act and, then may also be subject to a maximum of six months' imprisonment for the violation(s) regardless of the number of protected lobsters involved or whether he is subject to a fine of \$20 to \$50, or imprisonment for six months, or both, for each lobster taken, transported, etc. in violation of the Act. Further, whichever interpretation is intended, the Department of Justice objects to this criminal penalty provision. A fine of from \$20 to \$50 is not at all comparable to imprisonment of up to six months. If the latter interpretation is intended, the lack of comparability becomes even more pronounced (e.g. a person's being subject to potential imprisonment of 2 years where the fine for the same act, say, of importing 4 protected lobsters, is a mere \$80 to \$200).

The definition of "take" in Section 7(7), "The term 'take' means to harass, harm, pursue, hunt, wound, kill, trap, capture, or collect, or to attempt to engage in any such conduct," may also cause problems. Since Section 1, in subsections (B) and (C), makes it a violation for persons subject to the jurisdiction of the United States to take any such lobster within the United States, the territorial sea of the United States, or upon the high seas, it is a violation of the Act for anyone to place traps in any place where there are protected lobsters. Such placing of the traps surely constitutes a harassment of the protected lobsters. It is clear from the language of the Act, however, that it is not intended that the protection afforded the juvenile and egg-bearing spiny rock lobsters be so great as to prohibit all trapping of spiny rock lobsters, as this interpretation suggests. For this reason, we suggest that the term "take" be given a more restricted definition, to make it clear that the Act does not prohibit the trapping of protected lobsters so long as they are returned to the sea.

Further, the Justice Department objects to the inclusion of Section 2 of the Act for the following reasons. Section 2 purports to create a presumption that the possession or importation of a catch of lobsters containing a defined proportion of protected lobsters is a possession or importation in violation of the Act. Treating first the presumption that it is a possession in violation of the Act, this is, actually a presumption that the lobsters were taken within the United States, on the territorial sea of the United States, or upon the high seas. Yet, such a presumption is probably unconstitutional, *Leary v. United States*, 398 U.S. 6 (1968), since possession of a catch of lobsters containing a defined proportion of protected lobsters bear no relationship to the geographical area in which the lobsters were taken. Treating next the presumption concerning importation in violation of the Act, once it is proved that a person imported a catch of lobsters containing the defined proportion of protected lobsters, illegal importation is proved. Such proof does not raise a presumption of an importation in violation of the Act, it proves the violation.

Section 6 of the Act provides that once a State adopts and enforces laws and regulations relating to the protection of juvenile and egg-bearing spiny rock

lobster which the Secretary of the Commerce determines to be consistent with the Act and regulations issued pursuant to the Act, the State shall have sole jurisdiction over such lobsters within that State. The Justice Department suggests that it would be preferable to provide the State with concurrent, rather than exclusive, jurisdiction.

Further it is noted that in defining "foreign commerce" Section 7(2)(D) uses the language "where the fish and wildlife in question are moving * * *." This is the only place where the phrase "fish and wildlife in question" is used in the Act. Section 7(2)(D) should be amended by deleting the words "the fish and wildlife in question" (page 6, line 23) and substituting in lieu thereof the words "spiny rock lobsters."

Whether this legislation should be enacted involves questions as to which the Department of Justice defers to the Commerce Department.

The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

MICHAEL M. UHLMANN,
Assistant Attorney General.

DEPARTMENT OF STATE,
Washington, D.C., July 7, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives,

DEAR MADAM CHAIRMAN: This is in response to your request for the views of the Department of State on H.R. 2473, a bill to protect juvenile and egg-bearing spiny rock lobsters.

This bill would protect juvenile and egg-bearing spiny rock lobsters by prohibiting their taking, importation and exportation by persons subject to the jurisdiction of the United States. The bill directs the Secretary of Commerce to develop regulations to carry out the purposes of the bill and authorizes enforcement by the Secretaries of Commerce, the Treasury, and the department in which the Coast Guard is operating.

It is our understanding that several states with a substantial interest in the spiny lobster fishery presently have in effect conservation measures similar to those envisioned by this legislation.

Leaving aside the more technical aspects of the conservation measures established by the bill, on which other agencies are better able to comment, the Department of State supports in principle the proposed legislation, since it would serve to establish a minimum and uniform standard for the protection of the spiny lobster. From the standpoint of foreign relations, the Department has no objection to this bill and believes that it could be useful during possible negotiations with other countries concerning spiny lobster fisheries.

The Department would incur no additional expenses as a result of this legislation.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely,

ROBERT J. McCLOSKEY,
Assistant Secretary
for Congressional Relations.

OFFICE OF THE SECRETARY OF TRANSPORTATION,
Washington, D.C., July 9, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives,
Washington, D.C.

DEAR MADAM CHAIRMAN: Reference is made to your request for the views of the Department of Transportation concerning H.R. 2473, a bill "To protect juvenile and egg-bearing spiny rock lobsters."

The bill would prohibit the importation, exportation, or harvesting of juvenile and egg-bearing spiny rock lobsters by persons subject to the jurisdiction

of the United States. The bill also directs the Secretary of Commerce to develop regulations to carry out the purposes of the bill, and authorizes the Secretaries of Commerce, Treasury, and the department in which the Coast Guard is operating to jointly enforce the provisions of the bill. In addition, the bill provides criminal sanctions for purposes of enforcement.

This Department favors efforts to conserve natural resources; however, we defer to the views of the Departments of State and Commerce as to the need for and appropriateness of this proposed legislation to accomplish that objective.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission of this report to Congress.

Sincerely,

JOHN HART ELY.

THE GENERAL COUNCIL OF THE TREASURY,
Washington, D.C., July 16, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives,
Washington, D.C.

DEAR MADAM CHAIRMAN: Reference is made to your request for the views of this Department on H.R. 2473, "To protect juvenile and egg-bearing spiny rock lobsters."

The first section of the bill would make it unlawful to, among other acts, import or export spiny rock lobster (as defined in the bill). Under section 2, importation of a catch of spiny rock lobster in which more than two percent are either egg-bearing females or under a certain minimum size would be presumed to be an importation in violation of the proposed Act.

Section 3 of the bill would provide that the Secretary (of Commerce) shall prescribe such regulations as may be necessary to carry out the purposes of the Act. To allow for the different regulatory functions to be performed by different agencies, we suggest inclusion of "and with respect to their functions under the Act, the Secretary of the Treasury, or the Secretary of the Department in which the Coast Guard is operating," after the word "Secretary" as it now appears in Section 3. Section 4 of the bill would provide fine and imprisonment liabilities, under the jurisdiction of United States District Courts.

Section 5 would provide that the provisions of the Act and any regulations issued pursuant thereto shall be enforced by the Secretary, the Secretary of the Treasury, or the Secretary of the Department in which the Coast Guard is operating. Section 5(c) would also empower authorized persons of the above-described Departments to detain, search, seize and arrest. This section also provides that any seized spiny rock lobster, property or item shall be held by the various Departments pending disposition of criminal proceedings or the institution of any action in rem for forfeiture, or in lieu of such holding, permit the owner or consignee to post a bond or other surety satisfactory to the Secretary.

Section 5(d)(1) would provide that any spiny rock lobster in violation of the Act would be subject to forfeiture to the United States. Section 5(d)(2) would make all traps, nets, other equipment and conveyances used in violation of the Act subject to forfeiture upon conviction of a violation.

Section 5(e) states in part that all provisions of law relating to the seizure, forfeiture, and condemnation of a vessel for violation of the Customs laws, the disposition of such vessel or the proceeds from the sale thereof, and the remission or mitigation of such forfeiture, shall apply to the seizures and forfeitures incurred under the provisions of the Act. If it is intended that this procedural provision apply to all subject merchandise and not just vessels, we believe language such as the following would be preferable:

"All provisions of law relating to seizure, summary and judicial forfeiture and condemnations for violations of the Customs laws, the disposition of the property forfeited or condemned or the proceeds from the sale thereof shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this Act, or any regulations issued thereunder, insofar as applicable and not inconsistent with the provisions hereof."

Section 5(e) continues that the above provisions would apply: "except that all powers, rights, and duties imposed by the Customs laws upon any officer or employee of the Treasury Department shall for the purposes of this Act, be exercised or performed by the Secretary or by such persons as he may designate."

We do not believe this exception was intended to displace or limit Customs general authority. However, if it is intended that the "powers, rights and duties" relate only to the procedure for disposing of seizures and forfeitures, we suggest inserting after "except that" on page 5, line 17, of the bill, the following: "as to the disposition of seizures and forfeitures".

Section 7 of the proposed Act would define "import" to cover any place subject to the jurisdiction of the United States whether or not an act constitutes an importation within the meaning of the Customs laws of the United States. The enforcement responsibility of the Customs Service is limited to the Customs territory of the United States, that is, the States, the District of Columbia, and the Commonwealth of Puerto Rico. Therefore we assume that enforcement of the bill with respect to other areas under United States jurisdiction would be undertaken by agencies or officers responsible for the administration of those particular areas.

We have no comment on the need for or the merits of the proposed legislation. It is believed that Customs' role in carrying out the bill, if enacted into law, could be absorbed into ongoing programs without significant impact on existing Customs operations.

The Department has been advised by the Office of Management and Budget that there is no objection from the standpoint of the Administration's program to the submission of this report to your Committee.

Sincerely yours,

RICHARD R. ALBRECHT,
General Counsel.

Mr. LEGGETT. With that, our first witness this morning will be our distinguished colleague and member of this subcommittee, Paul Rogers.

Paul, how would you like to handle this?

Mr. ROGERS. I will quickly give you a statement, Mr. Chairman.

Mr. LEGGETT. Then I recognize my colleague, Paul Rogers of Florida.

STATEMENT OF HON. PAUL G. ROGERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. ROGERS. Thank you, Mr. Chairman.

Mr. Chairman, we appreciate the opportunity to have a hearing on this bill which is important to our part of the country, and I was pleased that my colleagues, Congressmen Sikes and Fascell have joined in the introduction of the bill.

This bill, Mr. Chairman, does affect Florida, as well as other States, too, but particularly Florida.

Also, Mr. Chairman, you will be hearing from witnesses, Robert P. Jones, executive director, Southeastern Fisheries Association, Inc.; Mr. Harmon Shields, executive director, the Florida Department of Natural Resources; Carlos Sanchez, vice president, Florida Carib Fishery, Inc.; and Robert Felik, president, National Fisheries, Inc.

I think you have stated the problem very well, Mr. Chairman, and unless we do something about this, the ban proposed by the Bahamian Government could go into effect, and U.S. fishermen will not be able to lawfully take spiny rock lobster from the Continental

Shelf adjacent to the present 12-mile extended fisheries jurisdictional zone in the Bahamas.

By declaring the spiny rock lobster a creature of the Continental Shelf under the terms of the 1958 Geneva Convention, the Bahamian Government could have the right to regulate the lobster as a creature of the Continental Shelf.

This action, Mr. Chairman, would eliminate 60 percent of the total U.S. production of spiny rock lobsters, and I guess the hardest hit would be the Florida fishermen.

The loss to the United States and Florida economy would run about \$14 million annually and could possibly deplete the American lobster crop within a few years.

Florida coastal lobster fisheries are already producing their maximum sustainable yield and could not withstand additional fishing.

I understand that the State Department and the State of Florida have been attempting to open talks with the Bahamian Government to avert action under the Convention on the Continental Shelf. It appears that the Bahamian Government is considering such action because, although Florida and Georgia have laws protecting the spiny rock lobster similar to that of the Bahamas, juvenile and egg-bearing lobsters taken in international waters off the Bahamas can presently be sold in such States as Mississippi, Louisiana, Alabama and South Carolina, which have not adopted protective legislation.

I hope this bill will be enacted to protect spiny rock lobster in all States which would demonstrate American willingness to conserve this important resource and so aid in a successful resolution of these negotiations.

I am very grateful to you for calling these hearings, Mr. Chairman.

Mr. LEGGETT. Thank you very much, Paul.

That gives us a brief insight into the problem.

Without objection, your full prepared statement will appear in the record at this point.

[The statement referred to follows:]

STATEMENT OF HON. PAUL G. ROGERS, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF FLORIDA

This morning the Subcommittee is holding hearings to discuss the problems which face the American lobster industry in light of the Bahamian proposal to declare the spiny rock lobster a creature of the continental shelf under the provisions of the 1958 Geneva Convention on the Continental Shelf. I wish to thank you, Mr. Chairman, for this opportunity to meet here today.

I also wish to thank the Committee members for their consideration of H.R. 2473, which Congressman Sikes and Congressman Fascell have joined me in sponsoring. This measure would strengthen Federal law to provide for the conservation and protection of juvenile and egg-bearing spiny rock lobsters by forbidding the taking, selling, possessing and importing of undersized and egg-bearing lobsters in all states.

I wish to thank the witnesses who will participate in these hearings: Mr. Robert Jones of the Southeastern Fisheries Association, Inc., Mr. Robert Felik of National Fisheries, Inc., Mr. Carlos Sanchez, Mr. Harmon Shields of the State of Florida Division of Natural Resources, and representatives from the

U.S. Departments of State and Commerce. I appreciate your taking the time to share your views and comments on this issue of international concern and look forward to the exchange of ideas which will be presented today.

Mr. Chairman, as you know, if the ban proposed by the Bahamian Government does go into effect, U.S. fishermen will not be able to lawfully take spiny rock lobsters from the continental shelf adjacent to their present 12-mile extended fisheries jurisdictional zone.

By declaring the spiny rock lobster a creature of the continental shelf under the terms of the 1958 Geneva Convention, the Bahamian Government would have the right to regulate the exploitation of the lobsters as a creature of the Continental shelf, which extends to the high seas adjacent to its fisheries zone, will in excess of its own 12-mile limit. This action would, in effect, eliminate 60% of the total U.S. production of spiny rock lobsters. The hardest hit would be Florida lobster fishermen.

The loss to the U.S. and Florida economy would run about \$14 million annually and could possibly deplete the American lobster crop within a few years. Florida coastal lobster fisheries are already producing their maximum sustainable yield and could not withstand additional fishing.

I understand that the State Department and the State of Florida have been attempting to open talks with the Bahamian government to avert action under the Convention on the Continental Shelf. It appears that the Bahamian Government is considering such action because, although Florida and Georgia have laws protecting the spiny rock lobster similar to that of the Bahamas, juvenile and egg-bearing lobsters taken in international waters off the Bahamas can presently be sold in such states as Mississippi, Louisiana, Alabama and South Carolina, which have not adopted protective legislation.

I am hopeful that Congressional action to protect spiny rock lobsters in all states would demonstrate American willingness to conserve this important resource and so aid in a successful resolution of these negotiations.

I think the Committee has recognized the seriousness of this problem, and I look forward to sharing the views of each of the witnesses here today on the course of action which we should follow.

Mr. LEGGETT. Now, Paul, who next would you suggest that we call upon?

Mr. ROGERS. I suggest that we hear Mr. Sikes.

Mr. LEGGETT. We will hear the distinguished Robert L. F. Sikes. Very pleased to have you here, Bob, representing your very healthy and aggressive lobster State.

Your statement will be printed in the record at this point as though fully delivered, and you can augment that in anyway you care to do.

[The statement referred to follows:]

STATEMENT OF HON. ROBERT L. F. SIKES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, for many years the Marine Research Laboratory of the Florida Department of Natural Resources has been engaged in a study of the Florida spiny lobster, *Panulirus argus*. During the course of this study many facts concerning this species have been documented. One of the most pertinent of these facts is that the larval life of the spiny lobster is estimated to last from six to eleven months. During the rather long period, the larvae is carried hundreds of miles by the oceanic currents. A significant result of this marathon movement of the lobster, while in the larval stage, is that spawn originating in the Caribbean areas eventually compose the adult population taken in the Florida fishery.

The lobster fishery of this state is quite large. Dockside value of the catch exceeds \$11½ million annually. The economic impact can best be appreciated by multiplying this figure by a factor of five to ten when taking into consideration the costs of grading, refrigeration, transporting, processing and retail merchandising. It is safe to estimate that the corrected dollar value of the fishery for the southeastern United States approaches \$60 million. The value of the recreational or non-commercial catch has not been set out but it is known to be quite high.

Gentlemen, this is an industry of no small significance to the economy of the area. It is also an industry in need of your help—not financial help—protection for the species. Ongoing studies indicate the common stock is being jeopardized by unwise harvesting procedures.

We bring this matter to you because federal law apparently is essential for the protection of the species. Florida has a law similar to that which is now being requested at the federal level. The Florida law is being evaded by fishermen operating outside of Florida's territorial waters and in nearby states which have no laws to protect the species. We feel that the requested action is necessary if this important and delicious seafood resource is not to be destroyed.

The present Florida effort to preserve the fishery is based on sound biological concepts. The Government of the Bahamas has for several years paralleled Florida's efforts to protect the common fishery and is using the same basic concept of conservation and harvest.

The imposing of a minimum size limit protects the smaller, fast-growing specimens, tends to send to the market place only adult specimens which have had an opportunity to reproduce—an absolutely necessary function if the population is to be maintained. From the viewpoint of economics, the larger specimen is in greater demand than the smaller and, therefore, brings a greater per pound price. Another regulation used to insure adequate spawn production is the protection of egg-bearing females. Also, there is some evidence that the quality of the meat of an egg-bearing female is poorer due to the use of certain body materials in the reproductive process. The placing on the market of a product of inferior quality harms the market as a whole. Closed seasons and the regulation of harvesting methods play an important part in Florida's attempt to protect the fishery.

The efforts of Florida and the Bahamian Government are being undermined by the unrestricted landing in several states of lobster which, for one reason or another, could not be landed in Florida. Egg-bearing females and small lobster are taken as a matter of course in the Caribbean areas for the simple reason that there is a legal market for them in states other than Florida. Although the biological evidence is not too strong in this area, it indicates that the taking of juveniles and egg-bearing females from this area tend to limit the population of animals available in the Florida fishery. A cause and effect study in this area is being made at this time with nearly certain predictable results.

Therefore, in order to insure the continuance of this important fishery which is significant to both the commercial and recreational industries of the United States and the Bahamas, it is requested that the U.S. Government enact regulations that would prohibit the landing or importation of the specimens previously mentioned.

Gentlemen, I respectfully request that you consider the above information and take measures to protect and conserve the very important lobster fishery of the southeastern United States.

STATEMENT OF HON. ROBERT L. F. SIKES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. SIKES. Thank you very much, Mr. Chairman.

Mr. Chairman, I would like to call attention to the presence of the Hon. Harmon Shields, executive director, Florida Department of Natural Resources.

For years, Mr. Shields has given outstanding service in the important field of conservation of natural resources in Florida.

Mr. Chairman, there are other distinguished witnesses here, as my distinguished colleague, Mr. Rogers, pointed out, including Bob Jones, executive director, Southeastern Fisheries Association, Inc., which has made substantial contributions to the improvement of seafood resources and marketing.

Mr. Chairman, for many years the Marine Research Laboratory of the Florida Department of Natural Resources has been engaged in a study of the Florida spiny lobster, *Panulirus argus*. During

the course of this study, many facts concerning this species have been documented.

One of the most pertinent of these facts is that the larval life of the spiny lobster is estimated to last from 6 to 11 months. During the rather long period, the larvae is carried hundreds of miles by the oceanic currents. A significant result of this marathon movement of the lobster, while in the larval stage, is that spawn originating in the Caribbean areas eventually compose the adult population taken in the Florida fishery.

The lobster fishery of this State is quite large. Dockside value of the catch exceeds \$11.5 million annually.

The economic impact can best be appreciated by multiplying this figure by a factor of 5 to 10 when taking into consideration the costs of grading, refrigeration, transporting, processing and retail merchandising. It is safe to estimate that the corrected dollar value of the fishery for the southeastern United States approaches \$60 million. The value of the recreational or noncommercial catch has not been set out, but it is known to be quite high.

Gentlemen, this is an industry of no small significance to the economy of the area. It is also an industry in need of your help—not financial help—protection for the species.

Ongoing studies indicate the common stock is being jeopardized by unwise harvesting procedures.

We bring this matter to you because Federal law apparently is essential for the protection of the species. Florida has a law similar to that which is now being requested at the Federal level.

The Florida law is being evaded by fishermen operating outside of Florida's territorial waters and in nearby States which have no laws to protect the species.

We feel that the requested action is necessary if this important and delicious seafood resource is not to be destroyed.

The present Florida effort to preserve the fishery is based on sound biological concepts. The Government of the Bahamas has, for several years, paralleled Florida's effort to protect the common fishery and is using the same basic concept of conservation and harvest.

Mr. Chairman, the cost will be minimal, and the cost can be absorbed by present personnel and facilities.

There have been recommendations by the agencies affected as to suggested amendments, and I am told by the representatives of our State that the amendments are not objectionable.

We feel what we are trying to do, in effect, Mr. Chairman, is to protect the female of the species when she is laying her eggs and to protect the juveniles, the smaller species, which now are being caught and sold outside of Florida where there is no protection.

From the viewpoint of economics, Mr. Chairman, the larger specimen is in greater demand than the smaller and, therefore, brings a greater per pound price. As a matter of fact, Mr. Chairman, there is evidence that the quality of the meat of the egg-bearing female is poorer due to the use of certain body materials in the process of reproduction. The reason is obvious to members of this committee.

Mr. Chairman, we feel that in order to insure the continuance of this important fisheries industry, which is significant to both the commercial and recreational industry of the United States, and particularly the State of Florida, that Congress should pass the requested legislation. And I respectfully request that you consider information presented here and take measures to protect and conserve this important industry.

Mr. LEGGETT. Thank you very much.

We will certainly listen to your distinguished Florida Department of Natural Resource representative and the other fisheries representatives.

As I understand it, the State of Florida has taken action by State law within your jurisdictional area which I suspect would be what, 3 miles?

Mr. SIKES. It is 3 miles.

Florida does have the laws that we are requesting the Federal Government to enact. The fact that we have them gives us protection in Florida but it does not prevent fishermen from taking the egg-bearing females, and the smaller specimens outside of our territorial waters; and selling them in other States which do not have similar protection.

Therefore, Mr. Chairman, we feel the future of the industry is endangered by taking the undersized specimens and the egg-bearing females and selling them elsewhere.

Mr. LEGGETT. And also the fact that Bahama is taking action simultaneously in this area and, of course, we support that kind of a program.

Mr. SIKES. Yes, it parallels the effort that Florida is making.

Mr. LEGGETT. But under the Truman doctrine, and which this committee refers to as the Truman doctrine where we reserve the right to control creatures of the Continental Shelf, the Federal Government has not acted in the area between 3 miles and the Bahamian waters, is that correct?

Mr. SIKES. That is correct.

Mr. LEGGETT. So we would like, then, to enact legislation which would be of a conservation nature, which would be apparently enforced generally by the National Marine Fisheries Service, but necessarily considering the fact that that Agency will have the lead personnel, we would have to rely on the State fish and game folk to fully cooperate and implement whatever Federal legislation is enacted.

Mr. SIKES. The State of Florida will be cooperative in accomplishing this, Mr. Chairman.

Mr. LEGGETT. The net effect would be by Federal law we would be extending the Florida type legislation beyond Florida's jurisdictional limits, and that would affect various States and, hopefully, result in a cooperative agreement, cooperative action by the Bahamas to make for a uniform conservation program of this very delicious meat. And, incidentally, I have never tasted it.

Mr. SIKES. The distinguished chairman has a clear grasp of the subject, and it is certainly an oversight that the chairman has not

had an opportunity to test personally the delicious flavor of the Florida lobster.

Mr. LEGGETT. Mr. de la Garza?

Mr. DE LA GARZA. Thank you, Mr. Chairman.

Mr. Chairman, I have no questions.

Mr. LEGGETT. Mr. Emery?

Mr. EMERY. No questions except to comment that I hope the distinguished Chairman has tasted Maine lobster.

Mr. LEGGETT. I have. I have tasted the California type lobster, that which we call the crayfish, which is rather spiny in nature. And we have also had the smaller lobster. But certainly it is nice to have a balanced view of the total fishing capability.

Mr. SIKES. They are all delicious, Mr. Chairman, I can attest to that.

Mr. LEGGETT. Counsel, do you have questions?

Mr. SPENSLEY. No.

Mr. LEGGETT. Very good.

Bob, thank you very much for your testimony.

Mr. SIKES. Thank you.

Mr. LEGGETT. Next we have our other colleague from Florida, Dante B. Fascell, representing Miami and environs.

I am very pleased to have you before the committee.

You have submitted a prepared statement formally, and that will be included in the record in total as completely delivered fiat verba, and you can augment that.

[The statement referred to follows:]

STATEMENT OF HON. DANTE B. FASCELL, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF FLORIDA

Mr. Chairman and Members of the Subcommittee, I am glad to have this opportunity to testify on behalf of legislation I am cosponsoring with our colleagues, Congressmen Rogers and Sikes, to protect the spiny rock lobster.

The spiny rock lobster is an important fishery in Florida. It appears, however, that the lobster stock is being depleted by over-fishing. The purpose of our legislation is to impose Federal regulation in areas where the State of Florida cannot regulate by itself, and thereby prevent the extinction of this resource.

Our Florida lobster ordinarily is smaller than the type of lobster found off of New England. Specimens in the commercial catch may average 1 to 2 pounds. It is actually a crustacean, like a crawfish. Because it is so tasty, however, the demand has been growing. The value of landings at the dock has soared from \$200,000 a year in the early 1950's to more than \$5 million in the early 1970's.

Obviously, this increase has caused pressure on the lobster stocks. Some 93 per cent of Florida lobster landings in the United States are harvested in Florida waters. The State of Florida has laws setting forth closed seasons, bag limits, size limits, and protection of egg-bearing females. These protections have proved insufficient, however, since they may be evaded by the landing of illegally caught lobsters in other States such as Georgia, Alabama, or Mississippi.

Florida's State jurisdiction extends to fisheries within the territorial sea up to 3 miles from land. The United States' contiguous fisheries zone extends another 9 miles, for a total of 12 miles under this country's control. Since the lobsters are migratory at least in their infant stages, they move all around Caribbean waters, the Bahamas, the Cayman Islands, and further south. The unregulated taking of our lobsters, including undersized ones and egg-bearing females, is believed to have seriously depleted the overall stocks.

In recent seasons, the use of twice as many traps has caught only half as many lobsters as before.

Basically, in H.R. 2473, we seek to extend the protections of Florida law to a national scope. We take the same measurements used in Florida law, namely that the lobster must measure at least 3 inches in its back shell or carapace, and at least 5 and a half inches in its tail in order to be taken legally. As in Florida law, the bill bars catching females with eggs or those from which eggs have been removed.

Under H.R. 2473, it would be unlawful to import any illegally caught spiny rock lobster into, or export any such lobster out of, the United States. In addition, it would be unlawful to take any such lobster within any United States waters including the territorial sea; or the high seas. These prohibitions would be punishable by up to \$5,000 in fines or a maximum of 6 months in jail. I believe this should effectively deter those who have been using loopholes in existing law to frustrate conservation efforts.

It should be noted that Florida's commercial fishermen are supporting this legislation and wish to see effective action by the Federal government to conserve our lobsters. On July 23, 1974, the Organized Fishermen of Florida at a general assembly session adopted a resolution on behalf of "legislation introduced in Washington, D.C., that would prevent the taking, landing or anyone having in their possession from foreign or domestic sources in the United States or any United States possessions, of the undersized, less than 3" carapace or less than 5 1/2" tail, Spiny Lobsters of the species *Panillourus Argus* as well as spiny lobster whole or in the tail form of the same species that have the eggs exposed or have been scraped, clipped, cut or taken in any form, from the underside of the lobster in any period."

With the conversion of many Atlantic shrimp fleets to the fishing for Spiny Rock Lobsters in both domestic and foreign waters, we can expect the pressure on our lobster stocks to continue to escalate. Moreover, it is possible that action by the Bahamas government may force many of our fishermen to leave areas around these islands and concentrate more lobster fishing on our already over-fished Florida waters. The Bahamas government may designate the Spiny Rock Lobster as a creature of the continental shelf, which would prohibit fishing for them on the continental shelf between the Bahamas' 15 mile fishing zone and the high seas. This step could eliminate some 60 per cent of the total U.S. production.

Effective action by our government to regulate the taking of lobsters could deter this imminent conservation step by the Bahamas. The law of the Bahamas is similar to the Florida law in providing for a 120-day closed season and prohibiting fishing for undersized and egg-bearing lobsters. If the Bahamas saw we were no longer permitting juvenile and egg-bearing lobsters to be landed in any of the other States, there would be less need for its action.

There is precedent for this type of legislation in our various acts such as the Marine Mammal Protection Act, a law protecting Gulf sponges, and perhaps others. We urgently need the protection my bill would provide for the Spiny Rock Lobster. I ask that the Subcommittee give swift approval to this legislation of such importance to our lobster consumers and industry.

Thank you.

STATEMENT OF HON. DANTE B. FASCELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. FASCELL. Thank you, Mr. Chairman.

Let me express my appreciation for your holding these hearings and ask that you take prompt action on this legislation.

My colleagues from Florida, Mr. Rogers and Mr. Sikes, the fisheries people, both the private groups and the State agencies, feel as I do that this legislation is very important if we are going to have any spiny rock lobster.

If we do not have legislation, we are convinced there will be no more lobster, and it would be a shame to lose this resource. We are

overfished now. It is estimated that down in the waters off my district, in an area of 35 miles, there must be 1 million traps.

Mr. Chairman, this is a State problem. The State will further regulate the overfishing if existing protection within its waters does not work out.

What is really hurting is that some fishermen are going outside of the 3-mile limit, loading up their boats with juveniles and egg-bearing females. It is nothing for a small boat to get a \$25,000 crop on just one trip. And they just take it some place else other than Florida and sell it.

What they are doing, Mr. Chairman, is taking what we call the "shorts." The Panilourus Argus Carapace has to be at least 3 inches in length and its tail 5.5 inches in length to be taken under Florida law. But some fishermen just take anything and sell it.

Since the species is migratory, and does go to other places, the conservation effort is going to involve working out something with the Bahamian Government, and perhaps maybe even other countries. But we must make a definite decision at the national level in the United States about our conservation efforts since the States' efforts by themselves do not and cannot deal with the problem.

Mr. Chairman, it is that simple. We are turning to you, and the quicker this subcommittee acts, the better.

Mr. LEGGETT. Very good.

Thank you for your statement.

As I understand it, the legislation would empower the National Marine Fisheries Service to promulgate regulations which would generally be parallel to the leadership that the State of Florida has given in this general conservation area.

Mr. FASCELL. That is about it, Mr. Chairman.

Mr. LEGGETT. Mr. de la Garza?

Mr. DE LA GARZA. Thank you, Mr. Chairman.

No questions.

Mr. LEGGETT. Mr. Emery?

Mr. EMERY. No questions.

I thank the gentleman for his statement.

Mr. LEGGETT. Counsel?

Mr. SPENSLEY. No questions.

Mr. LEGGETT. Mr. Oberstar?

Mr. OBERSTAR. Thank you, Mr. Chairman.

I will ask our colleague, Mr. Fascell, the same question, could you give us some idea of who the violators are of the attempt to conserve the lobster?

Mr. FASCELL. They come from all over. I would guess basically they probably come right out of the State of Florida.

The point is, Mr. Oberstar, they can take their catch to other States and sell it.

Mr. OBERSTAR. Are these commercial fishermen?

Mr. FASCELL. Yes.

Mr. OBERSTAR. That number of traps, 1 million traps?

Mr. FASCELL. Those are all regulated under Florida laws. I am just showing you how intensive that business is right now.

There are about 1 million lobster pots. I am talking of a little space of 30 miles having 1 million lobster pots. The total is greater.

Mr. OBERSTAR. That is amazing. It would be very difficult to regulate.

Mr. FASCELL. It is especially difficult if you get outside that 3-mile limit.

There is no regulation. That is the problem. That is what we are dealing with.

Of course, I am going to put in a little plug for the State. Maybe we have too many pots out there, and that is something on which we will have to discuss with the fishermen. And perhaps change the State regulations.

Mr. OBERSTAR. I am familiar with the problem, having lived in the Caribbean almost 4 years in Haiti, where the same lobster species exist, and where I did a good deal of fishing myself, and saw by overfishing how this species can be devastated.

Mr. FASCELL. It does not take long. You can devastate it in a very short while. There is no question about it, and that has been demonstrated. I thank the gentleman for his concern.

Mr. OBERSTAR. I commend you on your interest, and obvious grasp of the situation.

Mr. FASCELL. There is an interesting little scientific byline which maybe my distinguished experts here can tell you more about. The spiny rock lobster, when it migrates, migrate head to tail in a single column. Nobody has ever figured out to where or why the particular formation.

Thank you, Mr. Chairman.

Mr. LEGGETT. Thank you very much, Dante. That is very helpful testimony.

I do not know whether we are going to get anybody opposed to this bill or not.

Mr. FASCELL. I do not think anybody is opposed, Mr. Chairman.

Mr. LEGGETT. Let me ask you this: Gentlemen in the audience, are any of you opposed to the bill? Let the record show that nobody has raised their hand, and that this meeting has been regularly scheduled publicly, and we should move rather quickly.

Now, we have representatives from the Department of State and the Department of Commerce. We have Mr. Alanson G. Burt, Deputy Director, Office of Fisheries Affairs, Environmental and Scientific Affairs of the Department of State.

Your statement of some three pages, Mr. Burt, will be incorporated into our record at this point as though completely delivered, and you may extemporize and give the position of the State Department.

[The statement referred to follows:]

STATEMENT OF ALANSON G. BURT, DEPUTY DIRECTOR, OFFICE OF FISHERIES AFFAIRS, BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

Mr. Chairman: Thank you for this opportunity to come before your Committee to comment on H.R. 2473, a bill to protect juvenile and egg-bearing spiny rock lobsters.

While we believe that others may be in a better position to comment on the technical aspects of the conservation measures established by the bill, the Department of State supports in principle the proposed legislation. It is our understanding that several states involved in the spiny lobster fishery have adopted conservation measures similar to those which this bill would establish. To the extent the proposed legislation would help ensure the proper management and conservation of the spiny lobster resource by establishing minimum and uniform harvesting standards, the Department of State would support its enactment.

As you may know, Mr. Chairman, U.S. fishermen take spiny lobster off the coast of other countries, particularly the Bahamas, as well as off the U.S. coast. Because there is a significant fishery off the Bahamas, the Government of the Commonwealth of the Bahamas is concerned, as we are, over the proper conservation of the spiny lobster resource. In this connection, it should be noted that the Bahamian Government has recently enacted legislation defining continental shelf fishery resources and authorizing the Bahamian Ministry of Agriculture and Fisheries to designate such resources as creatures of the shelf under the 1958 Geneva Convention. A few months ago the Bahamas indicated to us that it intends to designate spiny lobster a creature of the shelf pursuant to its recently enacted legislation.

This initiative on the part of the Bahamas followed the January 1974 action of the U.S. Congress in passing legislation declaring that American lobster falls within the Geneva Convention definition as a creature of the shelf.

Such a declaration by the Bahamas with respect to spiny lobster would clearly affect the U.S. spiny lobster fishermen fishing on the Bahamian continental shelf.

H.R. 2473 or similar legislation which would establish federally enforceable conservation standards for spiny lobster could facilitate our ongoing effort to arrange with the Bahamas an agreement which provides continued access for our fishermen to that resource. If it were illegal to land, anywhere in the U.S., juvenile and egg-bearing spiny lobsters wherever they were taken, this should eliminate the taking by U.S. fishermen of such lobsters off the Bahamian shelf. This would reassure the Bahamian government of our conservationist intent and should help our negotiating effort.

We believe, therefore, that it would be useful if your committee were to favorably report this proposed bill or similar legislation.

Thank you, Mr. Chairman. I will be happy to try to answer any questions that you and the Members of the committee may have.

STATEMENT OF ALANSON G. BURT, DEPUTY DIRECTOR, OFFICE OF FISHERIES AFFAIRS, BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS, DEPARTMENT OF STATE, ACCOMPANIED BY BRIAN S. HALLMAN

Mr. BURT. First, may I introduce to the subcommittee Mr. Brian S. Hallman, also from the Department of State. We appreciate the opportunity that you have afforded us to appear before the subcommittee today. Since our prepared statement is in the record, I will not bother to read it as you have suggested. I might also mention that we have prepared a formal comment on the bill in response to a request from Mrs. Sullivan.

Mr. LEGGETT. In your letter, which I presume supports the bill in its present form, do you suggest amendments?

Mr. BURT. We do not suggest amendments, sir.

Mr. LEGGETT. That letter will be included in our record.

[The Department report referred to may be found on p. 7.]

Mr. LEGGETT. You may proceed.

Mr. BURT. Thank you. To summarize the Department of State's view regarding this bill, we do not consider it to be of primary

foreign policy interest. However, there are some implications in the bill for our international relations, particularly insofar as the legislation would assist in support of our efforts to obtain rational international conservation arrangements with other countries.

As you no doubt are aware, the United States is perhaps the world's leader in the attempt to obtain rational utilization of the so-called living marine resources. Some of the agreements that we have concluded to assure that this is done permits U.S. fishermen access to stocks of fish found off other countries' shores.

It is obviously of help to the U.S. Government, and to the Department of State in negotiating agreements with these countries, if we can show that U.S. fishermen act responsibly when they take these resources, and are subject to domestic law providing the necessary minimum conservation standards.

In the area of spiny lobster, that is what this proposed bill would do if it were passed, so that it would definitely be of assistance to us.

Mr. LEGGETT. Very good. Are there any negotiations with Cuba with respect to any fishing agreements, particularly this species?

Mr. BURT. There are no negotiations underway now.

Mr. LEGGETT. Would that be profitable, to have an agreement with that country, concerning the fact that Bahama's action is significant?

Mr. BURT. I believe the time will come when it is in the U.S. interest definitely to reach some conservation agreements with Cuba regarding resources of mutual concern.

We have on the books a treaty governing shrimp, a U.S.-Cuban shrimp agreement, which is not active now, of course, but the need for that kind of conservation no doubt still exists, and will become more important in the future.

Mr. LEGGETT. Are you familiar with whether the Cubans fish off the American or U.S. Continental Shelf?

Mr. BURT. I am not really familiar with that.

Mr. LEGGETT. Mr. de la Garza volunteers that they do.

Mr. BURT. Perhaps my colleague, Mr. Hallman, could give us information on that.

Mr. HALLMAN. I do not believe the Cubans have any fishery for spiny lobsters off the U.S. coast. They do some fishing in the gulf, but I do not believe that they have a fishery directed at Continental Shelf species.

Mr. LEGGETT. We have declared the lobster to be a creature of the Continental Shelf, and restricted the take of those lobster to American citizens.

Unless they are violating the so-called Truman Doctrine, they cannot be taken at this point.

Mr. de la Garza, any questions?

Mr. DE LA GARZA. Thank you, Mr. Chairman.

Just one question, Mr. Chairman.

Are you in the scientific area? I want to know if the spiny lobster is similar to a shrimp called the rock shrimp, sometimes sold as small lobster.

Is there any relation between the two?

Mr. BURT. Could you be referring to the rock lobster that is imported from South Africa, and other countries?

Mr. DE LA GARZA. Well, sometimes you get it in stores here in Washington, or restaurants, and it is no larger than two and a half or 3 inches long. They call it lobster.

Mr. LEGGETT. It is langosta.

Mr. DE LA GARZA. No. I see a lot of langosta.

Mr. SHIELDS. Mr. Chairman, I am Harmon Shields, from the Florida Department of Natural Resources. There are many, many species of lobster.

Mr. DE LA GARZA. I just want to know the difference. I am not acquainted with the spiny lobster.

Mr. Chairman, whenever we get the correct witness perhaps I can inquire then.

Mr. LEGGETT. Hopefully, we can all meet one of the spiny lobsters someday.

Mr. BURT. Are you acquainted with the spiny lobster found off the coast of California?

Mr. LEGGETT. That is what we call the crayfish out there.

Mr. BURT. I understand it is the same or a very similar species.

Mr. LEGGETT. The same thing?

Mr. BURT. Yes.

Mr. DE LA GARZA. How does this relate to the Mexican langosta? Is this a spiny lobster?

Mr. BURT. That is the spiny lobster of California, also known as the crayfish.

Mr. DE LA GARZA. Thank you, Mr. Chairman.

Mr. LEGGETT. Mr. Emery?

Mr. EMERY. Thank you, Mr. Chairman.

One question did come up, and either of these gentlemen can answer.

What is the relationship between the size regulation, let us say, between the State of Florida and the Bahamas? Are the current laws compatible?

**STATEMENT OF CARLOS SANCHEZ, VICE PRESIDENT,
FLORIDA CARIB FISHERY, INC.**

Mr. SANCHEZ. They are identical.

Mr. EMERY. Are there any other States in the area that have different size regulations? Are they all pretty much the same?

Mr. SHIELDS. Only in the Bahamas.

Mr. BURT. I appreciate the help from the audience.

Mr. EMERY. Thank you.

Mr. LEGGETT. Mr. Oberstar?

Mr. OBERSTAR. Thank you, Mr. Chairman.

Could any of you tell me what is the volume of United States take from the Bahamian waters, and how many fishermen would be affected by this legislation?

Mr. BURT. I understand they take 5 million to 6 million pounds annually in the Bahamian waters, and that several hundred fisher-

men depend on this as their principal source of livelihood, with over 200 boats involved.

Mr. OBERSTAR. You feel that this legislation needs some restriction on the taking of lobsters, and would be effective on the taking of improper species?

Mr. BURT. I believe it would. It would apply a national standard, which is presently lacking, and if it is enforced as written, it should have that effect. As I said before, this hopefully will allow us to get some bargaining leverage with the Bahamians and other countries when we attempt to retain or obtain access to this species found off their shores.

Mr. OBERSTAR. That was my other question.

How far along are your negotiations with the Bahamian Government?

Mr. BURT. We have had a number of talks with them in the past.

No talks are presently scheduled, but we are in almost daily contact with the Bahamian Government on this subject, and it is anticipated that talks will be scheduled before too long.

Mr. OBERSTAR. Do you have some indication, from your counterparts in the Bahamas, that if the Congress enacts this legislation, or this type of legislation, the Bahamians will be amenable to an agreement, that is a far-reaching agreement on this issue that would protect U.S. fishing interests?

Mr. BURT. There is reason to believe this would be of assistance to us in that.

The specific subject of this bill has not been discussed with them, to my knowledge, but they have indicated many times in the past that their uppermost concern is the conservation of the resource, and they have claimed, and press reports have mentioned this on a number of occasions, that U.S. fishermen take undersized lobsters, and egg-bearing females, which the Bahamian Government does not allow its fishermen to take.

With that problem out of the picture, I think the chances of success are very good.

Mr. OBERSTAR. Do they have the wherewithal to enforce any actions they might take to declare the lobster a creature of the shelf?

Mr. BURT. Well, enforcement is definitely going to be a problem for them.

It may be, Mr. Oberstar, that we can conclude with them the kind of an agreement which we hope in some way will overcome this enforcement problem, because it is in our interest as well as theirs to do so.

Mr. OBERSTAR. So the real issue is whether the Congress takes effective action on this bill.

Mr. BURT. I think that is it.

Mr. OBERSTAR. Thank you, Mr. Chairman.

Mr. LEGGETT. Thank you.

Any further questions?

Mr. DE LA GARZA. Yes, Mr. Chairman, I would like to go off the record for a discussion with Mr. Burt.

Mr. LEGGETT. Off the record.

[Discussion off the record.]

Mr. LEGGETT. Back on the record.

Thank you very much, Mr. de la Garza, Mr. Burt, and Mr. Hallman.

Thank you for your contribution to our hearings this morning.

Our next witness will be a representative from the Department of Commerce, Dr. Albert K. Sparks, acting associate director for resource research, Department of Commerce.

STATEMENT OF DR. ALBERT K. SPARKS, ACTING ASSOCIATE DIRECTOR FOR RESOURCE RESEARCH, NATIONAL MARINE FISHERIES SERVICE, DEPARTMENT OF COMMERCE, ACCOMPANIED BY HENRY BEASLEY, OFFICE OF INTERNATIONAL FISHERIES, NATIONAL MARINE FISHERIES SERVICE; AND JOHN BROOKBANK, OFFICE OF GENERAL COUNSEL, NOAA

Mr. LEGGETT. Very well.

I see that you have furnished the committee with a formal, printed statement.

Dr. SPARKS. You have my statement, yes sir.

Mr. LEGGETT. I have your statement of 4 pages, and that will be included totally in our record at this point, and it would be helpful to the Chair if we can kind of chat about the bill, since your statement is completely in accord.

[The statement referred to follows:]

STATEMENT OF ALBERT K. SPARKS, ACTING ASSOCIATE DIRECTOR FOR RESOURCE RESEARCH, NATIONAL MARINE FISHERIES SERVICE, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman and Members of the Subcommittee: We are pleased to be here today to discuss H.R. 2473, a bill designed to protect juvenile (or undersized) and egg-bearing spiny lobsters of the species *Panulirus argus*. The bill would make it unlawful for any person subject to the jurisdiction of the United States to take, possess, sell, ship, import or export such lobsters, or to violate any regulation promulgated under the Act.

We believe the conservation needs of spiny lobsters require action and we therefore recommend enactment of H.R. 2473 with a number of amendments.

From the general information we have been able to obtain from biologists, State managers, and fishermen, the spiny lobster off Florida is facing a very uncertain future if the present practice of allowing undersized and egg-bearing lobsters into the commercial market is not stopped.

Data at this time are very sketchy but our experience with many other marine fisheries resources indicates that as a general rule if the juveniles or egg-bearing females of a species are not protected the resource can be placed in jeopardy.

The spiny lobster is the second (to shrimp) most valuable commercial fishery in Florida and is an important recreational fishery resource. From the data available to us (from commercial landings) it looks like the harvest of this resource is reaching its top level. While we do not know precisely what the optimum yield of the resource is, we have some evidence that is not particularly encouraging. Without question, more specific commercial and recreational catch data are needed for a definitive analysis of this situation. However, we believe that because spiny lobster are taken by both commercial and recreational fishermen and are the subject of some international interest, even if foreign fishing off our coasts is not a problem, sound management of this resource through Federal legislation is highly desirable.

Two examples can show the kinds of problems we could expect. In the first instance, the American lobster of the Atlantic has had serious conservation problems of a similar nature. Through the efforts of a State/Federal Council set up by NMFS, new management regimes are being developed to set appropriate conservation regulations for the American lobster. With the listing of the American lobster as a creature of the U.S. Continental Shelf, the foreign effort will be limited and the domestic regulations will become more effective. Foreign fishing is not the main problem with the spiny lobster so efforts to manage the resource should be easier. However, thus far local, domestic efforts to limit the taking and trading in undersized and egg-bearing lobsters have not succeeded and consequently we believe this legislation is needed to protect the spiny lobster.

Another brief reference to a conservation problem similar in some respects might help show the kinds of problems the spiny lobster could be headed toward. The United States and a number of other nations fishing tuna in the Atlantic have been trying to develop a rational management plan for Atlantic bluefin tuna. The International Commission for Conservation of Atlantic Tunas (ICCAT) has recommended several conservation measures to protect the bluefin tuna. The ICCAT recommendations are similar to the measures being considered in this bill for the spiny lobster in that both programs are designed in part to protect the young and the reproductive stages of the two species. Thanks in large measure to the efforts of this Subcommittee we are hopeful of getting appropriate legislation soon to protect bluefin tuna. We believe the bill before the Subcommittee today is as necessary for the protection of spiny lobsters as the ICCAT bill is for Atlantic tunas.

In an attempt to make H.R. 2473 as workable as possible, we believe a number of amendments are needed. Our legislative report on the bill addresses these amendments in some detail and I refer you to that letter for the substance of our proposals. We will be glad to work with you, your staff, or representatives of other Federal agencies to develop the best bill possible.

This concludes my statement. Thank you for the opportunity to testify in support of this bill.

Dr. SPARKS. I am accompanied by Mr. John Brookbank, an attorney of the general counsel's office in NOAA, and Mr. Henry Beasley from our international fisheries office.

As you can see from the statement, we totally support this bill.

We have recommended some amendments to the bill, and those, of course, are also a matter of record.

Mr. LEGGETT. We have those amendments, particularly specified by your deputy general counsel, Mr. Parrette.

[The departmental report referred to may be found on p. 4.]

Mr. LEGGETT. Are those amendments you suggest contentious, so far as you know?

Dr. SPARKS. No, sir, I am certain they are not.

I have discussed them very briefly with Mr. Shields, and also we discussed them with representatives from the industry in Florida, and they are acceptable to both, to the best of my knowledge.

Mr. LEGGETT. And the amendments that you suggest would be supportive of a bill which would allow NOAA to promulgate regulations that would be generally complimentary to the program now managed by the State of Florida which would provide for a uniform program for Americans who are allowed to fish for this product of the Continental Shelf; is that right?

Dr. SPARKS. That is correct, sir.

Mr. LEGGETT. Very good.

Let me ask you this: You have no reservations about the need for the legislation?

Dr. SPARKS. No, sir, none whatsoever.

As a matter of fact, we feel that we have almost a similar situation here as with the legislation for the conservation of the Atlantic bluefin tuna.

It is a situation in which we are trying to protect the spawning capacity of the species, and also to protect the young of the species, so that they may grow to maturity and, of course, produce a larger poundage when caught than if they were taken when much smaller.

Mr. LEGGETT. Would this bill authorize you to promulgate regulations off the Continental Shelf of every State, including, let us say the State of California?

Dr. SPARKS. This bill authorizes us to control only the *Panulirus argus*.

The *Panulirus argus* is found commercially only off Florida.

It also would allow us to partially protect the spawning stocks of this species that are found in the Caribbean, as has been brought out by a number of other witnesses.

Mr. LEGGETT. Apparently it would not affect California, but there has been a statement made that the two creatures are the same.

What is the basic difference?

Dr. SPARKS. The specific name of the California spiny lobster is *Panulirus interruptus*. It is in the genus *Panulirus*, but a different species.

As a matter of fact, the tails of the several species can be distinguished.

Mr. LEGGETT. Whatever problem we have here is not a problem in California, is that correct?

Dr. SPARKS. That is correct.

Mr. LEGGETT. Any of your associates want to contribute?

Mr. BROOKBANK. No, sir.

Mr. LEGGETT. Mr. de la Garza?

Mr. DE LA GARZA. No questions.

Mr. LEGGETT. Mr. Emery?

Mr. EMERY. No questions.

Mr. LEGGETT. Mr. Oberstar?

Mr. OBERSTAR. Thank you, Mr. Chairman.

What is the dollar value of the U.S. annual take of the spiny lobster?

Dr. SPARKS. According to preliminary 1974 figures, Florida produced something near 8.4 million pounds.

Let me go a little further. The catch in international waters was estimated to be about 4.3 million pounds, of which 3.8 million came from the Bahamas and 500,000 from other areas in the Caribbean.

It is a grand total of something over 12.6 million pounds with an average price per pound of roughly \$1.25, bringing it to a commercial landing value of \$15,815,000.

This does not take into account either the size or the value of the recreational take.

Mr. OBERSTAR. Given the fishing pressures over the past several years, if no action has been taken, how long do you estimate the resource to be able to survive this kind of pressure?

Dr. SPARKS. That I cannot answer, and I do not think anyone can accurately estimate it at this time. I think there is absolutely no question but that we are at, or are very near, the maximum sustainable yield, and very well may be slightly over it.

Mr. OBERSTAR. Thank you very much. Thank you, Mr. Chairman.

Mr. LEGGETT. I see that our next witness is Mr. Harmon Shields, who is suggesting some amendments in his statement.

Are you familiar with those amendments, and have you reviewed them with him?

Dr. SPARKS. I very quickly read the testimony of Mr. Shields, but I am not totally familiar with them.

Mr. LEGGETT. Well, he has a long amendment here, on page 6, after the word "the State" he suggests:

All State laws pertaining to the regulating of the taking or harvesting of such lobsters will remain in full force and effect until such time as the Secretary reviews and passes judgment as to their adequacy and confirmation to Federal regulation.

You have no objection to that provision I would presume.

Dr. SPARKS. No, sir.

Mr. LEGGETT. You only intend to occupy this field to the extent it is required, is that correct?

Dr. SPARKS. That is correct.

Mr. LEGGETT. All right, I think the other amendments are technical in nature. I have no other questions. Pierre, any questions?

Mr. OLNEY. Yes, and I thank you, Mr. Chairman.

Since the Commerce Department will presumably, in part, be responsible for the enforcement, I was wondering if you could look to section 2, subparagraphs (a) and (b), where they talk about egg-bearing females have exposed eggs or eggs clipped, cut, stripped, scraped or scrubbed therefrom, I am certainly not an expert on this, but is that an easy thing to identify?

Dr. SPARKS. We have recommended that section 2 be stricken from the bill as one of our amendments.

Mr. OLNEY. That is the two percentum uniform?

Dr. SPARKS. Yes, sir.

Mr. OLNEY. I have one other question. Section 4 talks about the possession, sale, delivery, transportation of spiny rock lobster in violation of the above sections, et cetera. Would you read into that a requirement that it be a knowing violation?

Mr. LEGGETT. As I understand, the bill does not include "wilfull," is that right?

Mr. OLNEY. Right. Let us say, for example, American Airlines were unknowingly shipping crated lobsters taken in violation of this bill. Would their aircraft then be subject to forfeiture procedures of subsection (d)(1) over on page 5?

Dr. SPARKS. Part of our amendments point out that it needs a modification concerning the definition of the word "take."

The changes we have suggested in section 1 have the effect of prohibiting the obvious, controllable action of a person. In adding imports to paragraph (D), it makes it unlawful to possess, sell, et cetera, spiny lobster that was illegally imported. We have experi-

enced difficulties in other areas when that statutory prohibition was not contained in the legislation.

Mr. OLNEY. That would imply some knowledge on the part of the offending party.

Dr. SPARKS. Yes, sir. I think that my understanding from discussions with the industry representatives is that the original reason for allowing 2 percent by weight to be undersized was because of the possibility that the measuring device might be bent, or in some way not completely accurate, and so it was the feeling of industry that they did not want to be in violation and prosecuted if one of their lobsters was 2 millimeters less than the proper size.

Mr. OLNEY. I see. In section 4, Part (b), would you read that to mean exclusive jurisdiction on the part of the United States, or concurrent jurisdiction on the part of the U.S. district courts or the State courts?

Dr. SPARKS. I defer to our legal counsel on this.

Mr. BROOKBANK. I read that to mean concurrent jurisdiction along with the State courts within the 3-mile territorial limit. Beyond the 3-mile limit, U.S. jurisdiction would be exclusive.

Mr. OLNEY. I see. Would you also see that as a waiver of the \$10,000 jurisdictional amount?

Mr. LEGGETT. Skip, do you want to comment on that?

Mr. SPENSLEY. My impression is by specific statute if you provide a specific statute you do waive the jurisdictional amount.

Mr. BROOKBANK. The \$10,000 limit you are referring to is not set forth in section 1355 of Title 28, United States Code. This section, relating to U.S. District Court jurisdiction of actions or proceedings for the recovery or enforcement of fines, penalties, and forfeitures, does not have a jurisdictional amount.

Mr. SPENSLEY. If it is not otherwise provided by law, I would think it would waive the \$10,000 provision.

Mr. OLNEY. Fine, thank you. I wanted to get that into the record.

Mr. LEGGETT. All right, Skip, anything further?

Mr. SPENSLEY. I have just two questions.

I am not completely satisfied by the answer with respect to the provision of 5(d)(2). I have read your amendment. I am not certain that as the bill is worded now that the example that minority counsel gave would not subject that airline to potential seizure.

Mr. LEGGETT. Could we not solve that problem by inserting the word "wilfull" at the proper point?

Mr. SPENSLEY. That was my question.

Mr. LEGGETT. As long as the witness has indicated they are only after wilfull violations, I think without objection, at the appropriate point we can make that technical change.

Mr. SPENSLEY. With regard to your first amendment, you suggest broadening the definition of spiny rock lobster, or spiny lobster, to include other species. It is my understanding that the spiny rock lobster species is the only one commercially fished, so my question would be, if that statement is correct, what would be the intent of writing the definition?

Dr. SPARKS. May I clarify that? We simply wanted to recommend dropping the word "rock" from the bill.

We feel that the bill should use spiny lobster with a designation of a specific name, *Panulirus argus*. That eliminates the possibility of what you brought up just a moment ago, that several other species could be considered by some people to be spiny lobster also.

We think it simplifies it, because it refers to the spiny lobster, and pins it down with the specific scientific name of *Panulirus argus*.

Mr. SPENSLEY. Fine. Then your amendment No. 3, on page 2 of your letter, indicates that you would like to allow administrative discretion in modifying the size limits as might be found appropriate.

Dr. SPARKS. Yes, sir.

Our point is that after research or further study perhaps we and the State of Florida together might decide for example, that rather than having a 5-inch tail length, as the minimum size, perhaps it should be $4\frac{1}{2}$ inches, or perhaps $5\frac{1}{2}$ inches.

Without this discretion in the bill, then we would have to come back to Congress to get the law amended.

If the Department of Commerce, National Marine Fisheries Service, is given some discretion in the setting of limits, it would seem to us it would save Congress the time of going back to amend the legislation.

Mr. LEGGETT. If I could interrupt, as I understand at the present time you are fully satisfied, considering the current state of the species with the 3-inch carapace measurement, or a tail measurement of less than $5\frac{1}{2}$ inches, excluding protruding muscle tissue.

Dr. SPARKS. Yes, sir; we are completely satisfied with this, and the State of Florida has done a great deal more research with the spiny lobster than the National Marine and Fisheries Service has.

We want to work together with them, and I am absolutely certain we would make no attempt to change those size restrictions without full agreement and consultation with the State of Florida.

Mr. LEGGETT. Does the legislation require that promulgation of regulations that you must consult with State agencies?

Dr. SPARKS. As I recall the bill, it does not require it, but we certainly would not make regulations without consultation.

Mr. LEGGETT. Any further questions?

Mr. SPENSLEY. Just perhaps to amplify on the amendment that the chairman raised, that Mr. Shields was suggesting with regard to State laws remaining in force unless reviewed by and passed by the Secretary.

If you were to change the 3-inch carapace measurement, or the 5-inch tail dimensions, that would apply only to those States that did not have a specific measurement criteria in their legislation, is that correct?

Dr. SPARKS. Yes.

Mr. SPENSLEY. Thank you.

Mr. LEGGETT. Very good.

Well, thank you very much.

Our next witness is Mr. Shields, executive director, Florida Department of Natural Resources, and Mr. Shields, you have already answered some of the questions propounded.

Your four-page statement will be included in our record at this point as though given, and you can give us your views on this legislation, and proposed amendments.

[The statement referred to follows:]

STATEMENT OF HARMON W. SHIELDS, EXECUTIVE DIRECTOR, FLORIDA DEPARTMENT
OF NATURAL RESOURCES

The Marine Research Laboratory of the Florida Department of Natural Resources has been involved for many years in research on the Florida spiny lobster *Panulirus argus*. We have shown that this species is characterized by a long larval life (estimated six to eleven months) during which time the larvae are carried hundreds of miles by oceanic currents. The great majority of the lobsters harvested in Florida actually originate in the Caribbean areas. Under these conditions one of the most effective fishery management actions is to establish an appropriate minimum legal size. By protecting the smaller, faster growing animals the total poundage landed can be significantly increased.

Protection of egg bearing females is another important aspect. First, there is some evidence that the meat quality of egg bearing females is poorer due to the use of bodily reserves in the reproductive process. Second, is the consideration of protecting egg bearing females to insure larger production of larvae.

Although biological evidence and proof is not as strong in this area (especially for Florida), the restrictions against importation of egg bearing females, most of which are taken in the Caribbean area, could be significant to Florida's fishery. More research on this aspect is currently planned and some is under way at this time.

Florida State law manages the taking of spiny lobsters from State waters and provides for a harvesting season for optimum sizes and protection for the juveniles and egg bearing females.

This industry is large and represented a dockside value of over \$11,661,000. This figure can be multiplied by factors of from five to ten when the costs of grading, refrigeration, transporting, processing, and reselling are considered. The total value to the southeastern United States economy probably would not be less than \$58,000,000 annually.

However, there is growing evidence that the Florida and Caribbean lobster population is being harvested at accelerated rates, with the costs and efforts required to find lobsters increasing rapidly, while individual catches are averaging a reduction in size. This indicates that the optimum sustainable yield is being exceeded and that conservation measures are needed that would not only sustain Florida's lobster fishery, but that of the adjoining high seas stocks, which nourish this fishery.

The present Florida's effort that prohibits the taking of undersized or egg bearing lobsters is being evaded by fishermen who harvest these specimens outside of Florida's territorial waters and land them in adjoining states that have no present regulations.

The problem is compounded by the fact that Florida seafood dealers finance boat operators to lobster fish for them along Florida's continental shelf and many of these captains are now not only selling egg bearing females and undersized lobster to independent coastal "buy boats" who land in other states but are also selling much of the legitimate stock to such boats, making no record of the sales and pocketing the proceeds. This nefarious practice is causing a serious financial difficulty to many seafood dealers who are already hard hit to operate at a profit.

The Government of the Bahamas has paralleled Florida's laws with those of its own for many years and endeavored to protect the common fishery with the same basic principles of harvest and conservation. Now, however, the common stock is being jeopardized by the unwise taking of undersized and egg bearing females in the adjoining seas.

Therefore, in order to insure the continuance of this important fishery, which is significant to both the commercial and recreational industries of the United States and the Bahamas, it is requested that the U.S. Government enact regulations that would prohibit the landing or importation of the specimens previously mentioned.

H.R. 2473 would provide the basic protection needed for this important fishery with the suggested amendments relating to egg bearing females.

Page 2, Section 2(a), line 14, after "clipped" add "*pleopods (swimmerets) removed.*"

Page 7, Section 7, line 12, after "clipped" add "*pleopods (swimmerets) removed.*"

Since H.R. 2473 would, in all probability, preempt certain areas of Florida's present law until such time as the Secretary reviewed each state's capability and qualifications for inclusion into the federal act, we suggest the following amendment:

Page 6, Section 6, line 6, add after "the State", *All state laws pertaining to the regulating of the taking or harvesting of such lobsters will remain in full force and effect until such time as the Secretary reviews and passes judgment as to their adequacy and conformation to federal regulation.*

Gentlemen, I respectfully request that you consider the above information and take measures to protect and conserve the very important lobster fishery of the southeastern United States.

Mr. LEGGETT. I have read some of your amendments, and I think they are satisfactory to the committee.

STATEMENT OF HARMON W. SHIELDS, EXECUTIVE DIRECTOR, FLORIDA DEPARTMENT OF NATURAL RESOURCES

Mr. SHIELDS. Mr. Chairman, I thank you for inviting us to come here. I appreciate the opportunity.

As the executive director of the department of natural resources, I represent the Governor and the cabinet of the State of Florida, sitting as the head of the department of natural resources.

Most all of my testimony has been touched upon this morning, and I came prepared to read it in its entirety, but I have chosen not to do so, as I think it would be a waste of your time.

Mr. LEGGETT. Very good.

Is the species threatened, in the view of your experts in Florida?

Would you call it a threatened species, an endangered species, a species that can just be subjected to better regulation without putting it into the threatened or endangered species classification?

Mr. SHIELDS. Mr. Chairman, we think the species is on the decline.

We think that we have passed the point of sustainable maximum yield.

On the Florida lobster, our scientists all tell us, and the Federal Government agrees with us, that the harvest of Florida itself, that is the continental United States harvest, comes from the Caribbean and through the tidal waters, and it has been about 15 million pounds for years and years.

The number of traps are increasing yearly, and this is a problem for Florida that we must face. We are in the midst of a study now to help us solve this problem.

Mr. OBERSTAR. Mr. Chairman, if I might interpose and ask what about the conversion of shrimp fishing fleets to lobster fishing fleets?

Does that add additional pressures?

Mr. SHIELDS. Yes, sir; it gets really involved because we have so many shrimp boats in Florida, somewhere in the neighborhood of 3,000.

A lot of these are coming home to change to another fishery, either fishing for lobster, building freezer boats, and the going off-shore, and this is what we are getting into with a lot of people

that are converting the shrimp boats to lobster boats, fishing outside the territorial waters of Florida and going to another State to unload their catch, because they have an illegal catch as far as Florida is concerned—that is, egg-bearing females or the shorts.

This is where our problem is, Mr. Chairman. I think in Florida we are doing a pretty good job of really regulating and enforcing the act that we are trying to get you to pass now.

Our big problem is outside of Florida. The egg-bearing females that are being taken now, we think a lot of them would be the females that would furnish larvae for Florida.

As I mentioned in my statement, there are a buyer boats. The product becomes so valuable they go just outside Florida and catch the boats coming in, and they buy off of them, take their illegal catch while it is convenient, and they might as well sell part or all of their original catch. And the owner of the boat does not get anything, and the buy boat is transported to another part of the United States—Mississippi, Louisiana or North Carolina—and unloaded, and they sell these illegal lobster.

Now, we are confident that the supply, and especially in the Bahamian waters, is on the decline.

We have discussed this with the Bahamian Government, and they agree with us that something should be done. In fact, we told them as recently as this past winter, trying to negotiate a deal for our 282 fishermen to fish over there and to be able to stay, we told them we would try to get this bill passed.

The violators now, I think, are the Floridians and other South-eastern United States citizens. And while there is a market in France and other places, we feel like their biggest profit or the only thing that could be profitable to them to continue to break the Florida law outside of the territorial limits, so to speak, would be the market back in the United States; that is, the other States other than Florida. And this would help solve our problems.

Mr. LEGGETT. As I understand, you endorse the Florida law on the limitation for anything landed in Florida, is that correct?

Mr. SHIELDS. Yes.

Mr. LEGGETT. What is this bonding procedure that I hear talked about where the Federal Government apparently can preclude Florida from applying to certain landed species there?

Mr. SHIELDS. Yes. This happens.

We think the U.S. Government is our biggest violator.

By a method of bonding through Florida under sealed bond, a purchaser can purchase these illegal fish that are illegal at a certain season or size, or the egg-bearers, and send them through Florida out of the State to another State under bond. And this is legal.

Mr. LEGGETT. At what point do they bond them?

Mr. SHIELDS. They bond them before they ever leave the foreign port.

Mr. LEGGETT. Before they ever leave the foreign port?

Mr. SHIELDS. Yes, sir.

They can take the bond at sea. That is my understanding. I am not familiar with the legal aspects of just how it is done, but as long as it leaves a foreign port, they can do it.

Mr. LEGGETT. How exactly do they do that?

Does a Federal representative go aboard the ship and put a seal on it?

Mr. SHIELDS. Yes, sir.

It comes into the port of debarkation in the United States, in Florida, and through a seal bonded on by customs, and they maintain surveillance on it until it leaves Florida. And once it leaves Florida, it is legal, but it has to go through a foreign port to be able to do this. And some of the dealers have worked out where that is very convenient for them to do this.

Our biggest asset to our enforcement in Florida, or illegal action of the imports, is through U.S. Customs Service. And they are very cooperative with us. And they call our enforcement people and we do a real good job on those that are not bonded.

Mr. LEGGETT. But the customs people do sometimes bond fish catches that are alleged to be caught in foreign waters, that is landed in a foreign port, and then transported to Florida, is that correct?

Mr. SHIELDS. I think the Federal Government law allows this, and they do it. And it is coming, not by small amounts, but by several tons.

Mr. LEGGETT. I want staff to prepare a memorandum on that as to exactly how that is done, and for the customs people to come in here, and we will ask them to explain it. Let us handle it that way.

Mr. SHIELDS. Listening to the gentlemen before me testify, I do not have a prepared amendment, but you are familiar with the amendments we have here, and we certainly think they are a must to be able to determine the female.

If you took those females and clipped them, the eggs are gone. And in Florida the law requires that you not clip them. It is illegal. That is when the eggs are attached to the female, and we think that is important.

Mr. LEGGETT. It is important to keep the swimmerettes on the female?

Mr. SHIELDS. Yes.

Mr. LEGGETT. So you can determine whether or not they are legal or illegal?

Mr. SHIELDS. Yes.

You would not see any eggs at all if you clipped them off and scrubbed them up.

We would like, if at all possible, for it to be mandatory inasmuch as Florida is the only place in the United States that has a fishery of spiny lobster of this species, and we think it should be mandatory and a courtesy for the National Marine Fishery Service to have our blessings if they are going to change the size, because a lot of study went into this and a lot of gear is geared into this particular size.

Mr. LEGGETT. I think a provision should be made that the State of Florida, perhaps, should not have a veto, but certainly you should be consulted before regulations are provided in this respect.

Mr. SHIELDS. Our regulations are set by the Florida Legislature.

Mr. LEGGETT. That is assuming we take out the number of limitations in the bill and allow the numbers to be filled in by regulation

and required by appropriate amendment that consultation be made with the State of Florida and other coastal States concerned with the fishery.

Mr. SHIELDS. Thank you, sir.

Mr. LEGGETT. Mr. Emery?

Mr. EMERY. Thank you, Mr. Chairman.

Do you have any estimate as to the number of lobsters, or the value of the lobsters that may be conserved if this legislation is passed?

Obviously, the thing we are most concerned about is protecting the species and continuing to maintain it as a commercial species.

What effect do you think this legislation would have?

Mr. SHIELDS. I believe we will notice effects in the next season.

To show how vast the effects would be, it would be hard for me to estimate, but I can say this, that there are tons and tons of those fish we are talking about coming in outside of Florida.

Fifty thousand pounds is just a normal one-sell occasion, so it is hard to estimate.

I do not have all of the figures as to how many there are, but we would really in Florida like a closed season. We realize that it is impossible on the Federal level because there are so many Latin American countries that have no closed season.

The Bahamian Government has, but it would be impossible.

The next best thing is to protect the egg-bearing females.

Mr. EMERY. Thank you very much.

Mr. LEGGETT. What is the age of the lobster that normally meet these measurement criteria that we have applicable in the State of Florida?

Mr. SHIELDS. It is my understanding they are about 1 year old.

Mr. LEGGETT. Is that right?

Mr. SHIELDS. Excuse me.

Now, they stay in the juvenile stage a long time, and then they grow very rapidly. It takes about 1 year or 1½ years to reach the 5-inch tail or a 3-inch carapace measurement.

Mr. LEGGETT. I heard the Maine lobster requires something like 7 years to get to a takable size, though they tell me in California if we breed Maine lobsters in artificially warmed 71-degree water, if we feed them lobster meat, they will grow to size in 1 year. Rather a bizarre charade. But I understand that is true.

Your lobster obviously gets some pretty good food down there to grow that fast.

Mr. SHIELDS. And we have good warm weather.

We have oysters in areas of Florida that will grow to a legal size of 3 inches in 1 year.

Mr. LEGGETT. Mr. Oberstar?

Mr. OBERSTAR. Thank you, Mr. Chairman.

Mr. LEGGETT. I might remind you we have the weapons' bill coming up.

Mr. OBERSTAR. Indeed, we do.

I thank you, Mr. Chairman.

The question of real concern to me is enforcement with the numbers of lobster pots out and the numbers of fishermen involved

in the trade, and increasing pressure from the idled shrimp fishing fleets.

My question is, how are we going to enforce this and what role did the State of Florida play in enforcement?

Mr. SHIELDS. Well, first of all, the area where these creatures are taken is a vast area. We are talking about from West Palm Beach, even as high up as Fort Pierce; 2 million traps. And there is a lot of ocean. And there are too many there but, yet, it is a big area.

They are cutting the size of the pie down. Each one is catching less because there is just so much there and it is a problem we have to solve in the State. But we are doing an enforcement job.

We have 20 officers in the Keys. We have 20 in Miami, and we have 16 up in West Palm Beach. These are marine patrolmen that are enforcing this law.

We catch dockside catches and so on, but most of all, if the Federal Government would enforce it, it would be through customs, because everything has to come through customs.

If there is a foreign vessel coming into the area, it may have some help from a local vessel, but we think it would be very easy—in fact, as you heard them mention, they expect to do this in-house without any extra cost to the Federal Government. And we think they can do it because they are our best informants right now.

It is not as big a job as you think. You do not have to buy the boats to go out on the water. We have those for you in south Florida.

Mostly, it would be done at customs and dockside.

Mr. OBERSTAR. Thank you very much.

Mr. LEGGETT. Thank you very much.

Thank you, Mr. Shields. You have been very, very helpful, and it was good to have you here.

Mr. SHIELDS. You have some of the best experts behind me that have been in the fishing business all of their lives.

Mr. LEGGETT. One more question from Mr. Spensley.

Mr. SPENSLEY. I wonder, Mr. Shields, if you could provide for the record some specific comments on the Department of Commerce recommended amendments to the bill, and also provide for us a copy of any Florida regulations with respect to your spiny lobster and, finally, perhaps give us a letter of information about the bonding procedures as they are used in the State of Florida so we will have something to go on.

Mr. SHIELDS. I would be happy to do that.

[The information has been placed in the files of the subcommittee.]

Mr. LEGGETT. The next three witnesses we will hear as a panel, and they could approach the witness table together.

We will now hear from Robert P. Jones, executive director, Southeastern Fisheries Association, Inc.; Carlos Sanchez, vice president, Florida Carib Fishery, Inc.; and Robert Felik, president, National Fisheries, Inc.

Mr. Jones, we have a two-page statement from you that is in our record; we have Mr. Carlos Sanchez's statement consisting of some three pages, which will be put into our record; and we have Mr. Robert Felik's statement of some five pages with a table at the end

showing the rather dramatic escalation of lobster taken from the 1951-74 time frame. It also shows the escalation in value of that commodity, and also a map showing the general Continental Shelf areas off Florida, the Bahamas and Cuba, where these lobsters are taken. And all of those statements, including the map, will be incorporated in our record at this point.

[The three statements referred to follow:]

STATEMENT OF ROBERT P. JONES, EXECUTIVE DIRECTOR, SOUTHEASTERN FISHERIES ASSOCIATION, INC.

Mr. Chairman and members of the committee: Good morning. My name is Robert P. Jones and I am the executive director of the Southeastern Fisheries Association. I represent over 350 members that employ over 12,000 people in the commercial fishing industry. The firms I represent handle over 90% of the spiny lobster that are landed in the United States. Our members on more than one occasion have passed a resolution favoring the increased protection of the spiny lobster including banning the importation of undersized and egg-bearing animals.

We believe as do the State biologists that protection of this resource can only be accomplished by a concerted nationwide effort. Florida and the Bahamas can only do so much when it is possible for violators to land their catch in other States.

The State of Florida has done almost everything it can to curtail this illegal activity including using undercover agents and also having an airplane monitor suspicious operations. However, once a person gets by the law enforcement people in Florida they have clear sailing in all other States.

My statement today will be brief as I know there will be many others who will give you statistics and scientific data on which you can make the proper decision.

I would like to point out though that there is an international question involved because it has been a thorn in the side of the Bahamian Government for years that during their closed season some unscrupulous fishermen have continued to fish on their banks and have landed their catch in the United States.

We think that a law such as is being discussed today will help us greatly in future negotiations with the Bahamian Government.

Due to the heavy concentration of Cuban-American spiny lobster fishermen in Florida, we desperately need to continue fishing off the Bahama Islands.

STATEMENT OF CARLOS SANCHEZ, VICE PRESIDENT, FLORIDA CARIB FISHERY, INC.

My name is Carlos Sanchez from Miami, Florida. I represent Florida Carib Fishery, Inc. and two sectors of the fishing industry: fishermen and producers. My experience in the industry is 20 years, since 1955. Also, I am chairman of the lobster section of Southeastern Fisheries Association.

Mr. Chairman and Honorable Members of this Congressional Committee, this is the first time for me to appear before such a committee and hope I express myself in a proper manner. Please forgive any errors in my talk.

I am here to ask for assistance in our great need for proper legislation to save an important specie, (*Panulirus Argus*), the spiny or Florida lobster, from complete depletion, therefore denying our future generations of fishermen the opportunity to harvest the lobster which provides a livelihood to many different sectors in this industry and ranks second in importance only to shrimp.

The State of Florida provides us with good conservation laws but in the last ten years, production per boat has been declining in a frightening way, and every sector depending heavily on the farming of lobsters is experiencing a diminishing return. I am referring to the jobs of many thousands of people indirectly and directly dependant on the production of 12 million pounds of lobsters with a national product dollar value of 75 to 100 million dollars at consumer level.

The decline of production started when run boats, during the Florida closed season, purchased at sea and freighted into other states undersized lobsters and berried lobsters (female with eggs exposed) and a later practice of clip-

ping, stripping and cutting of the exposed eggs from the female lobster plus the continuous twelve month fishing pressure has resulted in a reckless disregard for a future generation through no conservation. We are not giving mother nature an opportunity to complete the reproduction cycle which occurs mainly in the four months of closed season established by the Department of Natural Resources (of the State of Florida) during April, May, June and July.

This practice of abusive form of fishing is breaking the balance of replenishing nature's stock and slowly every year we are getting closer to an endangered specie.

We have two types of fishermen for lobster; one is local, that goes out early each morning and comes in at night and usually has one or two men per boat. The second type is the high seas fishermen who stay out in international waters from two to three weeks and usually has 3 to 5 men per boat. We call international all waters 12 miles off any foreign island or country. These boats operate out of South Florida ports and most of them are Cuban-American and Americans and they harvest the lobster in the area South of the Bahama Islands (Bimini, Andros and Great Inagus) and North of Cuba known as Cochinos, Cay Lobo, Guinchos and Cay Sal.

The Government of the Bahamas in the past have adopted all changes made by the State of Florida in conservation laws in order to preserve the species (*Panulirus Argus*).

The fishing during closed season caused bitterness among the Bahamian fishermen, seeing that while they could not fish themselves, there were American fishermen catching lobsters with no respect for conservation laws. This continued action year around prompted the Bahama Government to initiate legislation to designate the spiny lobster a creature of the continental shelf. This would bar any U.S. fishing throughout the international Bahamian waters and would create an insurmountable domestic problem if all the high sea fishing vessels were to come to fish in the Florida coastal waters.

If we could get proper federal legislation it would be less embarrassing to negotiate with the Bahamian Government in permitting our lobster fleet to fish during the season beyond the 12 mile, off shore, limit.

I have exposed our problems in a brief manner and I hope everyone understands and gives us a helping hand before it is too late to help ourselves and to create a future for future Americans.

For further information or clarification of the above statements, I am willing to answer all questions to the best of my ability.

Thank you for your time and attention.

STATEMENT OF ROBERT FELIK, PRESIDENT, NATIONAL FISHERIES, INC.

My name is Robert Felik. I represent National Fisheries, Inc. My expertise is 39 years in the seafood industry.

Mr. Chairman and members of the committee, this is my first time before a congressional committee and I hope that I am in proper order.

I would like to start my talk by reading a couple of paragraphs from an article in the National Fisheries Institute, "America's Seafood Resources."

For thousand of years man has roamed the oceans, fishing at will. In the Mediterranean, in the North Atlantic, off the shores of North and South America, the boats of many nations have fished together—confident that the natural reproductive capacities of the oceans would always replenish the resources caught by man.

Now, with improved and more efficient harvesting techniques, this assumption has proven to be untrue. Within the last twenty years, man's exploitation of the living resources of the ocean has greatly accelerated. Sonar and other electronic devices are used to locate schools of fish whose very existence would before have gone unsuspected. Gigantic nylon nets can now encircle and catch an entire school in one net. Rather than having to return to port every week, fleets of fishing boats now stay at sea for months, taking their catch to factory ships for immediate processing.

These technological advances have greatly aided man's ability to make fuller use of the needed food resources of the seas. The world catch of fish

now totals approximately 70 million metric tons, compared with only 25 million metric tons as recently as twenty years ago. But another result—with which we must now contend—is over-fishing of many of the most productive areas and most desirable species.

The species, *Panulirus Argus*, found on such traditional American fishing grounds as Mackie, Cochinos, Cay Lobos, and Cay Sal banks as well as other similar areas adjacent to the Bahama Islands, Cuba and other countries on the international fishing grounds are being depleted so greatly by over-fishing that recovery to commercial levels will soon become doubtful. The takes of the species have reached or exceeded the maximum sustainable yields. The catch per vessel has declined in the last several years, even though the equipment used and the area fished has increased yearly.

I have secured comparative production reports from National Marine Services, (see attached report), for the international landings of lobster for 1972—6,627,000 pounds, 1973—5,900,000 pounds, and 1974—4,300,000 pounds. Gentlemen as you can see, our production over this period has decreased 65%, yet each year the number of vessels, fishing gear and areas fished have increased.

The State of Florida protects the Spiny Rock Lobster by legally closing the season for four months (from April through July) out of the year and thereby allowing this species to safely perpetuate itself through normal reproduction. During the harvesting season only legal sizes are permitted to be taken, while females with their eggs exposed are prohibited from being caught during the entire year. To the best of our knowledge, most other countries where the Spiny Rock Lobsters are found have Federal Regulations pertaining to the conservation Laws and exemplify a true and sincere desire to conserve and perpetuate this natural resource.

The past eight years, extreme fishing pressure has been expanded to the harvesting of the Spiny Rock Lobsters, with great abandonment pertaining to conservation. Many of the Atlantic shrimp fleets have converted to the fishing of the Spiny Rock Lobsters allegedly harvesting from our shores and foreign shores with complete disregard for the gender, size, and spawning season. Consequently, these fleets operate continually for twelve months a year stripping the sea's floor of all lobster product. During the closed season, these catches are purchased by fishing run boats and vessels that buy for transport and sell into states other than Florida, namely Georgia, Mississippi, Alabama, Louisiana and South Carolina or to foreign ports of countries allowing entry for reshipment via air or freighter to Florida. The shipment is then bonded by U.S. Customs and reshipped through Florida to any of the other forty-nine states or directly to the other forty-nine states without Government Bond, thus circumventing all efforts both domestic and foreign to protect perpetuation of the Florida Spiny Rock Lobster.

Surprisingly enough the Federal Government has been innocently condoning lobster depletion through the practice of custom bonding of lobster tails landed in Florida. Once the Federal Government bonds a lobster catch, the state becomes powerless to inspect or prosecute bonded illegal product thus permitting owners to transport to other states for processing and distribution. During the occurrence of this procedure, the Florida wholesale merchants stand idly by watching both their investments and conservation being destroyed with reckless abandon.

Dr. Robert Engle, now retired from the Florida State Department of Natural Resources, states that the future of our productivity of Spiny Lobsters in U.S. fishing waters is solely dependant upon the young of the species migrating from the coast of Brazil and other southernmost areas to our shores. In short, each nation supplies the young for other nations and so completes the life cycle. These young are protected by our Florida Conservation Laws and should not be taken by those desiring personal gain, who are outside the reach of the arm of the law. Failure of the Federal Government to take initiative in this area will result in the total depletion of the Spiny Rock Lobster and economic havoc for thousands of fishermen, plant workers, distributors, container companies, processing and storage plants, warehouses, boat yards, and many other allied businesses. In short, a half century of labor, investments and conservation is being recklessly destroyed.

Three sectors need increased production: 1) industry needs more production that will allow lobster fishermen to make a living and keep up their boat and equipment; 2) processors need it to cut down cost of operation by having continuous work for equipment and employees; and 3) distributors need more pounds to bring the price to the consumer down to a level that will allow the once lobster-eating public again to do so.

Florida by itself cannot remedy these inequities. We beseech the United States Government for Federal assistance. Standardization must apply to all fifty states and negotiations with foreign governments must result in total international cooperation with countries sharing this great natural resource if it is to be preserved. Of course, realize that immediate accomplishment of this task is impossible, however, the cleaning of our own house would be a step in the right direction.

However, for large segments of the lobster fishing industry, the decisions reached on fisheries jurisdiction will mean life or death. As such, this issue requires the most serious consideration by our great nation and government. If anyone has any questions I shall be happy to answer them to the best of my ability.

Thank you for your time and courtesy.

CRAWFISH (SPINY LOBSTER) LANDINGS IN FLORIDA¹

[By calendar year]

Year	From:				Grand Total	Price ² per lb.	Value (U.S. dollars)
	Florida	Inter-national ⁴ waters	Bahamas area	Caribbean area			
1951	3,097,400				3,097,400	\$0.190	\$588,506
1952	1,612,400				1,612,400	.250	403,100
1953	1,995,400				1,995,400	.200	399,092
1954	1,947,300				1,947,300	.220	428,406
1955	2,295,400				2,295,400	.230	527,942
1956	3,113,000				3,113,000	.265	825,056
1957	4,039,800				4,039,800	.278	1,123,545
1958	2,954,300				2,954,300	.283	836,546
1959	3,179,600				3,179,600	.300	954,274
1960	2,848,500				2,848,500	.386	1,100,269
1961	2,803,400				2,803,400	.346	969,287
1962	3,107,000				3,107,000	.382	1,187,127
1963	3,585,200				3,585,200	.393	1,408,003
1964	2,631,100	1,000,000			3,631,100	.430	1,562,163
1965	4,714,093	1,000,000			5,714,093	.563	3,219,241
1966	3,150,266	2,200,000			5,350,266	.461	2,468,969
1967	1,913,567	2,500,000			4,413,567	.619	2,733,014
1968	2,355,036	3,800,000			6,155,036	.716	4,408,569
1969	3,819,133	3,762,000			7,581,133	.694	5,257,541
1970	6,753,462	3,116,000			9,869,462	.600	5,918,479
1971	4,672,803	3,533,000			8,205,803	.860	7,056,536
1972	4,790,782	6,627,000	6,293,000	334,000	11,417,782	1.031	11,771,425
1973	5,272,000	5,900,000	5,600,000	300,000	11,172,000	1.044	11,661,141
1974 ³	8,352,000	4,300,000	3,800,000	500,000	12,652,000	1.250	15,815,000

¹ Weight in lbs. live or whole fish weight.

² Price in U.S. dollars is exvessel or dockside price to boats given as weighted average price for calendar year.

³ Preliminary figures.

⁴ Landings from international waters prior to 1964 are included in statistics under "From Florida."

BOAT NAME: _____ VESSEL NO. _____ DATE: _____
 CAPTAIN: _____ C- _____ CREW: _____

LANDED: _____ LOCATION: _____ ZONE: _____
 DEPARTED: _____ DAYS/FISHING: _____ DEPTH: _____
 BAIT: _____ TRAPS: _____ TRAPS/DAY: _____
 DIVERS: _____ HRS/DIVING: _____ DEALER: _____
 (CATCH IN POUNDS) TAILS: _____ WHOLE: _____

REMARKS: _____

STATEMENT OF ROBERT P. JONES, EXECUTIVE DIRECTOR, SOUTH-EASTERN FISHERIES ASSOCIATION, INC., ACCOMPANIED BY CARLOS SANCHEZ, VICE PRESIDENT, FLORIDA CARIB FISHERY, INC., AND ROBERT FELIK, PRESIDENT, NATIONAL FISHERIES, INC.

Mr. JONES. Mr. Chairman, we can all summarize our testimony here.

Mr. LEGGETT. Gentlemen, we have about 8 minutes, and if we can consolidate and summarize, I would like to do that.

Mr. JONES. Mr. Chairman, I would like to leave this material here for your record. I will not read it. It is quite thick.

Mr. Chairman, this has a lot of good statistical and background information plus a statement from the photographer on the recent National Geographic article.

Mr. LEGGETT. That will be accepted by counsel and we will incorporate into the record the appropriate portions thereof after review by counsel.

Mr. JONES. I would like to touch on one thing. The one thing that we kept repeating today was the fact that a lot of these fish are taken to other States, and they refer to it as illegal fish.

I would like to make it clear to the committee that these are illegal fish when you interpret the Florida law or the Bahamian law. But when the fishermen are fishing on the high seas, there is no regulation at all prohibiting undersized or the egg bearers. It is perfectly legal what they do when they catch them out there.

One of the reasons why the enforcement would be easier is we have met with fishermen that are in this practice, and we have asked them not to do it. But they always come back and say, you know, other people are doing it.

If it was a Federal law, if it was truly against the law, they would stop it.

Mr. LEGGETT. So, apparently, everybody is agreeable that if there is a law they will be mutually bound but, obviously it is not so at the present time.

Mr. JONES. One other point that I would like to make.

I think the Bahamian situation has been touched on enough, Mr. Chairman. I do not need to go into that.

Mr. Chairman, something that was not said was the fact that Florida has had an extremely heavy influx of Cuban refugees. We have something like 500,000 Cuban-Americans living in Dade County. Of these 300 boats that fish off the coast and down through the Caribbean, they are primarily Cuban-American fishermen and they need to continue this fishing they have done all of their lives. And we think if we can get a treaty with the Bahamas and get a Federal bill passed, it would be helpful.

Mr. LEGGETT. Thank you very much.

I note Mr. Oberstar is leaving.

Jim, you can manage that bill over there in my absence. It is your bill, as I recall.

I might mention that it is the intent of the Chair that we pass this bill with appropriate amendments this morning, if we can.

Now, we will hear from Mr. Sanchez.

Mr. SANCHEZ. Mr. Chairman, I do not think there is any need to read my testimony as I have given you a copy.

Mr. LEGGETT. It is in the record.

Mr. SANCHEZ. I will ask if you have any questions in mind.

Mr. LEGGETT. Now, you represent the Carib Fishery, Inc. You do a lot of this lobster fishing, I suspect.

Are you leaving, Mr. Emery?

Mr. EMERY. I will be right back in about 2 minutes.

Mr. LEGGETT. Mr. Sanchez, you fully support the legislation with the amendments that have been generally discussed this morning, is that correct?

Mr. SANCHEZ. That is correct.

Mr. LEGGETT. Very good.

Now, Mr. Felix, you represent the National Fisheries, Inc.

We have your rather comprehensive statement. You are good at collecting statistics and making this elaborate subject material available to the committee.

Mr. FELIX. The nice thing about speaking last is when you have colleagues that speak so well before you, you do not have nothing left to say.

Just briefly, I will hit some of the things I would like to point out.

I have been in the seafood industry for 39 years, in the American fishing grounds as Mackie, Cochinos, Cay Lobos and Cay Sal Banks,

Central and South America, Brazil, mainly as far as South America which has another species which produces much more than our species.

All these species are different, and you can look and tell the difference just visually in the tail of the lobster.

Now, let me jump to bonding and what the Federal Government does.

Mr. LEGGETT. I would appreciate very much bringing that procedure up, and I have picked that out of your testimony. We are going to investigate that and may change that in this particular bill.

Mr. FELIK. All I wanted to point out, one company, to circumvent all the obstacles that were put in his path, went to Grand Cayman, opened a base there, had his boats go in there, put it in bond, and shipped it to the United States.

Mr. LEGGETT. How do they bond it over there?

Mr. FELIK. This, I do not know. I know it comes under a manifest and it is bonded.

Mr. LEGGETT. Mr. Sanchez?

Mr. SANCHEZ. Let me clarify what we call bonded.

Bond means when a vessel leaves a foreign port and does not clear a customs, let us say it is Miami, and it posts a bond and the customs officer will put a red tag on every box in the whole shipment, and this will go out of the State and be cleared to another State.

That is what is meant by being bonded. Nobody can touch it and nobody can see it.

Mr. LEGGETT. Now, do the customs officials do that?

Mr. SANCHEZ. Yes, sir.

Mr. LEGGETT. Is the shipment made that the fish come from a foreign port in order to get that bonding seal?

And, first, is the purpose of the bond to state that these fish come from, let us say, Grand Cayman, they were landed at Grand Cayman, and now are landed in the State of Florida, and it is a fish, and I post this bond to guarantee that this is such, and they are red tagged and excluded from our laws; is that right?

Mr. SANCHEZ. That is right.

Mr. JONES. It is a loophole to circumvent the laws on the spiny lobster. It is a legal practice.

Mr. LEGGETT. Up to now it is a legal practice.

Mr. FELIK. You will find in my documents, and I am leaving two papers with you, where a vessel came into port, was bonded. And I have written testimony from the officer who signed the little slip of paper, it shows that the markings on the cases was 3 to 4 ounces, which is definitely undersized.

A 5-ounce tail, most of the time, will not pass legal size. And these were marked 3 to 4 ounces going to New York. And they were in bond, and the officer could not touch them.

Well, they went through the State, and they even go by bonded truck. And, in this particular instance, they erred and put it on a truck that was not bonded.

You will find both of those documents in the material that Mr. Jones has submitted to you.

Mr. SANCHEZ. Mr. Chairman, it is very common to bring a shipment, you know, of lobster, and you say to your broker, 200 boxes, regular lobster. And you bring them in. And you have 50 boxes, and you have them brought in in bond, and they make two sets of bonds. And the customs officers laugh and say the 200 is illegal.

Mr. FELIK. You will see an affidavit of an airplane, after a lot of surveillance by the department of natural resources, they caught the gentleman flying in the illegals in an airplane and parked it in the far corner of the airstrip. He made an arrest, seized the illegal fish, put them in the freezer under bond, and through a technicality of some kind, the judge threw it out after the first 10 words were said there at his trial. And the officer who made the arrest does not know why his case was thrown out.

And the judge asked them to put it in bond and have it shipped out of State. And this happened just recently.

You also have that document there.

Mr. LEGGETT. Very good.

Well, listen, we have your full statement in the record, and I think this bonding procedure is something that we are not only going to investigate, but we are going to get some report on it over the next couple of days.

We have the material that you provided, and I would hope that we could incorporate an amendment in this bill to abort that procedure.

We will find out, first of all, from the Customs people whether or not it affects any of the species besides the spiny lobster.

I think that is all we need to do at this point.

Mr. FELIK. I would like to recommend the thought that the 2 percent of illegals and the 2 percent of fish that may come in with exposed eggs not clipped off, in any way, molested, that that be also included by count as well as number.

The Conservation Department, when they are out on the high seas, and they apprehend someone and have, let us say 300 head, it is hard to weigh percentagewise by weight.

I believe the law states by weight. If it was also weight or number in a house, it is easy to do it by weight.

Out on the water, if you have 100 and you have 300, you have already reached a jurisdiction that is not permitted, but if you have two, you would be allowed to continue.

It makes it much easier on the enforcement officers.

Mr. LEGGETT. I will have you discuss that separately with counsel here.

What I would like to do at this point would be to adjourn this session of the subcommittee and pass the bill out of subcommittee as drafted.

[Whereupon, at 12:05 p.m., the subcommittee proceeded to other business.]

RELIEF FOR FISHING INDUSTRY

MONDAY, SEPTEMBER 22, 1975

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FISHERIES AND WILDLIFE
CONSERVATION AND THE ENVIRONMENT OF THE
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:05 a.m., in room 1334, Longworth Office Building, Hon. Robert L. Leggett (chairman of the subcommittee) presiding.

Mr. LEGGETT. The meeting of the Subcommittee on Fisheries and Wildlife Conservation and the Environment will please come to order.

This morning the subcommittee will begin hearings on legislation designed to provide short-term economic relief to those segments of the fishing industry which have suffered an economic dislocation or severe economic losses.

Last year when the subcommittee was going about the country conducting hearings on legislation to extend the fisheries jurisdiction of the United States and was gathering information on the most effective methods of dealing with our fisheries problems, the hearings in Florida, Mississippi, Louisiana, and Texas echoed a common theme—that the shrimp industry was in serious trouble and needed financial assistance immediately.

The evidence at the hearings indicated, in general, that the ex-vessel price of shrimp was down, in some areas as low as 30 to 40 cents a pound; that shrimp caught by U.S. fishermen was down; that the price of diesel oil had increased over 100 percent—from 19 cents to 39 cents a gallon; that there had been severe increases in the cost of fishing equipment, maintenance, and parts; and that there had been an overcapitalization of the shrimp fishing fleet.

Based on the evidence produced at these hearings, Mr. Breau drafted, and subsequently introduced, legislation—which was co-sponsored by 15 other Members of the House—that is designed to provide financial assistance to this industry, as well as other segments of the fishing industry that meet the requirements of the act.

In accomplishing this purpose, the legislation would authorize the Secretary of Commerce to borrow up to \$100 million interest-free from the Secretary of the Treasury for the purpose of making short-term, low-interest loans to fishing vessel operators suffering major economic dislocations of a short-term nature.

The bills and departmental reports will appear in the record at this point.

[The bills and departmental report follow:]

H.R. 2296, H.R. 2971, H.R. 3294, and H.R. 5760, 94th Cong., 1st Sess.

BILLS To amend section 4 of the Fish and Wildlife Act of 1965, to provide short-term relief to those portions of the fishing industry which have suffered economic dislocation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Fish and Wildlife Act of 1965 (70 Stat. 1121), as amended (16 U.S.C. 742c), is amended by adding a new subsection to read as follows:

"(f) (1) When there shall occur in a major segment of the commercial fisheries industry a major economic dislocation, peculiar either in its cause or intensity to that segment, of a short-term nature and to such an extent that a major proportion of previously profitable commercial fishing vessel operators in that segment face imminent economic disaster, then the Secretary of Commerce shall upon the request of interested parties forthwith prepare and submit to the Congress a report stating the nature, extent, cause, anticipated duration, and projected severity of such dislocation; his recommendations for alleviating such dislocation; and his determination regarding the need for working capital and mortgage refinancing loans during the duration of such dislocation. If the Secretary of Commerce determines that there is a need for such loans, and if either House of Congress does not reject such determination within thirty days from the receipt thereof, the Secretary of Commerce shall carry out the provisions of this subsection. If the Secretary of Commerce determines that there is no need for such loans or that there is no dislocation within the meaning of this subsection, then either House of Congress may within sixty days from the receipt thereof direct the Secretary of Commerce to carry out the provisions of this subsection. An economic dislocation within the meaning of this subsection may include, but is not limited to, a rapid and substantial increase in operating costs coupled with a rapid and substantial decrease in ex-vessel prices brought about by, at least in part, increased imports and by any combination of other major market dislocations, provided the duration of such economic dislocation may reasonably be projected to be short term in nature. A major resource disaster, provided the duration of such resource disaster may reasonably be projected to be short term in nature, may also be an economic dislocation within the meaning of this subsection. No economic dislocation eligible for assistance under any other Federal disaster program shall be an economic dislocation within the meaning of this subsection: *Provided*, That such assistance is actually made available under such other Federal disaster program. If it shall be determined that working capital and mortgage refinancing loans during the course of such dislocation will enable a substantial proportion of the segment facing imminent economic disaster, solely caused by such dislocation, to continue in operation during the short-term continuance of such dislocation and, thereafter, resume profitable operations, then the Secretary of Commerce shall, under this subsection and notwithstanding any other provisions of this section, make such working capital and mortgage refinancing loans, under such rules and regulations and under such terms and conditions as he may forthwith prescribe, to such major segment of the commercial fishing industry. Any loans made under this subsection shall, notwithstanding any other provisions of this section and under such rules and regulations as the Secretary of Commerce may forthwith prescribe, be the subject to the following:

"(A) Be subject to such maximum amounts and such other restrictions as the Secretary of Commerce, in his discretion, may prescribe.

"(B) Bear interest at the rate of 4 per centum per annum.

"(C) Mature in not more than ten years.

"(D) Require no repayment of principal or interest during the first year of the loan.

"(E) Be available only to applicants who can demonstrate a net profit from commercial fishing vessel operations for each of three years immediately preceding commencement, as determined by the Secretary, of the economic dislocation to which such applicants pertain.

"(F) Be available only to those applicants who can demonstrate, actual or projected, a net deficit from commercial fishing vessel operations during the year and a half immediately succeeding commencement, as determined by the Secretary of Commerce of the economic dislocation to which such applicants pertain.

"(G) Be available only as working capital for commercial fishing vessel operations or for the refinancing of commercial fishing vessel mortgages.

"(H) Requires reasonable assurance that the loan will be repaid once the short term economic dislocation to which such applicants pertain is alleviated.

"(I) Be secured by a mortgage of the vessel owned by a recipient of a loan under this subsection in connection with such loan, in addition to such other collateral as the Secretary of Commerce, in his discretion, may require, including all necessary remedies in the event of default.

"(J) The Secretary of Commerce is hereby authorized to borrow, interest free, from the Secretary of the Treasury, and the Secretary of the Treasury is hereby directed to lend, interest-free, to the Secretary of Commerce, up to \$100,000,000 for payment to the fisheries loan fund created under subsection (c) of this section with which to (i) make such loans, without fiscal year limitations, as are authorized under this subsection and (ii) with which to cover the expense of administering this subsection, to provide for losses incurred in connection with loans made under this subsection, and to provide for carrying out the purposes of the Act of September 13, 1961 (75 Stat. 493), all without fiscal year limitation, until such a time as interest charged by the Secretary of Commerce on such loans is available to provide for the latter three purposes at which time such interest shall be used for such purposes without fiscal year limitation. There are hereby appropriated such funds as may be necessary to enable the Secretary of Commerce to repay to the Secretary of the Treasury any loan hereunder made to the Secretary of Commerce insofar as losses incurred by the Secretary of Commerce and administrative expenses in excess of interest income might otherwise prevent the Secretary of Commerce from repaying such loan. The current ceiling on budget authority, budget outlays, obligations, or personnel of the National Marine Fisheries Service, the National Oceanic and Atmospheric Administration, or the Department of Commerce shall not be affected by the requirements of this subsection and such increases in any of the same as are necessary to carry out the provisions of this subsection are hereby authorized.

"(2) For the purposes of this Act, the determination required by (1) of this subsection is hereby made and the Secretary of Commerce shall make loans as provided for in this subsection to the owners of commercial fishing vessels operating in the fishery for shrimp in the Gulf of Mexico and South Atlantic. The Secretary of Commerce shall, within sixty days from the enactment of this subsection submit to the Congress a full and complete set of recommendations for alleviating the short-term economic dislocation presently being experienced by the owners of commercial fishing vessels operating in the fishery for shrimp in the Gulf of Mexico and South Atlantic. Such recommendations shall be for the alleviation of such economic dislocation in such a way and within such a period of time that loans then already made under this subsection, and to be made under this subsection, shall be reasonably secure in their repayment by virtue of the resumption of normally profitable operations."

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., March 28, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives
Washington, D.C.

DEAR MADAM CHAIRMAN: This is in response to your request for our views on H.R. 2296, a bill "To amend section 4 of the Fish and Wildlife Act of 1965, to provide short-term relief to those portions of the fishing industry which have suffered economic dislocation."

H.R. 2296 would allow the Secretary of Commerce to make emergency four per cent loans for working capital or refinancing to commercial fishermen during periods of major economic dislocation, subject to approval of Congress of the needs for such loans and up to an authorized limit of \$100,000,000. Congressional approval is granted in the bill for loans to eligible shrimp fishermen in the Gulf of Mexico and South Atlantic.

Because this legislation pertains primarily to commercial fisheries and because the Federal responsibility therefor has been transferred to the Department of Commerce pursuant to Reorganization Plan No. 4 of 1970, this Department has no special interest in H.R. 2296. Accordingly, we will not plan to make comment unless, in light of the foregoing, your Committee requests us to do so.

Sincerely yours,

JOHN KYL,

Assistant Secretary of the Interior.

Mr. LEGGETT. I might state that in calling this legislation for hearing the Chairman has made no personal observations or conclusions with respect to the merits or demerits of the legislation, and I believe that many, many members of the committee have open minds on the subject. They are interested in knowing the background of the bill, the form of the bill, the cost of the bill, and how it might work.

Before calling the first witness, I will recognize the gentleman from Louisiana, Mr. Breaux.

Mr. BREAU. Mr. Chairman, I am pleased that the subcommittee is considering today a bill which I introduced, H.R. 2296, to amend section 4 of the Fish and Wildlife Act of 1965, to provide short-term relief to those portions of the fishing industry which have suffered economic dislocation.

I first introduced this legislation in the 93d Congress in an effort to ease the burden on our domestic shrimp fishermen. Under the legislation, the Secretary of Commerce would prepare and submit to Congress a report stating the nature, extent, cause, anticipated duration, and projected severity of such an economic dislocation; his recommendations for alleviating such dislocation; and his determination regarding the need for working capital and mortgage refinancing loans during the duration of such dislocation.

This legislation calls for loans to be made under the Fisheries Loan Fund at a rate of 4 percent per annum and mature in not more than ten years. The bill also provides for the Treasury to loan the Department of Commerce \$100 million for the purpose of providing the needed loans.

To say the least, our shrimpers' problems are numerous. Cost for fuel, ice, maintenance, and parts have almost doubled since 1973 while, at the same time, the price shrimpers are receiving for their shrimp has dropped, by conservative estimates, more than 23 percent. Consequently, the shrimpers this year are laboring for a loss and finding it extremely difficult to stay in business.

In the past, these problems have been compounded by increased imports of cheap foreign shrimp and an oversupply of domestic shrimp in cold storage. Add to this the small catches shrimpers are making this year and I believe you can clearly see the unfavorable situation our Nation's oldest industry finds itself in.

This legislation, of course, will not solve all of these problems. It will only provide an avenue for fishermen to seek relief through low interest loans in order to keep their businesses as healthy as possible.

I would hope that the National Marine Fisheries Service, which is represented here today, would begin to take a more serious look at problem areas in their jurisdiction.

The entire U.S. fishing industry seems to receive less attention and protection from our Government than any other segment of American free enterprise.

In some cases, I might point out, the Federal Government causes decisions to be made which directly burdens our U.S. fishermen.

I have looked into loans made by the Export-Import Bank to foreign countries for purchase of entire fishing fleets at low interest rate loans. These same vessels compete with the product produced by our fishermen with virtually no aid from their own government.

I guess I am saying, Mr. Chairman, that the entire plight of our nation's shrimpers is a very complex question, and I hope that today's hearings mark the beginning of a sincere look into the causes of the problems found in some segments of our fishing industry.

MR. LEGGETT. Two of the cosponsors of legislation before this subcommittee today would like to make a statement for the record. First we will have Mr. Sikes and then Mr. Bennett, both from the State of Florida. Mr. Sikes, you may proceed.

STATEMENT OF HON. ROBERT L. F. SIKES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

MR. SIKES. Mr. Chairman, I am happy to appear before this committee and give my views about H.R. 3294 and H.R. 2296.

First, I'd like to sketch for the record our country's current fisheries situation. During the three decades since World War II, our country has declined from second to fifth place in world fisheries production. At the same time, we in this country import over 60 percent of the fisheries products we consume. In 1974, fisheries imports added more than \$1.25 billion to our national trade deficit. An understanding of the nature of fishing as an economic enterprise is essential to an appreciation of these problems.

Fishing is unique among all the world's major economic activities. It is a hunting activity, the only one left in the world today. Success depends upon the unique ability to take intricate and expensive hunting equipment out into the oceans, locate far ranging and elusive animals beneath the oceans, capture them in a dangerous and volatile element, and bring that highly perishable product successfully back to markets on land.

Fisheries resources belong to anyone in the world who can catch them. While we in the post-war era have remained largely indifferent to the fate of our fisheries, the world's other fishing nations have aggressively pursued active programs of developing their fishing industries. Consequently, our domestic fishermen must compete not only with each other for this common property resource, but also with the modern, efficient, and often highly subsidized—if not

outright government owned—fleets of foreign nations attracted from half a world away by the rich fisheries resources off our coasts.

Contrast our fisheries situation for a moment, if you will, with that of the other major food-producing segment of our economy—our agricultural industry. For decades, there has been a large and flourishing establishment in the Department of Agriculture to lend support of every conceivable kind, at all levels, to the legitimate uncertainties and vicissitudes of our domestic agricultural industry, while the even more intense uncertainties and vicissitudes of our domestic fishing industry have gone unchampioned, and largely unsupported. Yet these rugged fishery-businessmen place their labor, capital, and often even their lives on the line to carry out much of our domestic fisheries production.

The Federal commitment to our country's agricultural industry has helped to make us the most productive and efficient farmers on the face of the earth, while our lack of Federal commitment to our country's fishing industry has helped to place us in a position where we now import over 60 percent of our fisheries consumption needs. The distinctions between farmers and fishermen—and the anomalies in the different Federal treatment they receive—do not stop here.

Our country is one of the best and most open markets in the world for international fisheries production. Yet, we have consistently denied our domestic fishermen any sort of meaningful tariff protection or import control—even though Federal tariff commission studies have found economic injury to domestic fishermen as a result of minimally dutied imports and escape clause relief. At the same time, we have directly and indirectly assisted other nations to build up their fishing industries—nations which today readily extend tariff protection to their own fishermen while they take full advantage of our fishermen's lack of such protection.

Whenever there is an international oversupply of fisheries products anywhere in the world, most of it, consequently, finds its way into our own country—with often devastatingly disruptive effects on our own fishermen's ability to sell their products at a profit.

Fishermen are also terribly vulnerable to the supply-demand fluctuations of our own agricultural production. Cheaper grains and cheaper meats result in a slackening of demand for fisheries products. Conversely, the prospect of higher-priced grains and meats and the resulting expectation of increased demand for fisheries products often results—not in better prices for the domestic fisherman, but—in importation of excessive foreign product. It is ironic that our own highly supported and successful agricultural industry should often be the cause of adverse market disruptions in our non-supported fishing industry.

In addition to all this, our fishermen are faced with unpredictable oceanic and biological phenomena about which we often know little or nothing, and which can often devastatingly vary the availability or acceptability of the fisheries resources upon which profitable production depends. Fishermen are subject to volatile weather and sea conditions which can curtail harvesting operations at the very time when successful harvesting determines a loss or gain for the season. Their expensive, intricate vessels and gear are subject to damage,

failure, and breakdown at sea—often hundreds of miles from the nearest help, and often at the height of otherwise profitable fishing trips. Fishing is a dangerous and arduous enterprise—a fact reflected in the onerous property and personnel insurance bills fishermen must absorb. On top of everything else, fishermen are generally faced with high interest costs and short maturities when financing the cost of their vessels and gear in the private sector. I might emphasize these are very expensive vessels for the average return on investment involved.

When you begin to add all these things up, they total to an undeniable fact: fishing is an inherently risky and uncertain economic enterprise. Normal business planning and projection is often an impossibility for our fishermen. It is an intrinsically unstable business. Periods of profit are invariably followed by periods of loss caused by factors over which fishermen have no control. Our actions and inactions at the Federal level have often, over the years, contributed substantially to this instability.

H.R. 3294 and its companion bills will not solve all these problems. This legislation will, however, materially help alleviate the disastrous longterm effects of these recurrent problems upon our domestic fishing industry's future ability to take its rightful place among the world's other fishing powers.

These bills do not constitute just another giveaway program to marginal producers. They provide, instead, a lender-of-last-resort source of emergency working capital loans to otherwise productive fishermen during major economic or resource dislocations peculiar to fishing as a unique economic enterprise—dislocations over which individual fishermen have no control, and during a time at which financing is most unobtainable. The bills provide adequate safeguards against bailing out marginal fishermen. Their intent is not to benefit individual fishermen. Instead, their intent is to provide to a vital but inherently unstable industry the emergency working capital credit it needs and cannot get elsewhere during the major times of need over which that industry itself has no control.

The bills contain requirements: which assure that the emergency relief mechanism they establish will not be used lightly or frequently; which assure that relief will not be provided in circumstances where there is little likelihood of future repayment; and which assure that only those who deserve the assistance will get it, and only when they deserve it.

These bills amend legislation currently administered by the National Marine Fisheries Service. In my opinion, that agency is the rightful place for administration of this kind of emergency relief. No other agency in the Federal Government has the knowledge or concern adequate to administer this kind of emergency relief in an industry as unique as the harvesting portion of the fishing industry.

Let me close by saying that there appears to be a growing will in the Nation to address affirmatively some of the basic problems of our domestic fishing industry which we have so long disregarded. But—even if we succeed in assuring our domestic fishermen more production stability in the waters off our coasts, and a greater share of the fisheries products needed to supply our domestic market, and

international markets as well—there is no assurance that domestic capital and labor will adequately respond. You do not develop fishermen or fishing technology overnight. We must begin now to offer some incentives in this area, to take some of the risk and financial heartbreak out of fishing as an economic enterprise.

The bills now before the committee are a first step of utmost significance.

I support this long overdue legislation wholeheartedly and rest assured that its modest cost to the Nation will be repaid many times over by a more stable and flourishing domestic fishing industry.

Mr. LEGGETT. Thank you Mr. Sikes.

Mr. Bennett.

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. BENNETT. Mr. Chairman, I thank you for allowing me the opportunity to testify in support of H.R. 3294 which I cosponsor with Congressman Breaux and others.

The purpose of H.R. 3294 is to provide a source of economic remedy for the fishing industry which has suffered economic dislocation due to the energy crisis and the influx of foreign fish products. Briefly, the legislation would empower the Secretary of Commerce to monitor the fishing industry for signs of economic dislocation upon determining economic dislocation to be present, to "prepare and submit to Congress a report stating the nature, extent, cause, anticipated duration, and projected severity of such dislocation; his recommendations for alleviating such dislocation; and his determination regarding the need for working capital and mortgage refinancing loans during the duration of such dislocation."

The bill states that an economic dislocation "may include, but is not limited to, a rapid and substantial increase in operation costs coupled with a rapid and substantial decrease in ex-vessel prices brought about by, at least in part, increased imports and by any combination of other major market dislocations, provided the duration of such economic dislocation may reasonably be projected to be short term in nature."

The legislation provides that loan money from the Fisheries Loan Fund shall be made available to a qualified party at the rate of 4 percent per annum and would mature in not more than 10 years. Funds would be readily available to qualified fishermen and would help greatly to alleviate present financial strains.

I believe a program like this would be a lifesaver to the shrimpers of the south Atlantic and the Gulf of Mexico who have been so economically hard hit lately. The shrimpers in my district tell me that they are handicapped by two major factors: (1) The huge jump in fuel costs since the energy crisis; and (2) the dramatic increase in the amount of foreign, low cost shrimp being imported into this country now. Many are having difficulties keeping the mortgages up on their boats. Already a number of shrimpers have been forced out of the market due to soaring operating costs and unfettered import of foreign shrimp. This pattern must be broken if we wish for our

domestic fishing operations to continue at a productive level in this country.

Fernandina Beach and Mayport, Fla. shrimpers tell me that in 1974 their fuel costs had doubled, almost tripled. One shrimper reports that his fuel costs for operating four boats has risen from \$28,000 in 1973 to more than \$60,000 in 1974 and 1975 has proven no better. At the same time the shrimpers report that the price they can now receive on the shrimp they have worked so hard and expended so much time on will no longer bring the price it once did. These shrimpers feel that the rapid influx of imported shrimp into the United States has caused the wholesale price of shrimp to plummet. Higher fuel prices and lower product prices combine to produce increasing difficulties in remaining solvent for many fishermen.

Mr. Chairman, I sincerely believe that now is the time to act quickly and surely to provide aid in this situation. There are at the very least 500 Fernandina Beach residents who earn their living directly from these boats as shrimpers, crewmen, crabbers and the employees of shrimp related businesses. A similar situation exists in the Mayport area, also. If these people were knocked out of their jobs, the repercussions would be very frightening for these small fishing towns.

I hope that action can be quickly taken in this area, as I believe it provides a much-needed assistance to help these fishermen in their time of distress.

Mr. LEGGETT. Thank you Mr. Bennett.

Are there any questions that anyone would like to ask these two gentlemen?

Our next witness this morning will be Jack W. Gehringer, Deputy Director, National Marine Fisheries Service.

We are pleased to have you, Mr. Gehringer. We have a copy of your statement. Please identify your colleagues for purposes of the record.

STATEMENT OF JACK W. GEHRINGER, DEPUTY DIRECTOR, NATIONAL MARINE FISHERIES SERVICE, ACCOMPANIED BY MORTON M. MILLER, CHIEF, ECONOMIC AND MARKETING RESEARCH DIVISION; MICHAEL L. GRABLE, CHIEF, FINANCIAL ASSISTANCE DIVISION; AND HERBERT L. BLATT, OFFICE OF GENERAL COUNSEL, NOAA

Mr. GEHRINGER. Yes, Mr. Chairman.

On my left is Mike Grable, who is Chief of our Financial Assistance Division, National Marine Fisheries Service.

On my immediate right is Herbert Blatt, Office of General Counsel of NOAA.

To my far right is Mr. Morton Miller, who is Chief of our Economic and Marketing Research Division, National Marine Fisheries Service.

Mr. Chairman and members of the subcommittee, I am pleased to be here.

Mr. LEGGETT. Your statement will appear in the record at this

point as though totally delivered. You might read all or any part of it, as you so wish.

Mr. GEHRINGER. It is a short statement, and with your indulgence, I shall read it.

Thank you for this opportunity to appear before the committee and express our views about H.R. 2296.

The bill would authorize loans at 4 percent interest per year for up to 10-year maturities for the purpose of providing emergency working capital relief for fishing-vessel owners during the occurrence of major, short-term, economic or resource dislocations in any segment of the U.S. fishing industry.

Although fishing-vessel owners are subject to fluctuations in their earnings potential, all elements of our economy must plan for and face such fluctuations in the business cycle. When these fluctuations cause periods of unprofitability, they can generally be assumed to have been caused by factors beyond the control of the businessman. These periodic fluctuations, even though they may be of a short-term nature, can have depressing long-term effects. What could have been financial consolidation and planned improvement is often transformed into a future struggle to regain financial solvency.

The Administration recognizes these problems as they exist with the single businessman and within the community at large. However, the Administration believes that there are adequate existing programs and authorities to assist individual businesses and communities under which assistance can be provided to help adjust to these kinds of problems.

For example, the Small Business Administration, under the Small Business Act, can provide direct assistance to the small businessman. SBA has a vast nationwide network of offices and expertise to assist businesses all over the Nation.

The Economic Development Administration of the Department of Commerce can, under the Public Works and Economic Development Act of 1965, provide assistance to whole communities where they are affected by economic problems.

Although economic conditions in most of our fisheries are still far from ideal, the disastrous conditions of a year or so ago have now begun to improve. This is true of the Gulf of Mexico and South Atlantic shrimp fishery, which under H.R. 2296 would be immediately entitled to emergency working capital assistance. The months ahead will hopefully bring further improvement in this hard-pressed fishery.

In view of the above, the Department cannot support H.R. 2296.

That completes my statement, Mr. Chairman. I will be pleased to try to answer any questions you may have.

Mr. LEGGETT. Thank you very much, Mr. Gehringer.

I take it from your statement, your Agency is opposed to this bill; is that right?

Mr. GEHRINGER. Yes, sir.

Mr. LEGGETT. Let me ask you this.

You say the SBA is a ready source of funds through their national network of offices for assistance to small business.

Do you have any information as to the amount of loans made by the SBA to fishermen?

Mr. GEHRINGER. If I may turn that over to Mr. Grable, Mr. Chairman.

Mr. GRABLE. I do not have any specific information on their general business programs.

I do know that under the emergency energy shortage provisions of the Small Business Amendments of 1974, SBA did provide some \$6 million or \$7 million worth of working capital loans to fishermen who were suffering economic injury as a result of the rapid increase in fuel prices.

Overall, however, I would say that SBA assistance to fishermen is probably negligible.

Mr. LEGGETT. Do you think SBA assistance to most people is negligible?

Are they making any direct loans at all at the present time?

Mr. GEHRINGER. They are making direct loans under the emergency energy shortage provisions.

However, I think that they no longer have funds to make those loans.

Mr. LEGGETT. And so essentially what they do is that if you find a bank that will make a loan to you they will guarantee a portion of that.

Mr. GRABLE. Yes.

Mr. LEGGETT. But essentially what we have is a bank guarantee program for people who have adequate credit.

Mr. GRABLE. It is essentially that.

Mr. LEGGETT. They allow nothing for consolidation of loans. Primarily, the only thing they loan for is expansion.

Mr. GRABLE. Yes. They do have several disaster programs. They have a physical disaster program, of course.

They also have a product disaster loan program.

Mr. LEGGETT. Oh, yes; but you have to have a disaster to get that.

Mr. GRABLE. That is correct.

Mr. LEGGETT. And there is no disaster here. Or if it is, it is undeclared.

You mentioned that you are familiar with what EDA has done for the fishing industry.

Mr. GRABLE. EDA has made, I believe, a rather substantial loan to the State of Washington, or grant, if you will, to do several things with the salmon fishermen out there who were adversely affected by the Judge Boldt decision to relocate some of them in other lines of employment, or perhaps to buy back some of the excess vessel capacity as a result of that decision.

That is the only major thing I know of where EDA has significantly assisted the fisheries.

Mr. LEGGETT. I am not really aware that EDA has done anything significant in any kind of an effective way to measurably change the direction of any particular segment of our economy.

In my congressional district, where we have 50 percent unemployed, we have had one EDA loan over the past 5 years. That is a rather ridiculous situation.

Mr. Breaux, do you have questions?

Mr. BREAUX. Thank you, Mr. Chairman.

I want to thank you, Mr. Chairman.

I would just like to take the time to thank you as chairman of the subcommittee for agreeing to hold these hearings. It follows our national policy that we supposedly adopted, that Congress does see that we can do everything we can to help our own fishing industry, not only the shrimp industry, but the entire industry.

In this kind of hearing we are trying to see if you can continue that policy, and possibly investigate some of the areas we can move into that we can be of assistance to the American fishing industry for a change, rather than simply spending most of our time worrying about the foreign fleets.

Mr. Gehringer, what is the policy of the National Marine Fisheries Service?

Have you ever done a study on the effect of our foreign imports into this country?

Mr. GEHRINGER. Mr. Morton Miller can address that question.

Mr. MILLER. Yes. We took a look at the situation during 1974, and did a study, which indicated a rather profound impact, a heavy upsurge of imports at that particular time, especially a time in demand for products that has softened. We also had quite a bit of storage at the time.

Shrimp prices are sensitive to supply, the volume of supply, and as such, a heavy surge of imports does have an impact. I think, however, most people would agree that imports are actually essential as far as providing enough total supply of shrimp in the United States.

Mr. BREAUX. I am not arguing on that point.

I am concerned that we have more than an adequate supply of domestic shrimp, and we still flood the market with foreign imports.

Do we have anything that would allow anybody in Government to control at this time the foreign imports of any fishery product, particularly now that the shrimp industry at the moment seems to be the problem area?

Mr. MILLER. As I said, we have the one study that was done in 1974, and are working on another aspect of this now, trying to determine the degree to which these problems are cyclical, and just what the impacts are over time.

Mr. BREAUX. The question, Mr. Miller, is do we have any device in government to allow this Government to protect our American shrimpers against excessive foreign imports?

Mr. MILLER. There is no device, as such, but the Tariff Act of 1930 and the Trade Act of 1974, provide some measures of relief.

Mr. BREAUX. How would that work?

Mr. MILLER. Well, it works through an investigation, which is either asked for by Congress or by the industry, or the Tariff Commission itself can institute such an investigation.

I think they have one going on now.

Mr. BREAUX. The Trade Act says if we have too many imports it would allow a restriction on imports if that finding is made.

Mr. MILLER. If a finding is made, recommendations can be made to the administration to provide some relief for this, yes.

Mr. BREAUX. Mr. Gehringer, would your Department be able to provide me with an update on that particular study?

Mr. GEHRINGER. Yes, sir.

Mr. BREAUX. Provide that, if you will.

Mr. MILLER. The Tariff Commission just initiated this about 2 weeks ago.

My understanding is that it would probably be completed within 6 months.

[The following was submitted:]

INVESTIGATION BY THE UNITED STATES INTERNATIONAL TRADE COMMISSION
CONCERNING SHRIMP

As indicated in a notice of investigation and public hearing dated September 4, 1975, the United States International Trade Commission has instituted, on its own motion, an investigation, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), of the conditions of competition in the United States between domestic and imported shrimp. The shrimp, which may be fresh, chilled, frozen, prepared, or preserved (including pastes and sauces), are imported under item 114.45 of the Tariff Schedules of the United States.

In its investigation, the United States International Trade Commission will be concerned with the effects of imports of shrimp on domestic shrimp fishermen and domestic processors of shrimp and shrimp products. It invites the submission of information on the product characteristics of imported and domestic shrimp; the characteristics of the domestic industries fishing for shrimp and processing shrimp and shrimp products; U.S. consumption, production, imports and exports of shrimp and shrimp products; inventories held in the United States; pricing practices, price trends, and price relationships between imported and domestic shrimp and shrimp products; trends of the major cost elements and profitability of operations of fishermen and processors; and characteristics of, and developments in, the shrimp industries of the major foreign supplying countries.

It is understood that the Commission will make public its report, along with any recommendations or findings on February 15, 1976.

Attached is a notice put out by the Trade Commission describing its study. Attachment.

U.S. INTERNATIONAL TRADE COMMISSION, CONDITIONS OF COMPETITION BETWEEN
DOMESTIC AND IMPORTED SHRIMP

NOTICE OF INVESTIGATION AND PUBLIC HEARING

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Public hearings in connection with the investigation will be held in Kodiak, Alaska, at 10:00 a.m., AST, on Wednesday, October 29, 1975, at a place to be announced; New Orleans, Louisiana, at 10:00 A.M., CST, on Tuesday, November 11, 1975, at a place to be announced; and Washington, D.C., at 10:00 a.m., EST, on Tuesday, November 18, 1975, in the Hearing Room, United States International Trade Commission, 701 E Street, N.W. Requests for appearances at the Kodiak hearing should be submitted in writing, to the Secretary of the Commission on or before October 23, 1975; requests for appearances at the New

Orleans and Washington hearings should be submitted on or before November 5 and November 12, respectively.

By order of the Commission:

KENNETH R. MASON,
Secretary.

Issued: September 4, 1975.

Mr. BREAUX. Let me ask you this. Is the National Marine Fisheries Service aware of some of the programs that we have in this Government to help foreign fishermen, particularly foreign shrimpers, Mr. Gehringer?

Mr. GEHRINGER. You are speaking in the area of intergovernmental guarantee of intergovernmental loans?

Mr. BREAUX. I am speaking to the one that I am familiar with, the Export-Import Bank presently makes some loans to foreign fishermen.

I observe when we have problems with our own American fishermen not getting loans that they are.

Mr. GEHRINGER. Did you have a specific question?

Mr. BREAUX. Would you comment on how much money we are providing the foreign fishing industry as far as loans or guarantees, or any economic assistance?

Mr. GEHRINGER. I am reminded we do not have the specific authority on the amount of loans, or other specifics with us here.

We are reminded also that this is to assist the foreign fishermen to fish in their own country's waters.

Mr. BREAUX. The shipment of the fish to the American market is what I am concerned about.

I find it is unusual that we do not have those figures, because I think you gentlemen knew I was going to ask the question.

Mr. GEHRINGER. We will supply whatever information we can get. [The following was submitted:]

FINANCIAL ASSISTANCE PROVIDED BY U.S. AND INTERNATIONAL BANKING INSTITUTIONS TO FOREIGN FISHING INTERESTS

Attached is a summary of the financial assistance provided by different lending institutions or government agencies over various time periods. While information was requested for financial assistance during the last five years, the data from these institutions were not always compatible with the 1971-1975 time period. Hence, the time periods vary for each institution or agency. The summary information provided in the first table is based on support material contained in the several other documents attached as background information.

Attachment.

SUMMARY FISHERIES DEVELOPMENT PROJECTS BY LENDING INSTITUTION

Lending institution	Cumulative project costs (million)	Cumulative financial assistance (million)	Period
Agency for International Development (AID).....	\$4.7	\$4.7	1969-78
Asian Development Bank.....	(2)	64.8	1971-75
Export-Import Bank.....	162.2	41.6	1970-75
Inter-American Development Bank (IDB).....	119.9	61.7	1973-75
International Bank for Reconstruction and Development (IBRD).....	47.7	34.5	1970-75
International Development Association (IDA).....	26.1	17.1	1970-75
United Nations Development Programme (UNDP).....	(2)	61.4	1968-75
Total.....		285.8	

¹ U.S. export value.

² Not available.

AGENCY FOR INTERNATIONAL DEVELOPMENT: INSTITUTIONAL GRANTS AND RESEARCH

Project	Institution	Funding	Year
Aquaculture and inland fisheries.....	Auburn University.....	\$800,000	1970-75
		578,000	1975-77
Small scale fisheries.....	University of Rhode Island.....	925,000	1969-75
		400,000	1975-77
Artificial propagation of milkfish.....	Oceanic Institute, Waimanalo, Hawaii.....	465,000	1975-77
Inshore Fisheries of Lake Victoria, Kenya, and Tanzania.....	Regional bureau.....	800,000	1974-77
Aquaculture production.....	Auburn University (c/o USAID, Philippines).	310,000	1975
		431,000	1976-78
Total.....		4,709,000	

ASIAN DEVELOPMENT BANK: FISHERIES DEVELOPMENT PROJECTS

Country/borrower	Project	Amount (million)	Date approved
Bangladesh.....	Fisheries development.....	\$3.200	1973
Do.....	Bangladesh fisheries development.....	.071	1973
Burma.....	Fisheries development.....	9.800	1974
Indonesia.....	Riau fisheries development.....	2.500	1972
Do.....	Irian Jaya fisheries development.....	5.150	1973
Do.....	do.....	2.750	1973
Do.....	Java fisheries development.....	13.200	1975
Malaysia.....	Fisheries development.....	.167	1974
Philippines.....	Fisheries port.....	4.500	1971
Do.....	do.....	1.000	1971
Do.....	do.....	.071	1971
Republic of Korea.....	Fisheries development.....	13.300	1972
Republic of Viet Nam.....	Second fisheries development.....	6.000	1974
Sri Lanka.....	Fisheries development.....	3.100	1972
Total.....		60.809	

INTER-AMERICAN DEVELOPMENT BANK: FISHERIES INVESTMENT PROJECTS

Country/borrower	Project	Total cost (million)	Financed (million)	Date approved
Costa Rica.....	Cooperative, infrastructure industrial fishing.....	\$19.4	\$13.6	1975
Mexico.....	Integrated sectorial.....	84.0	43.0	1974
Panama.....	Cooperative.....	4.9	3.5	1974
Republica Dominicana.....	do.....	3.6	1.6	1973
Total.....		119.9	61.7	

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT: FISHERIES LOANS

Country/borrower	Project	Total cost (million)	Financed (million)	Date approved
Iceland.....	Fisheries reconstruction.....	\$11.3	\$7.0	1973
Iran.....	Fisheries I.....	12.5	12.5	1975
Panama.....	Fisheries.....	5.4	3.4	1971
Philippines.....	do.....	18.5	11.6	1973
Total.....		47.7	34.5	

INTERNATIONAL DEVELOPMENT ASSOCIATION: FISHERIES LOANS

Country/borrower	Project	Total cost (million)	Financed (million)	Date approved
Indonesia.....	Fisheries I.....	\$4.3	\$3.5	1970
Do.....	Fisheries II.....	12.9	6.5	1974
Tunisia.....	Fisheries I.....	3.1	2.0	1971
Yemen PDR.....	Fisheries development.....	4.2	3.5	1973
Do.....	Fisheries supplement.....	1.6	1.6	1975
Total.....		26.1	17.1	

EXPORT-IMPORT BANK OF THE UNITED STATES AUTHORIZATIONS (ACTIVE) IN SUPPORT OF U.S. EXPORT SALES
OF FISHING VESSELS AND FISHING INDUSTRY EQUIPMENT, JAN. 1, 1970 TO JUNE 30, 1975

Country	Date authorized	Purpose	U.S. export value (thousands)	Export-Import Bank author- izations (thousands)
ACTIVE				
Direct loan program:				
Trinidad and Tobago	12- 6-73	5 shrimp boats	\$1, 068	\$481
Surinam	11- 5-73	Freezer shrimp boats	4, 056	1, 825
Korea, Republic of	9-19-74	Shrimp trawlers	13, 698	6, 164
Trinidad and Tobago	3-20-72	10 shrimp fishing trawlers	1, 435	646
Korea, Republic of	9-19-74	Shrimp trawlers	2, 536	1, 141
Senegal	12- 3-73	Tuna fishing vessels	10, 500	4, 200
Total			33, 293	14, 457
CFF¹ and relending				
program:				
Brazil	3-23-72	2 steel trawlers	327	147
China, Republic of (Taiwan)	11-18-74	75 ft. shrimp trawler	825	330
Mexico	11-12-73	Shrimp boats	2, 160	750
Brazil	7-17-72	2 fishing vessels	340	136
Honduras	8-14-72	Fishing vessels (3)	66	59
Mexico	1-15-74	Shrimp boat with motor	88	40
Do	1-21-74	Shrimp boat	82	29
Do	2-21-74	do	40	18
Do	1-14-74	do	61	27
Brazil	2-24-72	5 steel trawlers and spare parts	818	368
Do	11-28-72	Spare parts for fishing boats	60	27
Mexico	11- 8-74	3 shrimp fishing boats	360	126
Honduras	8-14-72	Wood shrimp vessel	75	61
Do	8- 2-72	1 fishing vessel	78	70
Do	8- 2-72	do	78	70
Do	9-19-72	2 shrimp boats	167	140
Korea, Republic of	10-11-73	Shrimp vessels	1, 000	450
Mexico	8-10-73	Shrimp boats (4)	246	50
Do	6-18-74	1 used shrimp boat	68	24
Do	6-18-74	do	100	35
Do	1-24-74	Shrimp boat caterpillar	57	20
Do	11- 8-74	9 shrimp fishing boats	835	375
Do	11- 8-74	8 shrimp fishing boats	742	333
Do	6-18-74	1 used shrimp boat	60	22
Do	8-21-74	1 shrimp boat with caterpillar	63	21
Netherlands	7- 8-74	Shrimp trawlers	917	413
Israel	1- 6-75	Automatic tuna packing machine	23	10
China, Republic of (Taiwan)	10-10-74	1 trawler for shrimp fishing	825	330
Brazil	6-16-72	Shrimp processing equipment	47	21
Do	10-26-72	Shrimp processing machinery	10	4
Do	12-14-72	Power equipment for shrimp fishing	29	27
Do	8- 8-72	Shrimp processing equipment	302	136
Do	8-25-72	Refrigeration equipment/shrimp plant	278	125
Do	2-22-73	Shrimp deveiner and washer—ACC	14	6
Costa Rica	10-31-72	Shrimp processing machinery	121	54
Brazil	4-11-72	Automatic Sperry, etc.	107	96
Netherlands	1-14-74	Shrimp trawlers and spare parts	820	369
Honduras	9-27-72	Iceplant, fishing industry equipment	28	25
Mexico	6-13-74	Shrimp boats	120	42
Brazil	8-29-72	Refrigeration equipment	56	25
Mexico	10- 3-74	Fish packing equipment	170	77
Total			12, 663	5, 488
Discount loans:				
Venezuela	5- 5-72	Shrimp boats	280	235
Nigeria	6-13-73	Shrimp trawlers	1, 015	457
Honduras	5-30-75	1 fishing vessel	180	113
Do	3-12-73	Shrimp trawlers and iceplant equipment	490	441
Venezuela	2-28-72	58 ft fisherman	225	203
Panama	12- 4-72	Shrimp boats	2, 778	2, 500
Guatemala	4- 3-74	Shrimp trawler	151	136
Cameroon, Federal Republic	2-12-73	10 shrimp boats	1, 733	1, 559
Guatemala	5- 5-72	Shrimp trawlers	250	200
Nicaragua	9-15-72	do	360	324
Do	12-18-70	3 new trawler shrimp boats	270	216
Costa Rica	7-18-74	Equipment for shrimp boats	300	255
Andorra	10-30-74	Fishing gear	389	350
Total			8, 421	6, 989

EXPORT-IMPORT BANK OF THE UNITED STATES AUTHORIZATIONS (ACTIVE) IN SUPPORT OF U.S. EXPORT SALES
OF FISHING VESSELS AND FISHING INDUSTRY EQUIPMENT, JAN. 1, 1970 TO JUNE 30, 1975—Continued

Country	Date authorized	Purpose	U.S. export value (thousands)	Export-Import Bank authorizations (thousands)
Financial guarantees²:				
Brazil.....	3-23-72	Steel trawlers.....		147
Korea, Republic of..	9-19-74	Trawlers for shrimp fishing.....		2,055
Brazil.....	7-17-72	Fishing vessels.....		136
Do.....	2-24-72	Trawlers and spare parts.....		368
Do.....	11-28-72	Spare for fishing boats.....		27
Korea, Republic of..	10-11-73	Steel shrimp vessels.....		450
Brazil.....	10-26-72	Shrimp process machinery.....		4
Do.....	6-16-72	Shrimp processing equipment.....		21
Do.....	8-25-72	Refrigeration equipment and accessories.....		125
Do.....	8- 8-72	Shrimp processing equipment.....		136
Do.....	2-22-73	Deveiner and washer with accessories.....		6
Costa Rica.....	10-31-72	Shrimp processing machinery.....		54
Senegal.....	12- 3-73	Tuna purseiners.....		4,200
Brazil.....	8-29-72	Refrigeration equipment for fish industry.....		25
Total.....				7,745
Commercial bank, pre-shipment, consignment guarantees:				
Nigeria.....	5-24-73	Steel shrimp trawlers.....	1,015	822
Guatemala.....	4-11-73	Shrimp boats.....	250	203
Nicaragua.....	9-11-72	Shrimp trawlers.....	360	292
Guatemala.....	5- 5-72	Shrimp boats.....	250	180
Honduras.....	5-23-75	1 80-ft steel fishing vessel.....	180	113
Angola.....	4 -1-74	Commercial fishing gear.....	432	350
Guatemala.....	4-18-74	1 shrimp trawler.....	151	122
Greece.....	4-23-73	Clamshell buckets.....	20	14
Costa Rica.....	12-28-73	Shrimp boat machinery and equipment.....	539	367
Honduras.....	3-29-74	Ice maker (fish industry equipment).....	43	32
Mexico.....	4-30-74	Engines and refrigerating unit.....	220	158
Total.....			3,460	2,653
Medium-term insurance policies:				
Venezuela.....	11-16-71	1 steel hulled shrimp boat.....	280	212
Do.....	1-11-73	Shrimp boat.....	140	95
Do.....	4 -5-72	Fishing trawler.....	158	142
Do.....	4 -5-72	New fishing equipment.....	158	142
Do.....	4 -5-72	New fishing trawler.....	158	142
Do.....	4 -5-72	1 steel hulled fishing trawler.....	158	142
Do.....	4 -5-72	Fishing trawler.....	158	142
Do.....	6-30-72	Steel hulled shrimp trawler.....	167	115
Mexico.....	6 -4-74	Fishing trawlers (refrigerated).....	707	573
El Salvador.....	11-22-71	Shrimp trawlers.....	206	167
Do.....	12-21-71	1 steel hull shrimp trawler.....	103	84
Nicaragua.....	5 -7-73	Continuous solid belt freezer, accessories.....	106	77
Ecuador.....	6-17-74	Refrigeration plant.....	180	138
Brazil.....	5-27-71	Winding machine.....	453	326
Mexico.....	9-25-70	Complete fishmeal plant.....	145	118
Total.....			3,277	2,615
TERMINATED				
Medium-term insurance policies:				
Nicaragua.....	1-25-71	Shrimp trawlers.....	216	146
Ecuador.....	5- 5-71	Automatic steam generator.....	21	14
Total.....			237	160

EXPORT-IMPORT BANK OF THE UNITED STATES AUTHORIZATIONS (ACTIVE) IN SUPPORT OF U.S. EXPORT SALES OF FISHING VESSELS AND FISHING INDUSTRY EQUIPMENT, JAN. 1, 1970 TO JUNE 30, 1975—Continued

Country	Date policy originally authorized	Purpose	U.S. export value-shipments covered between Jan. 1, 1970, to June 30, 1975	Authorized amount (policy limit) (in thousands)
Short-term insurance policies (active and and expired): ³				
Various	10-24-62	Fishing tackle and synthetic rope	\$774	\$450
Do	9-26-63	Marine hardware, commercial fishing supplies	107	1,000
Total			881	1,450
Grand total (active and terminated)			62,232	41,566

¹ Cooperative financing facility.

² Financial guarantees on private financing provided in conjunction with Eximbank direct or CFF loans; U.S. export value of these transactions listed under corresponding Eximbank loans.

³ Short-term insurance policies cover export shipments requiring repayment terms of up to 180 days. The amount listed in the "U.S. export value" column represents the value of total shipments made under the policy limit during the period Jan. 1, 1970, through June 30, 1975. The amount listed in the "Amount authorized (policy limit)" column represents the Eximbank/FCIA limit of liability under the policy outstanding at any one time.

⁴ Policy expired November 1974.

FAO FISHERY FIELD PROJECTS

(Operational and in Preparation)

Region/country	Project number	Project title	Source of funding	Donor contribution (U.S. dollars)	Status: operational/non-operational (expected starting date)
GLOBAL AND INTERREGIONAL					
Global	INT-73-033	Aquaculture development and coordination (preparatory).	UNDP	\$270,000	Operational.
	GLO-75-006	Southern Ocean fishery survey program (preparatory).	UNDP	100,000	Nonoperational (1975).
International	INT-71-034	International Indian Ocean fishery survey and development program phase II.	UNDP	4,213,377	Operational.
	INT-72-074	Development of fisheries in the eastern central Atlantic (CECAF).	UNDP	2,976,683	Do.
	TF.INT 180 (CAN).	Assistance to CECAF	CIDA	2,800,000	Under negotiation.
	TF.RAF 80 (NOR).	do	HORAD	1200,000	Operational 4 preparatory missions in 1975.
	INT-74-016	International project for the development of fisheries in the western central Atlantic (preparatory).	UNDP	100,000	Operational.
	TF.INT 120 (NOR).	Acceptability testing FPC (fish protein concentrate type B).	NORAD	240,310	Do.
	TF.INT 164 (DEN)	Training course on quality aspects in the handling and storage of fish (1975).	DANIDA	43,200	Do.
	TF.INT 173 (SWE)	Fourth FAO/SIDA training course on aquatic pollution in relation to protection of living resources—course on bioassay and toxicity (1975).	SIDA	174,500	Do.
AFRICA					
Regional	RAF-74-055	Regional project for the review of the fisheries problems in the Sahelian zone (preparatory).	UNDP	268,000	Do.
	RAF-70-434	Regional fishery statistician	UNDP	120,000	Do.
	RAF-73-079	Regional fishery research on Lake Tanganyika (preparatory).	UNDP		Do.
	UN-RAF-71-147	Planning the development of Kagera River Basin (executing agency UNOTC with FAO participation).	UNDP	120,000	Do.
	RAF-74-041	Regional aquaculture advisory services.	UNDP	85,200	Do.

FAO FISHERY FIELD PROJECTS—Continued
(Operational and in Preparation)

Region/ country	Project number	Project title	Source of funding	Donor contribution (U.S. dollars)	Status: operational/non- operational (ex- pected starting date)
AFRICA—Continued					
Regional.....	RAF-72-273	Lake Chad fisheries development (preparatory).	UNDP	265,000	Do.
	RAF-71-242	Lake Victoria regional fisheries development.	UNDP	1,197,609	Nonoperational (1975).
	TF. INT 50A (EH).	Regional fellowships for training fishery field officers and extension.	FFHC	32,773	Operational.
	TF. RAF 70 (SWE).	Seminar on the planning and implementation of fish utilization programs in Africa (1975).	SIDA	52,000	Do.
	TF. RAF 64 (SWE).	Regional laboratory for aquatic pollution research and protection of living resources, East Africa.	SIDA	7,503,750	Nonoperational (1975).
Burundi.....	BDI-73-007	Fishery development on Lake Tanganyika.	UNDP	717,200	Operational.
	BDI-73-020	Burundi fishery research on Lake Tanganyika.	UNDP	822,276	Do.
Cameroon.....	CMR-72-010	Fishculture development (preparatory).	UNDP	165,000	Do.
Chad.....	CHD-74-010	Modernization of fishing techniques.	UNDP	56,000	Do.
Central African Republic.	CAF-72-002	Fishculture development.	UNDP	288,500	Do.
Comoro Islands.	COI-73-004	Development of artisanal fisheries in the Comoro Archipelago.	UNDP	100,000	Do.
Congo.....	PRC-72-011	Fishculture development.	UNDP	149,000	Do.
	PRC-74-011	Specialists in fish marketing and in processing.	UNDP	30,000	Do.
Dahomey.....	DAH-74-011	Creation of an inshore fishing fleet.	UNDP	180,000	Nonoperational (1975).
Equatorial Guinea.		Fishery adviser.	UNDP	130,000	Nonoperational (1975).
Ethiopia.....	TF.ETH 5 (FH)	Modernization of coastal fishing craft and gear.	FFHC	104,872	Operational.
Gambia.....	GAM-72-006	Development of inshore fishery.	UNDP	251,000	Do.
Ghana.....	GHA-71-533	Volta Lake research and development phase II.	UNDP	930,050	Do.
	GHA-72-001	Fishery development, Tema.	UNDP	390,000	Do.
Guinea.....	GUI-74-024	Marine fishery development.	UNDP	1,490,000	Do.
	GUI-74-006	Assistance to Maritime Centre d'Education Révolutionnaires.	UNDP	1,309,000	Do.
Guinea.....	GUI-74-025	Fishculture and inland fishery development.	UNDP	484,000	Do.
Guinea-Bissau.....	GBS-75-038	Assistance for the operation of an industrial fishing fleet in Guinea-Bissau.	UNDP	177,000	Nonoperational (1975).
	GBS-75-029	Assistance for the establishment of a fisheries service in Guinea-Bissau.	UNDP	58,800	Do.
Ivory Coast.....	IVC-71-526	Lake Kossou fishery development.	UNDP	822,276	Operational.
Kenya.....	KEN-74-023	Development of crustacean fisheries.	UNDP	300,000	Nonoperational (1975).
Madagascar.....	MAG-73-009	Fisheries industry promotion.	UNDP	30,300	Operational.
	TF. MAG 51 (FH).	Fishculture development.	FFHC	114,550	Do.
Malawi.....	MLW-71-516	Promotion of integrated fishery development.	UNDP	1,324,401	Do.
	MLW-72-001	Fisheries biology training (fellowships).	UNDP	51,600	Do.
	TF. MLW 5 (DEN).	Boatbuilding training, phase II.	DANIDA	307,075	Do.
Mauritania.....	MAU-73-007	Marine fishery development.	UNDP	182,300	Do.
Mauritius.....	MAR-72-004	Fishery advisory services.	UNDP	79,000	Do.
Nigeria.....	NIR-74-001	Improvement of fish processing and transport on Lake Chad.	UNDP	735,100	Do.
	NIR-75-061	Inland fisheries development (Benue Plateau State).	UNDP	90,000	Nonoperational (1976).
	NIR-75-063	Fishing vessel designing.	UNDP	15,000	Do.
	NIR-75-064	Lagos fisheries terminal.	OPAS	60,000	Do.
	NIR-75-062	Shallow water fishing boat development.	UNDP	60,000	Nonoperational (1976).
	NIR-75-060	Inland fisheries development (north-central state).	UNDP	60,000	Do.
	NIR-70-001	Fisheries development, Lagos State.	UNDP	154,524	Operational.
	NIR-74-019	Inland fisheries and wildlife management training school.	UNDP	324,000	Nonoperational (1976).
	NIR-71-541	Fishery training school, Lagos.	UNDP	870,900	Do.
		Fresh water fish culture.	UNDP	118,000	Nonoperational (1975).
	NIR-73-012	Management and development of fishery resources in Kwara State.	UNDP	120,900	Operational.

FAO FISHERY FIELD PROJECTS—Continued
(Operational and in Preparation)

Region/ country	Project number	Project title	Source of funding	Donor contribution (U.S. dollars)	Status: operational/non- operational (ex- pected starting date)
AFRICA—Continued					
Rwanda.....	RWA-68-004	Inland fishery biology.....	UNDP	108,000	Do.
Senegal.....	SEN-71-526	Rural vocational training center.....	UNDP	56,500	Do.
	SEN-73-009	Artisanal fishery development.....	UNDP	314,000	Nonoperational (1975).
Seychelles.....	TF.SEN 14 SEY-72-003	Mechanization of vessel..... Consultant services for the Depart- ment of Agriculture.....	NORAD UNDP	280,000 18,000	Operational. Do.
Somalia.....	SOM-73-005 WFP-Somalia 2049.	Fisheries development..... Assistance to fishermen in their training program and establishing cooperatives.....	UNDP WFP	691,000 { 874,000 1,319,300 1,088,000 }	Do. Do.
Swaziland.....	SWA-73-003	Inland fisheries development.....	OPAS	90,090	Do.
Tanzania.....	URT-72-008 URT-71-012	Fisheries planners..... Lake Tanganyika fisheries research and development.....	UNDP UNDP	180,000 1,423,900	Do. Do.
Tanzania.....	URT-74-001 URT-74	Boatbuilding development Pagiangi..... Assistance to the development of fisheries (TAFICO).....	UNDP UNDP	180,000 523,400	Nonoperational. Nonoperational (1975).
Uganda.....	UGA-73-005	Fisheries development.....	UNDP	23,280	Operational.
Zambia.....	TF.ZAM 9 (NOR)	Provision of boats for fish trans- portation and fishermen's supplies.....	NORAD	165,000	Nonoperational (1975).
	ZAM-73-009	Fisheries development.....	UNDP	338,500	Operational.
ASIA AND FAR EAST					
Regional.....	RAS-74-013	The South China Sea fisheries de- velopment and coordinating pro- gram, phase II.....	UNDP	2,840,000	Do.
	RAS-73-025	Regional fishery coordinator phase I.....	UNDP	104,300	Do.
	RAS-73-025	Regional fishery coordinator phase II.....	UNDP	874,667	Nonoperational (1975).
	RAS-74-027	Survey of fishery resources, their development and utilization, In- donesia and west Australia.....	UNDP	67,000	Do.
	TF.RAS 20 (NOR)	Training center in acoustic methods for fish detection and abundance estimation, South China Sea area, 1975.....	NORAD	70,000	Operational.
	TF.RAS 22 (CAN)	Development of the pelagic fisheries in the South China Sea and ad- jacent waters.....	CIDA	2,799,402	Do.
	TF.RAS 29 (DEN)	Regional seminar/workshop on fish handling plant sanitation, quality control, and fish inspection 1975.....	DANIDA	85,660	Operational (1975).
	9/SIDA 5 (SWE). ⁶	Center for the development of tradi- tional fishing communities.....	SIDA	{ 8,940,600 +180,000 }	(*)
	9/SIDA 6 (SWE). ⁶	Survey of the living resources of the Bay of Bengal (shelf area).....	SIDA	11,523,800	(*)
Bangladesh.....	BGD/72/016	Fisheries development in Bangla- desh (project coordination).....	UNDP	224,600	Operational.
	TF.BGD 4 (DEN)	Fish marketing development.....	DANIDA	151,200	Nonoperational (1975).
	TF.BGD 5 (NOR)	Fisheries training and extension.....	NORAD	57,070	Do.
Bhutan.....	BHU/73/007	Fisheries development.....	UNDP	47,000	Do.
Cook Islands.....	CKI/74/002	Fishery advisory development.....	UNDP	98,700	Operational.
Fiji.....	FIJ/73/016	Aquaculture development.....	UNDP	99,000	Do.
Gilbert and Ellice Islands.....	GEI/74/004	Marine biologist.....	UNDP	165,732	Do.
India.....	IND-69-593	Pelagic fishery investigation on the southwest coast.....	UNDP	3,000,000	Operational.
	IND-71-622	Exploratory fishery survey of the east coast.....	UNDP	2,400,000	Nonoperational (1976).
	IND-72-009	Training in reservoir fisheries (fellowships).....	UNDP	3,700	Operational.
	TF.IND 126 (SWE)	Fishing harbour project.....	SIDA	523,400	Do.
	IND-75-031	Intensification of freshwater fish- culture and training.....	UNDP	1,175,000	Nonoperational (1975).

FAO FISHERY FIELD PROJECTS—Continued
(Operational and in Preparation)

Region/ country	Project number	Project title	Source of funding	Donor contribution (U.S. dollars)	Status: operational/non- operational (ex- pected starting date)
ASIA AND FAR EAST—Continued					
Indonesia.....	INS-72-003	Brackishwater shrimp and milkfish culture.	UNDP	699,400	Operational.
	INS-72-063	Marine fisheries training.....	UNDP	1,449,200	Do.
	INS-72-064	Fisheries development and management.	UNDP	1,277,067	Do.
	TF.INS 14 (FH)	Training centre on improved fishing, Island of Lombok phase I.	FFHC, MISERECE	128,470	Do.
	TF.INS 14 (FH)	Training centre on improved fishing, Island of Lombok phase II.	MISERECE	239,742	Do. (*)
Khmer.....	KMR-72-003	Development of fishculture.....	UNDP	161,800	Operational.
Korea.....	ROK-68-525	Korea fishing training centre.....	UNDP	1,876,955	Do.
	ROK-75	Tuna bait fishery development.....	UNDP	110,800	Nonoperational (1976).
Malaysia.....	MAL-68-520	Fishermen's training institute.....	UNDP	1,563,450	Operational.
Maldives.....	MDV-73-001	Fishing boat mechanization.....	UNDP	51,433	Do.
Nepal.....	NEP-73-025	Integrated Fishery and Fish-culture Development in Pokhara (preparatory).	UNDP	840,000	Do.
	NEP-75-004	Fisheries fellowships.....	UNDP	75,600	Do.
	TF.NEP 7 (FH)	Equipment for fish hatchery.....	FFHC, MISERECE	51,000	Do.
	TF.NEP 18 (FH)	Provision of preserved fish pituitary glands for artificial propagation of different fish species.	FFHC, Hungary	1,890	Do.
Pakistan.....	PAK-74-021	Inland fisheries development.....	UNDP	639,500	Nonoperational (75).
	PAK-74-022	Marine fisheries development.....	UNDP	2,190,500	Do.
Philippines.....	PHI-68-018	Inland fishery biology.....	UNDP	171,901	Operational.
	PHI-72-002	Fishermen's training center.....	UNDP	854,448	Do.
	PHI-75-005	Aquaculture development and training.	UNDP	659,800	Nonoperational (1975).
Western Samoa.....	WES-70-006	Local tuna fishery.....	UNDP	191,796	Operational.
	WES-73-009	Fishery development adviser.....	UNDP	60,400	Do.
Sri Lanka.....	SRL-72-051	Skipjack fishery development.....	UNDP	700,000	Do.
	SRL-74-052	Training of fish culturists in inland fishery development.	UNDP	75,600	Do.
	SRL-74-082	Development of fisheries on the east coast.	UNDP	18,000	Nonoperational (1975).
	SRL-74-085	Aquaculture development and training (preparatory).	UNDP	12,000	Do.
	SRL-75-006	Training in food technology (fisheries).	UNDP	7,200	Operational.
Sri Lanka.....	TF.CEY 28 (SWE).	Center for the development of marketing of fish products.	SIDA	504,543	Do.
Thailand.....	THA	Program for the extension of freshwater prawn farming.	UNDP	329,200	Nonoperational (1975).
	THA	Fresh fish handling and processing.	UNDP	60,000	Do.
Tonga.....	TCW-74-004	Marine resource development.....	UNDP	327,500	Operational
Vietnam.....	RVN-74-011	Fishermen's training extension.....	UNDP	455,500	Do.
EUROPE, NORTH AFRICA AND NEAR EAST					
Regional.....	REM-71-278	Regional fishery survey and development.	UNDP ^a	5,109,776	Do.
	REM-75-004	Regional acoustic expert (preparatory).	UNDP	150,000	Do.
	TF.REM 11	Subregional Fisheries Training Center, Kuwait.	(*)	2,090,170	Do.
	6-NOR 21	Expanding the utilization of marine fishery resources for human consumption—round table discussion (1975).	NORAD	19,380	Do.
	TF.RAF 68 (SSE).	Methodology of fishermen's training, Kelibia, Tunisia (1975).	SIDA	91,770	Do.
Algeria.....	ALG-72-003	Developpement des Fish phase II.....	UNDP	253,000	Do.
Egypt.....	EGY-73-003	High seas fisheries development.....	UNDP	97,500	Do.
Greece.....	GRE-72-010	Fishculture.....	UNDP	19,800	Do.
	GRE-74-013	Fish canning.....	UNDP	5,000	Do.
Hungary.....	HUN-71-512	Development of fish culture research.	UNDP	470,500	Do.
Iceland.....	ICE-73-001	Salmon and trout research.....	UNDP	100,500	Do.
	ICE-73-006	Cultivation of fish in saltwater estuaries and fish pathology.	UNDP	11,000	Do.

FAO FISHERY FIELD PROJECTS—Continued
(Operational and in Preparation)

Region/ country	Project number	Project title	Source of funding	Donor contribution (U.S. dollars)	Status: operational/non- operational (ex- pected starting date)
EUROPE, NORTH AFRICA AND NEAR EAST—Continued					
Iran.....	IRA-74-063	Assistance in development of fish- eries.	UNDP	34,200	Nonoperational (1975).
Israel.....	ISR-73-003	Development of marine farming.....	UNDP	86,850	Operational.
Italy.....	TF.ITA 2 (ITA)	Fish and shellfish culture in the Dis- trict of Cilento, South Italy.	Italy	(^a)	Do.
	TF.ITA 3 (ITA)	Acoustic research survey of the an- chovy stock in the Adriatic.	Italy	5,000	Do.
Jordan.....	JOR-75-003	Fish culture development.....	UNDP	150,000	Nonoperation, I (1975).
Malta.....	NAT-74-015	Fish marketing and storage.....	UNDP	7,500	Operational.
	NAT-75-001	Development of fisheries.....	UNDP	856,000	Do.
Sudan.....	SUD-74-005	Interim fisheries training, nalakal.....	UNDP	150,000	Do.
	TF.SUD 19 (DEN)	Fisheries training and development, Upper Nile Province, Southern Region.	DANIDA	1,485,700	Nonoperational (1976).
Tunisia.....	TUN-70-533	Fishery survey and development.....	UNDP	841,600	Operational.
	TUN-74-002	Construction of 2 prototype ferro- cement fishing vessels.	UNDP	36,000	Do.
Yemen Arab Republic.	YEM-74-003	Fisheries development.....	UNDP	1,288,000	Do.
Yemen People's Democratic Republic.	PDY-73-003	Fisheries industrial development adviser.	UNDP	36,804	Do.
	PDY-75-002	Polagic fishing trials (preparatory)....	UNDP	30,800	Do.
	TF.PDY 1	Fishery port development, Bi'r 'Ali....	NORAD	171,092	Nonoperational (1975).
LATIN AMERICA					
Regional.....	RLA-72-030	Caribbean Fisheries Training and Development Institute.	UNDP	1,332,900	Do.
	TF.RLA 25 (NCR)	Regional Acoustic Research Center, Lima, Peru.	NORAD	380,000	Do.
	TF.RLA 36 (OAS)	FAO/OAS regional training course on fish inspection and quality control (1975).	FAO/OAS	{ 32,000 } { 54,000 }	Do.
	TF.RLA 38 (NOR)	Training course in echo sounder and sonar techniques for fishing (1976).	NORAD	87,800	(^a)
	RLA-74-082	Commercial fisheries information service for Latin America.	UNDP	94,000	(^a)
Antigua.....	TF.ANT 2 (FM)	Pilot scheme for the modernization of fishing boats.	FFHC	39,641	Operational.
Argentina.....	ARG-67-510	Fishery development.....	UNDP	1,918,047	Do.
Bahamas.....	BHA-71-572	Fishery development study.....	UNDP	428,400	Do.
Belize.....	BZE-71-007	Fisheries administration.....	UNDP	92,912	Do.
	BZE-71-007	Small-scale project: fisheries ad- ministration.	OPAS/ UNDP	15,000	Do.
Brazil.....	BRA-69-543	Fishery research and development phase II.	UNDP	1,971,716	Do.
Chile.....	CHI-72-006	Quality control and improvement of fish products.	UNDP	467,500	Do.
	CHI-72-002	Fisheries planning.....	UNDP	22,500	Do.
Colombia.....	COL-71-552	Inland water fishery development program.	UNDP	750,000	Do.
Cuba.....	CUB-74-006	Raising of marine saltwater fish....	UNDP	150,000	Do.
	CUB-73-007	Fisheries research development.....	UNDP	1,000,000	Do.
	TF.CUB 5 (NOR)	Center for the production and devel- opment of functional fish protein concentrate phase I.	NORAD	433,100	Nonoperational (1975).
Dominican Republic.	TF.DOM 1 (FH)	Small scale pilot fishery.....	FFHC	10,000	Operational.
Guatemala....	GUA-74-013	Marine and artisanal fisheries.....	UNDP	173,300	Nonoperational (1975).
Jamaica.....	JAM-73-016	Commercial fisheries development....	UNDP	270,600	Operational.
Mexico.....	MEX-72-039	Assistance in fisheries technology training.	UNDP	57,000	Do.
	MEX-74-011	Fisheries research and development (preparatory).	UNDP	199,000	Do.
Montserrat....	MOT-74-002	Fisheries adviser.....	UNDP	95,033	Do.
Panama.....	PAN-74-006	National fishery development phase II.	UNDP	473,900	Do.

FAO FISHERY FIELD PROJECTS—Continued

(Operational and in Preparation)

Region/ country	Project number	Project title	Source of funding	Donor contribution (U.S. dollars)	Status: operational/non- operational (ex- pected starting date)
LATIN AMERICA—Continued					
Peru.....	PER-69-535	Fish marketing and utilization.....	UNDP	1,362,603	Do.
	PER-72-008	Fishery research and development..	UNDP	413,900	Do.
	TF.PER 19 (GER)	Training courses on fish handling and quality control.	Germany	240,530	(⁶)
St. Lucia.....	TF.STL 1 (FH)	Training and development scheme..	FFHC	148,000	Operational.
Turks and Caicos Islands.	TCL-73-001	Fellowships in fisheries.....	UNDP	6,800	Do.
	TCL-73-002	Adviser in fishing boat construction..	UNDP	15,000	Nonoperational (1975).
Uruguay.....	URU-71-517	Fishery research development.....	UNDP	1,430,543	Operational.
	TF. URU 6 (FH)	Equipment and supplies for fisheries cooperative "La Charqueada".	FFHC	54,800	Do.
	TF. URU 8 (FH)	Equipment for development of the "Cooperativa Perquera de Este", Punta del Diablo, Departamento de Rocha.	FFHC	71,041	Do.
Venezuela.....	VEN-72-017	Inland fisheries investigation and development.	UNDP	120,000	Do.

¹ Per annum for 5 years.² Food.³ WFP.⁴ Others.⁵ These projects are contained in the Report of the FAO/SIDA Bay of Bengal Fisheries Mission and have been submitted to SIDA for consideration for implementation under the Indian Ocean Program.⁶ Not yet approved by Donor.⁷ Phase I.⁸ Participating countries.⁹ 5 million lire.

Mr. BREAU. It is nice to supply it for the record, but not many people read the record. My concern is this. Is this a national problem that we are doing more for foreign fishermen than we are doing for our own fishermen, and if this Congress is going to have a policy to help our own, I think that is our primary goal, and if we have the time and money we can send some of that money into our own fishing industry, and not to Japan, so they can compete with us.

I think it is a most serious problem for you not to have any figures at all as far as what we are providing in amounts of loans to foreign fisheries. I just find it amazing, because you knew I was going to ask that.

Mr. GEHRINGER. All I can do is offer to furnish it for the record.

Mr. BREAU. Mr. Chairman, we have a problem, because the question I am asking, if they can provide us information as to how much money we are actually loaning foreign fishermen to improve their fleets, and to improve their processing plant, as opposed to what we are doing for our own American fishermen, disturbs me.

Mr. Gehringer says that he does not have the information. I would ask that after we hear the other witnesses that we come back and talk about that.

Mr. LEGGETT. I think that information is available in a number of agencies.

I think the World Bank is making some loans. We are going to find out if any of their loans are going for this purpose. The Export-

Import Bank might be doing this also. In addition, the Latin American Bank might be doing something like this. What we ought to do is check what they have done over the past 5 years, and see if they have used that money for fisheries and fish development loans to foreign countries.

I think we can do that in a short period of time, do you not agree?

Mr. GEHRINGER. Yes, sir.

Mr. BREAUX. The final question, Mr. Gehringer, is do you have any recommendations? If the American fishing industry, and particularly the shrimping industry, is in a bad state, you say it is improving, and that is encouraging, but do you have any recommendations on behalf of the National Marine Fisheries Service as to what we can do to improve our own fisheries?

I am not saying that the Government is the answer, because I do not necessarily think that it is. A segment of our industry suffers dislocation like they have in the past, and we ought to have a policy of helping our own fishermen. I am so tired of going back to them and saying there is nothing we can do. I think we can do better than that. Do you have any recommendations that you can come up with?

Mr. GEHRINGER. I think first, if we have legislation on the books that does provide for assistance, the existing avenues through these should be pushed as far as the industry is concerned to obtain assistance. As for new legislation, I have no recommendations at this time.

Mr. BREAUX. We have the act, the Fish and Wildlife Act of 1956, which provides a loan program under the Commerce Department. Is it working? Are fishermen using this? In particular, are shrimpers using the fund?

Mr. GEHRINGER. The fishery loan fund of the Fish and Wildlife Act is under a moratorium at the present time. This provided for direct loans.

Mr. BREAUX. How long has it been under a moratorium?

Mr. GEHRINGER. Since about the spring of 1973.

Mr. BREAUX. About the time the problem came up.

Mr. GEHRINGER. Yes, sir. Now, I would like Mr. Grable to discuss very briefly the reasons the loan fund was put under moratorium, and the GAO report with respect to how we were operating the program, and our proposed legislation of that program.

Our proposed legislative package does not provide the assistance or working capital that your proposal does here, and I want to be sure that is very clear. Mr. Grable can very briefly tell that history.

Mr. GRABLE. That program was placed under moratorium essentially for two reasons. No. 1 is that the amount of appropriated capital in the fund was really insufficient to have any kind of a meaningful nationwide program for fisheries. It had gotten to the point where we had to limit each loan to a maximum of \$40,000, which is really insufficient for most things that go on in the fishing industry today.

The second reason stemmed from a GAO report which concluded that many of the authorized purposes for which loans were made were not contributing to the long-term upgrading of the fishing fleet

—specifically, loans for work capital, repair, maintenance, debt consolidation, the purchase of used vessels, those sort of things.

GAO concluded that often that had resulted in very little more than keeping otherwise marginal fishermen in operation, and that the Government ought to get out of that business, and instead make its financial assistance available for purposes which would contribute to the long-term upbuilding and competitiveness of the fleet.

Mr. BREAUx. Let me interrupt you. That all sounds very good, but at the same time did we curtail our participation as a government in providing money to Export-Import Bank for making loans to foreign fishermen? Is there a moratorium on that?

Mr. GRABLE. No.

Mr. BREAUx. Why not?

Mr. GRABLE. The purpose of that is not to help fishermen, foreign or domestic. It is rather to help American producers of all sorts of products sell their products internationally.

Mr. BREAUx. Would you run that by me again? My understanding is that Export-Import Bank is making loans for financing of foreign shrimp vessels for foreign fish processing plants, all of which inure greatly to foreign fishermen operating these boats, operating those processing plants, and selling those shrimp in America.

Mr. GRABLE. I cannot deny that at all. That is probably quite true.

Mr. BREAUx. Does that not bother you as a representative of Government that is supposed to be helping the American fishermen, that we put a moratorium on every American fishing industry that we have, and at the same time we continue to provide money for helping and assisting foreign fishing operations?

Does that not sound like something out of kilter?

Mr. GRABLE. Personally speaking, just for myself, I am somewhat dismayed we cannot help our own fishermen more, but I am not dismayed by the fact that the Eximbank is in a position to help the producers of American products, whether they be fishing vessels, or button manufacturers, to sell their products to foreign buyers.

Mr. BREAUx. But the shrimp is not going that way. It is coming this way, if you understand what I am talking about. We are buying their shrimp.

Mr. GRABLE. I think that is an unfortunate situation, yes.

Mr. BREAUx. Mr. Chairman, I have taken up enough time, and I yield back. I just want to point out to the Chairman some obvious problems that we are approaching on this where we are helping foreign fishermen in general, and not our very own.

I thank the Chairman.

Mr. LEGGETT. I understand that there is \$7.2 million in the fund. Again, what was the reason that money has not been used, Mr. Gehringer?

Mr. GRABLE. I will respond.

It is for two reasons. The most substantial one is that the General Accounting Office concluded that loans for purposes which Congress had specifically authorized in the legislation were counterproductive, and were really not the sort of thing that the Government ought to be doing, and suggested very strongly that we get out of that business.

Mr. LEGGETT. Get out of what business?

Mr. GRABLE. Making loans for what the General Accounting Office concluded were marginal purposes, such as working capital, maintenance and repair, transfer of used vessels.

Mr. LEGGETT. What does the legislation authorize?

Mr. GRABLE. The legislation authorizes loans for just about every purpose conceivable as far as fishing vessels are concerned.

Mr. LEGGETT. So is GAO suggesting that congressional legislation be amended?

Mr. GRABLE. It is suggesting that it be amended, yes, and we have recognized that suggestion by drafting a new bill, and submitting it to the Office of Management and Budget, since that was the only way we saw out of the dilemma.

Mr. LEGGETT. Well, is it your opinion that GAO is right?

Mr. GRABLE. It is not my personal opinion.

Mr. LEGGETT. Well, whose opinion is it that GAO is right?

Mr. GRABLE. It is the opinion of the executive branch.

Mr. LEGGETT. Now wait a second. You say it is your opinion, yet you are the one that is vested with responsibility to support, maintain, nurture, enhance, and redevelop our fishing industry. It is not Congress' view that it should happen, because they passed the bill.

It is GAO's opinion that the purposes ought to be limited. It is preliminarily OMB's position that we ought to put light in this general area, but I think they are relaxing a little bit on that. Hopefully, our conference with them has had some effect, so who then is sponsoring the legislation that has been sent to OMB?

Mr. GEHRINGER. The National Marine Fisheries Service.

Mr. LEGGETT. Very good. That would be Mr. Schoning.

Mr. GEHRINGER. Yes, sir.

Mr. LEGGETT. And is that supported by Bob White also?

Mr. GEHRINGER. Yes, sir.

Mr. LEGGETT. It is?

Mr. GEHRINGER. Yes, sir.

Mr. LEGGETT. And what are they suggesting is that we do not need any more of this type of assistance? What I do not understand is what you say in response to the Breaux legislation. You say that the fishermen can go to plenty of places, like SBA and EDA, in order to obtain these loans, at low interest rates, in order to enhance their capability.

However, you pretty well pointed up on cross examination that these wells are pretty dried up. Nevertheless, we do have an existing vehicle that is funded, that has a measure of capability to be of assistance.

I will ask you, Mr. Gehringer, do you support the amendment?

Mr. GEHRINGER. I support the amendment.

Mr. LEGGETT. To wipe out the \$7.5 million to help out the small fisherman?

Mr. GEHRINGER. Let me state something, Mr. Chairman.

Mr. LEGGETT. You can answer that with a yes or no, and then explain it.

Mr. GEHRINGER. I would like to know what I am going to answer yes or no to, if I can back up.

The National Marine Fisheries Service, in response to the GAO recommendation, agreed to eliminate from the provisions of the bill the items that Mr. Grable suggested as not tending to upgrade and improve the fishing fleet.

We do support eliminating the use of funds for working capital, and this is the major consideration here.

Mr. LEGGETT. Now, does everybody at the table agree with that position?

Mr. GEHRINGER. If I may beg that question a moment, and have Mr. Blatt, of our General Counsel, address that point.

Mr. BLATT. Mr. Chairman, the GAO made a determination that it was the intent of Congress, in the Fish and Wildlife Act, to upgrade the fleet. It was their determination that that was the prime reason for section 4(c). As a result, they looked at the wording, which said that you shall make loans for the construction, reconstruction or refinancing of various and sundry things under that law with respect to fishing vessels, and GAO determined that refinancing for repairs or loans for working capital was not consistent with upgrading the vessels, the fleet itself. It just kept the old vessels in a state of constant repair, and no new tonnage, Mr. Chairman.

They suggested that to achieve the purpose of the act would be to amend it, and make it very clear, because we could not turn down requests for loans for refinancing because the act clearly provided for that so we took GAO's suggestion, and are in the process of preparing for Congress' consideration, an amendment.

If Congress determines that is not the thrust of the act, that is for Congress to speak to, but as of the present time the only notice we have from Congress is the investigative arm of GAO.

Mr. LEGGETT. The Chair would observe that if you want legislative history on a bill, it might be helpful to come back to the committee with a draft of that bill, rather than conducting an investigation through an appointee of the President, albeit an arm of the U.S. Congress.

Mr. EVERETT. Mr. Gehringer, there is something the committee is not aware of, I am sure, that occurred back in 1973, when a \$40,000 limitation was placed on the amount of any loan that could be made under this fund.

The National Marine Fisheries Service had decided prior to the GAO audit to get out of this program any way.

Then, after the audit was made, the fund was frozen and it has been frozen since that time.

If I remember correctly, the purpose for freezing the fund at that time was because the fund had been exhausted, except for the money coming in from renewals. Also it should be pointed out that \$20 million authorized to be appropriated to this fund, yet you people here requested that only \$13 million be appropriated.

It appears that several years ago, you people decided to get out of this business and not carry out the mandate of Congress to make loans to fishing vessel operators.

Do you care to comment on that statement?

Mr. GEHRINGER. My history in Washington begins after that point.

Mr. BLATT may be able to comment. He was working in the program at the time.

Mr. BLATT. Mr. Everett, as you recall the act, the appropriation was \$13 million from the inception of the act back in 1956 or thereabouts, when section 4(c) first was enacted.

Now, as far as the \$40,000 is concerned, what was occurring was that the interest rate that we were paying Treasury for the moneys that we obtained from them were exceeding the interest that we were getting back, and so the fund was shrinking, and it shrunk to the point where we were not capable of making very large loans, and so to have loans throughout the entire country, a \$40,000 limitation was placed upon that by regulation.

Mr. GRABLE. That was probably 1969.

Mr. BLATT. And from that point it still continued to shrink to the point where moneys were not available to make any meaningful loans.

At that time, in light of the GAO report, and the fact that we could not make loans, we put a moratorium on the funds, and that is where we stand right now.

Mr. EVERETT. But at some point you began to get moneys in the fund, yet you kept the moratorium on, and now you have \$7 million in the fund.

Mr. GRABLE. I am not sure about the \$7 million. It is more like \$4.5 million, with probably another \$4 million outstanding, in the form of repayable loans over the next 8 years or so.

Mr. EVERETT. I believe I saw a deferral message in this fund the other day. It recommends a deferral of the expenditure of some \$7 or \$8 million.

Mr. LEGGETT. It is \$7,252,000.

Mr. GRABLE. I do not know what the significance of the figure is, but roughly the fund now has a net worth of something like \$8 million, between cash on hand, which is roughly \$4.5 million, and outstanding loans.

Mr. EVERETT. I will check that.

Mr. LEGGETT. Well, do you have an idea, Mr. Gehringer, as to what we should do with the \$8 million?

Mr. GEHRINGER. Yes. I think we would prefer, with the amendments, relegislation of this loan fund to address our interpretation of the views and the intent of Congress in the original legislation, and supplement this with additional money.

Mr. Grable, do you have the specifics of our proposal?

Mr. GRABLE. Yes. The bill would do a number of things, Mr. Chairman.

First, it would increase the authorized appropriation from \$20 million to \$50 million, which more accurately reflects the inflation that has gone on since 1956.

It would exercise loans for working capital, for repair, for maintenance, and generally for used vessel transfers, and instead, it would restrict loans to construction, reconstruction, reconditioning, technological improvement, and the purchase of used vessels where they

are (1) to be upgraded, reconstructed, reconditioned, or technologically improved, or (2), where they are to be used in fisheries which are presently underutilized by domestic fishermen.

Mr. LEGGETT. Now, have you made requests in the 1977 budget for this \$50 million?

Mr. GRABLE. We have not.

Mr. LEGGETT. How do you expect to get it then?

Mr. GEHRINGER. The legislative proposal is before OMB at the present time.

Mr. LEGGETT. How long has the request been over to OMB?

Mr. GEHRINGER. It has been over there several months.

We understand with the meeting with OMB a short time ago we should be getting a decision very shortly with respect to moving that particular piece of legislation.

Mr. LEGGETT. In a nutshell, you would limit all of your new loan programs to capital improvements and there would be nothing for operation and maintenance.

Mr. GEHRINGER. That is correct.

Mr. LEGGETT. Mr. Forsythe?

Mr. FORSYTHE. Thank you, Mr. Chairman.

Regarding the question we have been working on here, Mr. Chairman, I feel constrained to say that somehow this subcommittee ought to be looking at the GAO report in an effort to make a legislative response to it, rather than let it lie around downtown. The committee should direct the staff to look at that from the standpoint of a legislative response.

Mr. LEGGETT. Let me ask. That is not the May 31 GAO report, is it?

Mr. GEHRINGER. Excuse me. You are referring to the recent one?

Mr. FORSYTHE. No, the earlier report on the fisheries loan fund.

Mr. LEGGETT. A report came out May 31, 1975.

Mr. GRABLE. No. This was late 1972, or the final version was very early 1973.

Mr. FORSYTHE. Can you answer, Mr. Gehringer, who initiated that study?

Was that done by GAO, on its own, or did some committee request it?

Mr. GEHRINGER. We are not sure.

Mr. Blatt has the view that it came as a result of a committee recommendation.

We will have to verify that.

Mr. FORSYTHE. I think the committee staff can quickly find that out, and I hope we can look at it.

I have a few questions that do deal with the text of the bill.

If we run into difficulty, maybe we can submit the answers for the report, but on page 1, line 6, where the bill provides that assistance loans shall be made where economic dislocation affects a major segment of the industry.

Can you indicate what percentage of the industry would have to be affected to constitute a major segment?

Mr. GEHRINGER. I could not address that. I think it would have to constitute a large percentage of the industry, but I think this would almost have to be an ad hoc basis. It would depend on the

particular segment of the fishing industry, whether it was shrimp, tuna, salmon, or whatnot. With respect to what constitutes a percentage of the industry to be affected, I think this would have to be addressed in some regulatory fashion, and I could not determine that at this time.

Mr. FORSYTHE. Next, this is page 2 of the bill, line 25, and following on page 3. With respect to eligibility the bill states that loans shall be made available if the economic dislocation may reasonably be projected to be short-term in nature. From an administrative standpoint where the dislocation is caused by economic factors, such as increased foreign competition, is it possible for you to distinguish between long-term, and relatively permanent economic changes, and short-term changes?

Mr. GEHRINGER. If I may, I would like to have our economist, Mr. Miller, address that question.

Mr. MILLER. The question is what?

Mr. FORSYTHE. How are we going to determine whether it is short-term, long-term, or permanent?

Mr. MILLER. The definition of "short-term" itself is open to a lot of questions. It could be 6 months, 1 year, or perhaps as much as 2 years, depending on the situation in the industry.

I think it is possible to project the outcome of a condition of the industry economically over say a period of 6 to 12 months.

That is not an impossible task.

Mr. FORSYTHE. What you are saying is we should define, either in the legislation, or at least in the legislative history, these definitions more firmly.

Mr. MILLER. Yes, I would think so.

These phenomena are cyclical. There is a lot of feast and famine in the shrimp industry, and agriculture is very similar to this.

Mr. FORSYTHE. The bill provides that for an applicant to be eligible for funds he must have realized a net profit in the 3 years immediately preceding the dislocation. He must also be able to demonstrate an actual, or projected, deficit for 18 months following the dislocation.

Do you have any indication of the percentage of the existing shrimp vessels that would meet these criteria?

Mr. MILLER. Probably almost the entire shrimp fleet would not have any problem demonstrating a deficit using that criteria following the dislocation after 18 months.

I would say that prior to the dislocation that really began mid-way through 1973, the shrimp industry did experience about 3 fairly good years in a row, 1971, 1972 and 1973.

I really would not have anyway of knowing offhand just what percentage of the fleet earned a net profit.

Mr. FORSYTHE. Do you think, as a practical legislative definition, it is too restrictive?

Obviously, I am using the assumption that we will legislate in this area.

Mr. MILLER. It sounds a bit restrictive, because the term "net profit" itself is a bit ambiguous. I think it would have to be spelled

out a little more clearly. As it is, it probably could create a lot of confusion. The 3 year provision may be too restrictive for purposes of the legislation.

Mr. FORSYTHE. The bill provides that loans be secured by a mortgage on the applicant's vessel.

Suppose the vessel is already mortgaged? Would this language restrict eligibility?

Mr. GRABLE. It would not.

There is always the possibility of a second or third position on a mortgage. All that would do is make the likelihood of repayment a little bit more tenuous, but that language would not prevent eligibility; no.

Mr. FORSYTHE. The bill specifically defines the shrimp industry as suffering an economic dislocation. Are there other fisheries which would be eligible for assistance under the bill?

Mr. MILLER. Yes, there are other fisheries.

I suppose you could mention principally now the tuna fishery is in trouble, the king crab fishery is in trouble.

Many of the New England fisheries seem to be always in trouble.

Mr. FORSYTHE. If you must show 3 years of net profit to be eligible, wouldn't that restrict the eligibility of some of the fisheries you mentioned?

Mr. MILLER. It would certainly cut out the northeast part of the country.

Mr. FORSYTHE. The bill states that no economic dislocation eligible for assistance under any other Federal disaster program shall be considered dislocated under the terms of H.R. 2296 provided any other assistance is actually made available. The bill goes on to state that notwithstanding any other provisions, loans shall be made pursuant to H.R. 2296, if such loans will assist the industry to withstand economic dislocation.

Do you interpret this language as meaning that if other Federal assistance is insufficient to the need, then H.R. 2296 will become effective?

Mr. GRABLE. I think it would almost have to be read that way, because there often are statutory authorities on the books which sound great, but if there are not any moneys connected with them they really are not effectively available.

I would read that section myself in that way; yes.

Mr. FORSYTHE. Thank you, gentlemen.

Thank you, Mr. Chairman.

Mr. LEGGETT. Thank you very much, Mr. Forsythe.

Mr. de la Garza?

Mr. DE LA GARZA. Thank you, Mr. Chairman.

Gentlemen, perhaps I have more of a statement than questions, but let me preface it by saying I am terribly disappointed by the stand taken by this administration through you, as its representatives here on this legislation.

The gentleman just finished saying that it is too restrictive, and the bill is drafted in that way to help as a last resort on the part of the Government, to help in this area, and in this case, shrimp.

You do appear here with the sanction of the administration. Boeing Aircraft gets into trouble, and they pump millions and millions of dollars into that company.

Amtrak gets into trouble, and they pump in millions of dollars. Anybody gets in trouble all over the world, why we just give missiles away, and atomic reactors. We give them all kinds of things to kill themselves with. We also give them boats, and we equip their armies. We even equip their dictators.

We do everything for everyone. We are just Santa Clause, Saint Nick, and a good fairy to everyone.

Our fishermen get into trouble, and our Government says no way, and you, Mr. Gehringer, say go to the Small Business Administration, or go to the EDA.

Yes, the SEA is helping in some respects, but it is always very difficult because you are the agency that is supposed to work with the fishing industry.

When the shrimp problem came around with the fuel costs, it was very difficult to get the SBA to come down and help.

Now, they are helping. You mention in your statement, under the Public Works Economic Development Act of 1965 they can provide assistance to whole communities.

Can you name one?

What is the basis for that part of your statement?

Mr. GEHRINGER. With respect to the salmon fishery, Mike, do you have the general information?

Mr. GRABLE. I did mention earlier that the Economic Development Administration has made some grant money available to the State of Washington to assist salmon fishermen displaced or suffering economic injuries as a result of a decision of a Federal Judge.

Mr. DE LA GARZA. Can you name the community? I assume you are saying Seattle, Washington.

Mr. GRABLE. It is the Puget Sound area where most of the problem is being experienced, so it would be the fishermen in that area.

Mr. DE LA GARZA. Is that it?

Mr. GEHRINGER. Also there is a recent grant for fishermen in the northeast from EDA, with respect to gear damage caused by foreign fishermen.

Do you have the figures on that?

Mr. GRABLE. I do not have the figures on that, but that is another example where EDA has provided some assistance to the fisheries.

They made, I believe, a considerable grant to an area of Rhode Island for the purpose of replacing gear destroyed by foreign fishermen.

Mr. DE LA GARZA. That is your lobstermen?

Mr. GRABLE. Yes.

Mr. DE LA GARZA. Now, have you participated in this, your Agency? Have you participated in any way?

Mr. GEHRINGER. We have worked with the EDA people, with the local groups, and with Congress in evaluating and commenting on these requests.

Mr. DE LA GARZA. And was your recommendation favorable?

Mr. GEHRINGER. Yes.

Mr. DE LA GARZA. Then why would you not want to do it on your own?

You do not seem to be the usual bureaucrat who wants to build his empire.

Mr. GEHRINGER. The point that there is this avenue, without other legislation, is our reasoning for not going into it ourselves.

Mr. DE LA GARZA. Let me ask you something that you may not want to answer, and then again you may.

Now, this is always a very touchy situation, and I respect your position on it, if you decline to answer.

How much of this is your Agency, and how much of this is OMB, or somebody else?

Mr. GEHRINGER. This is the administration's position, sir.

Mr. DE LA GARZA. What is the name of the OMB fellow they keep switching, Mr. Lynn?

Well, that is your statement, that this is the administration's viewpoint?

Mr. GEHRINGER. Yes, sir.

Mr. DE LA GARZA. I do not want to do anything to embarrass the administration, but it is very inconsistent, the statements the administration is making around the country.

Mr. Cavanaugh, you are the No. 2 man in the Office of Debt Analysis, and you say the 4 percent rate proposed in the bill will result in substantial subsidies to the borrowers.

Mr. LEGGETT. He has not yet testified.

Mr. DE LA GARZA. I was just reading his statement.

Mr. LEGGETT. Let us hold that for him.

Mr. DE LA GARZA. Mr. Gehringer, do you have any plans, or do you look at the future?

Do you formulate future policies?

How long do you formulate future policy?

How do you operate in that respect?

Mr. GEHRINGER. Well, of course, the budget cycle is 2 years ahead.

The policy with respect to the U.S. fisheries is undergoing changes constantly. It is undergoing review, and along with several groups we are attempting to formulate a policy which can, in general, be accepted by the majority of our fisheries industry members. We are doing this through the development of a national plan for marine fisheries.

The Eastland resolution is a statement of Congress to review what is going on and come up with recommendations, and is just now getting underway. These two documents particularly, as well as reviewing our position with respect to extended jurisdiction, are all being intermixed in the development of policy, which I am reasonably sure will be modified from what it is over the next few years.

Mr. DE LA GARZA. Well, up to now, up until today have you in the evaluation of future policy considered any change in policy as related to disaster or economic depression, economic problems within the industry?

Have you even looked at that?

Mr. GEHRINGER. I am sure our staff has. Whether we at the table here can be specific in that area I am not sure.

Mr. Miller, do we have any specific studies underway that will lead to the development of the resolution of the economic problems?

Mr. MILLER. We have no specific studies directed at that broad a question.

We are looking at a number of things. For example, a lot of things may occur if and when we go under extended jurisdiction, things such as what the investment requirement will be if we are to take full advantage of the 200-mile limit, and so forth, and what some of the changes may occur as a result of implementing stricter regulation of our fisheries for conservation purposes.

Mr. DE LA GARZA. You do not have any plan, such as where we will be in 1980?

Mr. MILLER. No official fisheries plan.

Mr. GEHRINGER. We are developing a plan that will be brought forward for approval, which will set in motion the sequential events that would permit this development.

Mr. DE LA GARZA. But you do not know of any contingency plans you have had for assistance to this particular industry if they happen to catch the red tide, or the purple tide, or if a hurricane hits and wrecks all the boats?

Mr. GEHRINGER. No, sir, other than helping in a very slight way when such things as the fuel shortage developed, to work with the Federal Energy Administration to assist in providing information to permit the fishermen to have his fair share of fuel.

Mr. DE LA GARZA. I hate to put it this way, and I assure nothing is personal, but the name of your Agency is the National Marine Fisheries Service, and you are the deputy director, and you tell me you have not looked at what would happen if these people get into this kind of a problem, a problem that has been here since mankind has been fishing on this Continent, and I know from the very beginnings of this country that fisheries have been a very major industry. We do have contingency plans in agriculture.

We also have them for the railroads, for the aircraft, for everyone, and you tell me you have not looked into the possibilities that could occur in this area when historically they have occurred in the past.

Mr. GEHRINGER. Oh, yes, we have looked into it but we do not have a contingency plan for a major disaster situation.

Mr. DE LA GARZA. Now, somebody in this Congress comes up with one, and you say no way, let somebody else do it.

I am terribly disappointed, personally. This attitude is incompatible with the name of your agency. I hope maybe the Administration might have a change of heart by the time we get through marking up this legislation.

Thank you, Mr. Chairman.

Again, I assure you these people are suffering. They have problems, and they look to us. We are the ones who are their spokesmen here, and we help out Boeing and Amtrak and Lockheed, and Mexico just got 400 boats through the Inter-American Bank, but to them this is our Government, the little shrimper comes to me and says

what happened, and I have to go and tell him the deputy director of the National Marine Fisheries Service, your protective agency, said the Administration says no way, and to let the EDA or let the SBA help if they can, but the National Marine Fisheries Service says the existing programs are adequate.

That is what I am going to have to tell them.

Mr. GEHRINGER. I am sympathetic to the plight of the fishermen.

I spent 20 years in Texas, in the Gulf Coast, and off of Georgia, and I am well aware of the situation.

Mr. DE LA GARZA. With all due respect to you, but I do not think these are your personal feelings.

I will close on that, Mr. Chairman.

Mr. LEGGETT. Thank you, Mr. de la Garza.

We are making a record almost without identifying the problem. It is creeping in by kind of osmosis. We have some information from Mr. de la Garza that explains his problem.

There is a response officially from the Administration that indicates the fishermen should go to the SBA or the EDA to get their problem solved which indicates that you do not think we have much of a problem.

Mr. Gehringer, you say you have been down to the gulf, and you understand the problem.

Now, the Chair would like to have a handle on exactly what we are talking about. Maybe my attitude is somewhat similar to yours. If there is a problem, we ought to solve it. If there is not, let us ignore it.

What is the situation today with respect to the number of shrimpers that are operating, let us say, as compared to 5 years ago?

Is this problem prevalent only in the shrimp industry, or is it in the salmon and halibut industry as well?

Is this problem reflected in a large number of bankruptcies and foreclosures?

Is it hampering fishermen from conducting their operations, or do you know?

Mr. GEHRINGER. I think we know the answers to some of your questions.

Mr. LEGGETT. I want to hear it from you, Mr. Gehringer.

I want to know if you know the nature of this problem or do you just kind of know it in a general way. That indicates to me that as far as National Marine Fisheries Service is concerned, you think there is a general problem, but is not too much in focus.

Mr. GEHRINGER. There is a general problem; yes, sir.

The price of shrimp at the present time is back up again. However, cost of the fuel has not dropped. A number of the problems that we had last year with respect to the plight of the fisherman, the cost of his gear, cost of operations are still with us.

The price of shrimp is coming up but he is far from being in a favorable state.

The situation on the market is also improving but the individual fishermen are still suffering. There is no question about it.

I personally cannot give you statistics on percentage of fishermen who have entered bankruptcy. I am sure we could obtain these, but

my personal view is a number of fishermen around the country, including the shrimp fishermen, are in serious trouble, irrespective of the increase in the price of shrimp today.

Those are my general views.

Mr. LEGGETT. Well, the view of the Chair is that when we come up here with a bill, kind of a bastard type, a redevelopment program, and when the administration comes up to testify on that, that you ought to have a very precise handle on the nature of the problem, especially when you are going to say the cupboard is bare, because when you say the cupboard is bare, and you are somewhat foggy on the problem, either there is no problem out there, or you do not know what the problem is out there, or perhaps there are other contingencies too.

I would hope that the members of your group would stay here for these hearings so that if we do produce testimony that indicates there are clear and precise problems, that perhaps you could develop more of an innovative interest in resolving the matter synergistic with the Bureau of the Budget.

Mr. Emery?

Mr. EMERY. Thank you very much, Mr. Chairman.

I agree pretty much with the feelings of Mr. de la Garza, and representing a coastal district in the State of Maine, I think you can understand what my feelings are on this legislation, and a great deal of the other fisheries legislation.

I have not been impressed, I must say frankly with the concern, or lack of concern demonstrated by most of the administration officials, and other people that have been before this committee.

I do not know where the blame is. I do not know who has to be taken to task for it, but I do know if it is overcast for 2 or 3 days in the State of Nebraska there is all kinds of money available for the wheat industry.

I do know if Boeing Aircraft, as someone suggested, or some of the other major companies in this country have a financial difficulty the cost of the overrun can be overlooked, and the Congress can vote many millions of dollars to bail them out.

I have lived with the fishing industry all my life. I have grown up in a coastal town, and know a great many fishermen, and know their families, and believe me, they fish because they like to fish.

These people do not fish because they want to make \$50,000 or \$60,000 a year. They fish because they like the life. It is becoming more and more difficult for them to go out and do what they want to do.

One of the reasons is that fish stocks are being depleted, and the Government turns their back on it. They sometimes fish on 45-year-old vessels, rusting out, and unsafe to go to sea, not because they want to, but they have no way to turn.

Foreign vessels are ripping their gear to shreds, and the Government will turn its back.

Frankly, I am getting some flack on this. I would like to have a short summary view on what some of the responsibilities are that the National Marine Fisheries Service is supposed to have. What are some of your responsibilities?

Mr. GEHRINGER. We have a very broad set of responsibilities that come from several laws. In general, it is the overview of marine resources, their utilization and conservation. It includes assistance to the fishing industry in various forms, direct and indirect.

It includes a responsibility to the consumer in the way of providing wholesome and safe fisheries products.

Our prime concern is the assurance that there is a resource there for continued fishing.

Mr. EMERY. Stop right there. You say it is a pretty worthwhile goal, a concern for the resource, concern for the consumer. Let me tell you, the fishermen on the Maine coast had to come down recently to meet those worthwhile goals that you state.

The point I am making is that every time we have had some constructive legislation that really does not interfere with international policy, or the ability of the administration and the Congress to fund the program, we have a parade of witnesses who come into this committee room and give us 10,000 reasons why it is not practicable, and why it is not needed.

As a perfect example, today we find that some of the programs that have been cited—economic development, Small Business Administration and so forth, really do not help the fisheries because of technicalities which they do not meet.

We are trying to establish a program in this legislation to provide some badly needed funds to do some of the things to help the fishermen help themselves with the cooperation of the National Marine Fisheries Service.

They want to be able to aid conservation. They want to put the product on the shelves at the market, and to provide income.

One of the goals of the Congress, and the administration is to provide jobs, income and capital flow, and all of these things, which help at least one segment of the economy very strongly.

We have to have some help and encouragement from the administration, and agencies such as yours. I do not see anything happening. I see no direction. All I see is negatives. Where do we draw the line? What challenge is there to you and some of the people that you have worked for to go to work every day and hold the line, not move forward? What dynamic new program do we have? What innovations have come out of your organization to help fishermen?

Maybe I am going overboard and being a little bit too rough, but I am trying to express some of the frustrations that we in New England have been living with for longer than I care to remember.

Mr. GEHRINGER. I have not expressed anything that has not been expressed by a number of people under similar circumstances many times. The frustration of the fisherman is probably unmatched at the present time.

We are moving into an area of extended jurisdiction in one form or another, which will place roughly 10 percent of the fishery resources of the world under U.S. management authority.

We are attempting right now to try to develop mechanisms which will provide for access to and utilization of these resources which will require a better-funded, or better-operated fishing industry than we have today to take advantage of this.

There are a great number of challenges. One of the problems that we see is how many vessels are required to harvest the resource. A very serious question we have is to see if the present method of fishing is adequate in today's world. I do not have answers to these questions. I cannot give you specific pluses for the fishing industry.

Mr. EMERY. Can I assume that it should be your responsibility to get some of those answers, and make some projections?

Should I not assume that might be part of your challenge?

Mr. GEHRINGER. Yes, sir.

Mr. EMERY. Why has it not been done?

Mr. GEHRINGER. As I said earlier, we are developing the national plan for marine fisheries which, along with the Eastland resolution program, will develop a list of priorities of the things that need to be done to make the industry more self-sufficient, more competitive, and able to utilize the resources which we have.

Mr. EMERY. How long has your organization been functioning?

Mr. GEHRINGER. If you are talking about the parent organization, it goes back to 1871.

Mr. EMERY. The present organization?

Mr. GEHRINGER. October 1970.

Mr. EMERY. How long have you been in your position?

Mr. GEHRINGER. I have been with the entire organization over 29 years.

Mr. EMERY. Thank you very much.

No further questions.

Mr. LEGGETT. Thank you, Mr. Emery.

Mr. Breaux?

Mr. BREAUX. Mr. Gehringer, you talk about the bill that is being tossed around, and apparently being held up, or under observation at OMB right now to amend the Fish and Wildlife Act.

We have a memorandum prepared by counsel which explains the existing legislation, what it does, what loans, and what are the criteria for loans.

Would you tell me how the proposed bill would change that?

I do not know of you have a copy of that.

Mr. GEHRINGER. I think Mr. Grable knows the bill close enough.

Mr. BREAUX. Let me read it to you.

The existing legislation, section 4 of the Fish and Wildlife Act of 1956 authorizes the Secretary of Commerce to make loans to American fishermen for financing or refinancing of the cost of purchasing, constructing, equipping, maintaining, repairing or operating new or used commercial fishing vessels or gear.

My question is: How does the proposal change those criteria?

Mr. GRABLE. The proposal would exclude equipping, maintaining, repairing, and operating.

It would also exclude purchasing used vessels, except if they are reconstructed, or reconditioned, or used in fisheries which are presently underutilized by domestic fishermen.

Mr. BREAUX. Thank you.

Mr. LEGGETT. How do you reconcile the fact that GAO determined that Congress did not intend to allow funds, or allow loans for maintaining, repairing and operating new and used boats, yet, in the bill,

we intend to allow loans for maintaining, repairing and operating new and used commercial fishing vessels?

Mr. GEHRINGER. Mr. Blatt will answer.

Mr. BLATT. Mr. Chairman, I cannot put my hand on the wording here precisely, but somewhere in the legislation it speaks in terms of upgrading, and this has been amended one or two times. The thrust of the legislation was to allow the fishing industry to be upgraded.

With that being the objective of the legislation, GAO thought the authorization language was too general for the Government to meet the specific requirement of upgrading and that we are spending too much money on working capital and small repairs to just keep the vessels going. Consequently, GAO thought that the law should be amended.

We pointed out that we had no alternative but to make loans, since the Congress had put the language in there. We had no alternative but to accept loan applications.

They recognized this, and they recommended that the language be amended.

It is my recollection that we responded saying that we agree with you, and we will attempt to undertake it, and that this response was transmitted to the Congress.

I think that Mr. Everett, if he goes through his files, will see that we have responded, and GAO's report did indicate approximately what I said.

Mr. LEGGETT. I wonder then if you would provide to the committee your exchange of correspondence with the GAO, a copy of their report on this matter, and any exchange of correspondence that you have had with this committee, and also if you can provide us with a draft of the suggestion that you have submitted to the OMB? That would be helpful to us.

George, any questions?

Mr. MANNINA. Just two quick questions.

One follows from Mr. Forsythe's question: Can you submit for the record a more detailed analysis of what other fisheries you think would be affected by the legislation as presently written? Make certain that you include the Great Lakes region, as I understand that Mr. Ruppe has a particular interest in whether this bill affects the Great Lakes.

Mr. GEHRINGER. To the best of our knowledge, the fish we mentioned earlier are the primary ones involved.

Mr. MANNINA. Second, with respect to the proposals you now have at OMB, it is my understanding that OMB is establishing a new policy stating essentially that no new fisheries assistance program shall be approved, if they provide for a subsidy or any kind of direct loan.

In light of that: Do you think it is realistic to expect OMB to act positively on the bill you have submitted to them?

Mr. GEHRINGER. Yes, sir, because this is no new legislation. It is more restrictive than the law as presently written.

Mr. MANNINA. Thank you.

Mr. LEGGETT. Next we will hear from the gentleman with the money, Mr. Francis X. Cavanaugh, Deputy Director, Office of Debt Analysis, Office of the Secretary of the Treasury.

Now, your full statement will appear in our record at this point and you may proceed in any fashion you desire.

STATEMENT OF FRANCIS X. CAVANAUGH, DEPUTY DIRECTOR, OFFICE OF DEBT ANALYSIS, OFFICE OF THE SECRETARY OF THE TREASURY

Mr. CAVANAUGH. Would you like to read it?

Mr. LEGGETT. You can either read it or emphasize the points you want.

Mr. CAVANAUGH. Being a brief statement, Mr. Chairman, I will read it through.

Mr. Chairman, I am happy to present the views of the Treasury Department on the financial provisions of H.R. 2296, a bill to provide short-term relief to portions of the fishing industry which have suffered economic dislocation.

H.R. 2296 would authorize the Secretary of Commerce to make direct loans for working capital and mortgage refinancing to certain commercial fishing vessel operators who had been operating at a profit but who face imminent economic disaster due to an economic dislocation of a short-term nature. The loans would bear interest at a rate of 4 percent and would mature in not more than 10 years.

The 4 percent rate proposed in the bill would result in substantial subsidies to the borrowers and costs to the Government under current market conditions. The cost to the Treasury of borrowing for a period comparable to the maturity of the loans proposed in H.R. 2296 currently would be about 8½ percent.

Private borrowing rates are higher than Treasury borrowing rates and vary considerably depending on the credit standing of the borrower.

Providing subsidies in the form of below-market interest rates raises a number of problems. First, the intended beneficiary of the subsidy is forced to borrow in order to obtain the subsidy.

Second, it is difficult to tailor the dollar amount of the subsidy to the needs of the individual beneficiary. Also, as proposed in H.R. 2296, all eligible borrowers would receive the same 4 percent interest rate, regardless of variations in need.

Moreover, experience with Federal credit programs has demonstrated that fixed interest rates, such as the 4 percent rate proposed by the bill, produce perverse and unintended variations in interest rate subsidies as market rates vary, which result in inequities among borrowers using the program at different times. That is, a borrower who obtained a 4 percent loan at a time when private market rates were, say, 10 percent, would receive a much larger subsidy than the borrower who obtained his loan when market rates were 5 percent.

This leads to extraordinary demands for Federal loan funds at times of high and rising interest rates, which are also likely to be times of greatest inflationary pressures and overall budget tightness. Thus, there is a tendency for the demands for such subsidized loans to vary with market interest rates rather than with the needs of prospective borrowers.

Let me turn now to the cost to the Government of providing the interest subsidy.

Assuming a loan of \$1,000 on which interest is paid annually at 4 percent and the principal is repaid at the end of 10 years, the present value of these loan payments, discounted at the current cost of Treasury borrowing of $8\frac{1}{2}$ percent, is only \$704; thus, the cost to the Government, in present value terms, of providing the interest subsidy is \$296. This is to say, the cost to the Government of providing just the interest subsidy inherent in the proposed 4 percent loans is equivalent to providing an initial lump sum grant of \$296 and requiring the borrower to repay the \$704 balance with interest at $8\frac{1}{2}$ percent.

The cost of this interest subsidy is, of course, in addition to the cost incurred by the Government in administering the loan program and absorbing the cost of any loan defaults.

Mr. Chairman, you specifically requested the Treasury Department to comment on the provisions of subsection (j) of the bill.

Subsection (j) would authorize the Secretary of Commerce to borrow interest free from the Secretary of the Treasury up to \$100 million to finance the proposed loan program. Amounts borrowed under this subsection would be deposited in the fisheries loan fund.

A fundamental purpose of establishing a revolving fund, such as the fisheries loan revolving fund, is to provide the mechanism for systematically disclosing the relationship between program receipts and outlays and thus disclosing the cost of the program to the Government.

To achieve this purpose, all costs, including interest on the capital utilized by the program, must be included.

Consistent with this principle, existing law now requires the Secretary of Commerce to pay interest to Treasury on the appropriated capital of the fisheries loan revolving fund. The proposal in subsection (j) to provide interest free capital to the fund would understate the cost of the program to the Government and undermine a basic purpose of the revolving fund. The ultimate effect would be to hide the cost of the program including the interest subsidy I discussed previously in the appropriation to the Treasury for interest on the public debt.

Subsection (j) also raises serious questions because of the novel method of authorizing loan funds. The Secretary of the Treasury would be directed to lend to the Secretary of Commerce, but the bill provides no source of funds for the Secretary to draw upon for this purpose.

Moreover, under this subsection, funds would be appropriated, rather than authorized to be appropriated, to enable the Secretary of Commerce to repay borrowings from the Secretary of the Treasury. Thus, the normal congressional appropriations process would be bypassed.

In view of these deficiencies in the financial provisions of the bill, the Treasury Department recommends against enactment.

Mr. Chairman, this concludes my prepared statement. I would be happy to try to answer any questions that you may have with respect to the financial provisions of H.R. 2296.

Mr. LEGGETT. Thank you very much, Mr. Cavanaugh.

Considering the fact that Chase Manhattan Bank has many times an average balance of taxed deposits on the order of \$1 billion which

the Government allows them to recirculate interest free, and Merchants and Mechanics Bank of Wichita may have only \$50,000 of those kind of deposits to circulate interest free, do you not think that this results in a massive inequity that you folks seems to perpetuate down there?

Mr. CAVANAUGH. Well, Mr. Chairman, I believe you have reference to the tax and loan accounts which the Treasury has generally throughout the banking system. As you may know, those tax and loan accounts have been under review, and the amounts in the tax and loan accounts have been reduced substantially because of a finding by the Treasury Department, particularly in light of the higher interest rates in recent years, that the interest advantage to the banks is greater than the services which the banks provide for the Government in various ways.

Upon that finding, the Treasury Department did two things: It reduced the amounts in these accounts and submitted legislation to the Congress, which I do not happen to have with me and am not prepared to comment from an expert's standpoint, which would provide for a more efficient system of minimizing the cost to the Government arising from this deposit system you refer to.

Mr. LEGGETT. That is marvelous. I recall writing to the Secretary of the Treasury pointing up this problem 2 years ago, and I got a 10-page justification response indicating this was just part of the natural competence of Government doing business, and the fact that Chase Manhattan Bank happened to pick up an extra \$500,000 a year in interest was just part of the problems that they had of working with Government.

I am pleased to see that you are making some formidable progress in reorganizing a rather diabolical ripoff of the American taxpayer.

As I see this, if we were to use the \$20 million and if the tax rate were $8\frac{1}{2}$ percent on the $4\frac{1}{2}$ percent charge, differential on, say \$20 million which would run the Treasury almost \$1 million, I guess, to subsidize this program.

Mr. CAVANAUGH. The figure I gave in my testimony was a subsidy of \$296 per thousand-dollar loan.

Mr. LEGGETT. On \$10 million per year $4\frac{1}{2}$ percent would be how much?

Mr. CAVANAUGH. At \$10 million.

Mr. LEGGETT. Yes. I think that would be \$450,000.

Mr. CAVANAUGH. The subsidy would be \$29.6 million on 100 million, so on \$10 million of loans it would be \$2.96 million. Is that what you are speaking of, Mr. Chairman, a \$10 million program?

Mr. LEGGETT. Well, if it was a \$10 million program and it cost the Government 10 percent, that would be \$1 million. You are indicating it would cost them 4 percent?

Mr. CAVANAUGH. The cost to the Treasury of borrowing the money would be currently 8.5 percent.

Mr. LEGGETT. If we charged the borrower 4 percent, that would be 4.5 percent differential, or it would cost \$450,000 per \$10 million, or perhaps \$900,000 for a \$2 million program per year?

Mr. CAVANAUGH. Well, it would be \$29.6 million subsidy or cost on a present value basis, so on \$10 million it would be \$2.96 million.

Mr. LEGGETT. \$2.9 million, did you say?

Mr. CAVANAUGH. Pardon me, sir. On a \$100 million program, which would be the maximum under this bill, the subsidy cost would be \$29.6 million.

Mr. LEGGETT. Per year?

Mr. CAVANAUGH. It would be the entire cost of lending the \$100 million.

Mr. LEGGETT. For a 10-year period?

Mr. CAVANAUGH. Yes, after discounting that cost back to the present.

Mr. LEGGETT. Mr. Breaux?

Mr. BREAUX. Thank you, Mr. Chairman.

Thank you, Mr. Cavanaugh, for your testimony. I get the distinct impression from reading it that you definitely do not favor the bill. You express a tremendous concern about the interest subsidy that would be established and cost to the U.S. Government. Do you know anything about the subsidy we the taxpayers pay to the Eximbank to help foreign fishermen?

Mr. CAVANAUGH. Export-Import Bank? I do not have the particulars in front of me, but, generally speaking, in its operations from the inception of the program to date, my recollection is that, at least as of last year or thereabouts, they had accumulated a surplus in their program of, I believe it is, \$1.25 billion. I would guess that their accumulated surplus to date would be something of that order, in excess of \$1 billion.

Mr. BREAUX. Are you talking about the total program, not just what is directed at fisheries?

Mr. CAVANAUGH. I am talking about the total program, yes.

Mr. BREAUX. Do you have any knowledge about the particular segment dealing with the fishing industry?

Mr. CAVANAUGH. I do not, sir.

Mr. BREAUX. Now, this surplus is nice, but what I am asking you is how much is it costing us in interest subsidy? Is there an interest subsidy involved there? Certainly, we are making loans to foreign fishermen at less than current rates of interest.

Mr. CAVANAUGH. I can only comment with respect to their general lending rate, which I would guess would apply to this area of lending that you speak of. Export-Import Bank's fixed lending rate for some years was 6 percent, but they increased that in the last couple of years. I believe their current rates are reasonably in line, and I am relying on my recollection, because of recent interest rate increases on the Eximbank loans.

Mr. BREAUX. Let me interrupt. Let us shorten our answers. Is it not less than the current interest rate, that is the prevailing interest rate?

Mr. CAVANAUGH. I think it is probably reasonably close to the current interest rate that the Treasury is paying for money. It is much closer to it than it was. As I said, they raised it from 6 percent. I believe they have several rates, but they raised them.

Mr. BREAUX. Does that change your attitude about this particular bill if they had the current rates at the loan rate?

Mr. CAVANAUGH. I should make it very clear, sir, that my entire testimony is in response to a request of the committee for comments from the Treasury with regard to the appropriateness of the finan-

cial provisions, and it responds to the chairman's point that he mentioned in his opening statement about the committee's desire to know of the cost of the program.

Mr. BREAU. I think the last question hits it on the nose. Would it make any difference if the current rate of interest were used instead of the 4 percent?

Mr. CAVANAUGH. What I am saying, sir, is that I am not making any judgment at all with respect to the programmatic aspects of this legislation. I am informing the committee of the cost and the method of financing in the view of the Treasury. We have not looked into this problem of the fisheries, and we do not come here to say they should or should not have the subsidy.

Mr. BREAU. You certainly are. You say the Treasury Department recommends against enactment of the bill.

My question is, if we change the legislation to provide the loan at the current rate of interest, would the Treasury Department change their mind?

Mr. CAVANAUGH. We are recommending against enactment because of the method of financing. We are not taking a position as such in this testimony as to the appropriateness of the subsidy.

With respect to your question, if it pertains to the method of financing, we do generally recommend that the interest rate on direct loan programs be set in a manner so that it is related to the cost to the Government of borrowing, yes.

Mr. BREAU. That is good, because we have a program that does already, that has had a moratorium on it since 1973.

Are you in a position to recommend that program be made current, and remove the moratorium on it?

We had testimony from the National Marine Fisheries Service of a surplus in that program of \$8.2 million.

Mr. CAVANAUGH. I am in a position to say that the interest rate formula in that existing program is consistent with the type of interest formula recommended by the Treasury and the administration.

I am not in a position to make a judgment as to whether the program itself is good or bad.

Mr. BREAU. That kind of bothers me.

If you change the legislation and make it the current rate of interest, and you folks downtown recommend the same thing, dash it on the shelf for the moratorium on it, we have not accomplished anything.

Mr. CAVANAUGH. I must make a distinction between (1) our comment here with respect to the method of financing whatever the programs and the Congress and the Administration determine appropriate from a program standpoint and (2) the judgment within the Administration—the Commerce Department, OMB, the people familiar with the program—as to whether there should be a program at all; we have not made that judgment in the Treasury.

Mr. BREAU. I think it is clear that the Congress has made that judgment when we passed the Fish and Wildlife Act.

You fellows do not want it to be carried out the way it was intended.

Let me add one final question.

Does it not bother you, as a debt analyzer in the Treasury Department, that we have no program that provides any loans or assistance to the American fishing industry at whatever cost, whether it is at the current rate of interest, apparently at the same time, some other Department, through Export-Import Bank, is providing subsidized loans for foreign fishermen?

I would rather have my taxpayers' money going to our American fishermen, rather than the tax dollars going to some foreign country that is operating against us.

They are coming back and using that money to hurt our industry.

Does that not bother some of you fellows at Treasury?

Mr. CAVANAUGH. I am not familiar enough, sir, with exactly what is being done under either of these programs to answer that question.

Mr. BREAUX. Do you not think that you ought to be? We are paying money out there too. I wish you had the same concern about the money from Export-Import Bank that we are paying debt service on, as you did about what we are paying our own fisheries.

Is somebody over there paying attention to that?

Mr. CAVANAUGH. We have approximately 170 different Federal credit programs enacted by the Congress.

Mr. BREAUX. But none for the fisheries.

Mr. CAVANAUGH. The Treasury Department attempts, to the extent it can, to be aware of the methods of financing, the way the money is borrowed on the market to finance the programs, the appropriateness of the structure of the funds, the interest rates, the ways of providing assistance. But we do not attempt, except when specifically requested for some purpose, to make our own independent judgment as to the appropriateness of the goals of each one of these 170 different Federal credit programs which are administered by approximately 20 different agencies.

Mr. BREAUX. Now, let me ask you specifically then, so we can have somebody to start working on that, if you would, I would like to see, and I think it would be of interest to this committee, to find out how much it costs us to help foreign fishing industries through any program that we have in this Government, whether it be Export-Import, or our participation in the World Bank, or any other agency that we are participating in providing financial assistance to the foreign fishing industries, how much is it costing the American taxpayer?

Is that an understandable question?

Mr. CAVANAUGH. I think I understand your question, sir, but I would suggest—though I am sure the Treasury would be happy to do anything that it can—that the information with respect to what each agency of the Government is doing as a program matter, and the extent to which, under their various lending or other programs, they get involved in or impact the fishing industry in any way is information which would come from these agencies.

Now, we do not have firsthand knowledge of this ourselves in the Treasury Department.

Mr. BREAUX. Who would be the watchdog?

Would GAO be the proper agency?

Mr. CAVANAUGH. GAO can certainly be helpful to the Congress. They have people that look at each of these agencies, and audit the agency's operations.

The agencies themselves, I am sure, would be the best firsthand source of information as to what they are doing in fisheries or other areas.

The Office of Management and Budget undoubtedly has more knowledge than the Treasury as to the program aspects of what agencies are doing.

Mr. BREAUX. Well, I just wish we had more of their concern for some of the other programs, as much as we hear about their negativism as to what we are trying to do for our own programs.

Mr. LEGGETT. I think what bothers some of the members of the committee is that the legislation addresses itself, as you have indicated, to helping those who face imminent economic disaster.

I am not satisfied that we have made out that case yet, but assuming we are talking about that class of people, why that would be then a hurricane Agnes type of fallout situation, and as I recall in that situation we enacted special legislation that provided for 1 percent loans to everybody who was dislocated, and I recall outfits like Piper Cub up in New York got a multi-million-dollar loan at 1 percent from the Treasury to recover from that situation, and a number of smaller people, many of whom could not qualify got nothing.

It is certainly an inequitable way.

The President suggested that there be a \$5,000 forgiveness, that 1 percent really was not enough, and so that was an alternative program. You can either get the \$5,000 forgiveness at a regular rate of interest, or 1 percent, but not both.

As opposed to that, we find the Treasury now talking about inequities. We certainly know there are inequities, but if there is a truth-in-fact disaster getting relief to the disaster victims many times seems to be paramount.

I would just point out that, as an observation of some inconsistency in the Treasury and the administration, we find this from time to time, even in the Congress.

Mr. Forsythe?

Mr. FORSYTHE. Thank you, Mr. Chairman. I have no questions, but I am just glad you added that last word. Thank you.

Mr. CAVANAUGH. Mr. Chairman, I would like to add that my reference to inequities in the statement had merely to do with the question of equity among the borrowers under this particular program. That is to say, if you give 4 percent loans, and you give a borrower a 4 percent loan today, when the market rate is 10 percent, you are giving him a big subsidy. Then, a few years from now, if the market rate goes down to 4 or 5 percent, there is no subsidy, or very little.

I was merely addressing this program, not comparing it with others.

Mr. LEGGETT. Thank you very much.

Gentlemen, it is now 12 o'clock. I think it would be well if we adjourned until 2 o'clock.

The meeting will be adjourned until 2 o'clock.

[Whereupon, at 12 noon, the subcommittee recessed, to reconvene at 2 p.m., the same day.]

AFTERNOON SESSION

Mr. BREAUX. The subcommittee will come to order. Chairman Leggett will be here in a moment. We just completed our quorum call

on the floor. We will go ahead and start and continue our afternoon hearings.

The subcommittee will hear the testimony now of Dr. Lyle St. Amant, of Louisiana Wildlife and Fisheries.

It is my pleasure particularly on behalf of the subcommittee to welcome you this afternoon and let you know we recognize you as an outstanding marine biologist, not only for the State of Louisiana, but recognized throughout the world. The subcommittee will receive your testimony.

Dr. St. Amant, I see we have a prepared statement which will appear in the record. You may proceed and summarize it or go ahead and present the whole statement, as you wish.

[Statement follows:]

STATEMENT OF LYLE S. ST. AMANT, ASSISTANT DIRECTOR, MARINE AND COASTAL MANAGEMENT, LOUISIANA WILDLIFE AND FISHERIES COMMISSION

Mr. Chairman, Members of the Committee, my name is Lyle S. St. Amant and I am Assistant Director for Marine Fisheries and Coastal Management of the Louisiana Wildlife and Fisheries Commission. My experience in the field of marine fisheries and management spans nearly thirty years and I am professionally educated in this field. I am complimented and grateful to have been selected as a witness before this committee and I hope that the material I present will be effective in the support of HR 2296.

There is not much question that the commercial fishing industries on the Gulf Coast and in Louisiana have suffered drastic economic setbacks during the past several years, even though this area normally produces as much as 30% of the total U.S. fishery output. My statement principally deals with and documents those conditions which have existed in Louisiana during the past three years. They are as follows:

Louisiana's estuarine system is one of the world's most productive. This system contains some seven million acres, approximately half of which is marsh and half, water. Productivity of this system is linked to the tremendous volumes of nutrient-laden water discharged from the Mississippi, Atchafalaya, and to a lesser extent, other smaller rivers (Pearl, Calcasieu, Sabine) into the coastal area. These river systems have created this vast marsh and estuarine zone which serves as a nursery area for many marine species. During recent years (1973, 1974, 1975), discharges from these rivers have become much greater; so great in fact that many Louisiana parishes were declared federal disaster areas. These rivers were so high during 1973 that two relief floodways (Bonnet Carre and Morganza) had to be opened to protect the river levees. During 1975 the Bonnet Carre was re-opened to protect the Mississippi River levees.

Such tremendous volumes of fresh water greatly reduced the salt content (salinity) of the estuaries, causing mortality of many marine species and displacement of many others.

The following is an analysis of problems which affected the shrimp and oyster fishing industries during the past two and a half years.

SHRIMP

Until recent years, Louisiana has produced more shrimp than any other state, and there is evidence that the catches of white and brown shrimp for the entire northern Gulf of Mexico may be dependent on conditions in Louisiana's estuarine areas.

The most crucial period in the life cycle of shrimp occurs while they are in the nursery or estuarine areas. During this period, shrimp are particularly sensitive to temperature and salinity changes. Excessive rainfall and river discharge dilutes salinities in the estuaries below tolerance levels and consequently cause high mortalities. Such was the case during 1973, 1974, and the spring of 1975, when record river discharges and rainfall affected the Louisiana coast. As a result, total shrimp catch during 1973 dropped approximately 24 million pounds from 1972, and the 1974 catch decreased by approximately 23 million pounds (Table 1). Production in 1973 and 1974 showed a 20% and 19%

drop respectively, from the 1965-74 (ten year) average. This decline appears to have been the direct result of flooding from the Mississippi, Atchafalaya, and other rivers, coupled with heavy rainfall, which resulted in large acreages of shrimp nursery grounds becoming too fresh to be productive. This lost nursery ground acreage was estimated at 950,000 acres during 1973; 800,000 acres during 1974; and 800,000 acres during 1975, or nearly one-half of the normal nursery area acreage. Additionally, some offshore areas associated with the Mississippi and Atchafalaya River deltas were also too fresh to give optimum production.

In 1975, it was hoped that estuarine conditions would return to normal and a recovery would occur in the fishing industry. Unfortunately, excessive rainfall in late 1974 left a residue of fresh water in the early part of 1975. This was compounded by recurring rises in the river system and continued excess rainfall in the spring and summer of 1975. Thus far, production in 1975 is well below the past three years catch for the period January through August; 29 million pounds (heads on) were taken in 1975; 37.4 million pounds in 1974; 34 million pounds in 1973; and 59.8 million pounds in 1972. This continued decline of production in 1975 was further compounded by the fact that the shrimp are extremely small.

There is not much doubt that shrimp production in 1973, 1974, and thus far in 1975, was abnormally low and resulted from excess amounts of fresh water in the estuarine system. Hopefully, production will return to near the 10-year average when rainfall and river stage stabilize and estuarine conditions return to normal.

Compounding the problem is the fact that the cost of operation has more than doubled due to the fuel shortage and the rising cost of materials needed in the industry (Table 2). Additionally, prices received for shrimp at dockside have dropped (Table 3). This has resulted in economic chaos in the industry. This price reduction is a result of higher prices paid during past years which caused a warehouse inventory of higher priced shrimp coupled with the small size shrimp being caught at this time.

OYSTERS

Oysters, being sessile (non-motile) are extremely sensitive to hydrological factors within their environment, and as such are a good indicator species to document any such changes within the system.

Generally, oysters grow best at salinities ranging from 5 to 15 parts per thousand. In higher salinity areas, they are more susceptible to predators and disease, and at lower salinities they are not able to successfully complete the life cycle.

During the spring of 1973, the highest river stages in history were recorded. As mentioned earlier, two spillways had to be opened to relieve pressure on the weakened river levees. Additionally waters topped the levees on the east side of the Mississippi River below Pointe-a-la-Hache, Louisiana (Plaquemines Parish).

These tremendous volumes of fresh water had a disastrous effect on oyster grounds located within the radius of the discharges. The bulk of Louisiana's prime oyster-producing acreage was adversely affected by the floodwaters. The ill effects were two-fold in that the actual mortalities incurred from intrusion from fresh floodwaters into normally brackish estuarine areas were compounded by closures of large zones to oyster fishing for the public's protection due to potential hazards of harvesting shellfish from areas influenced by unsanitary river waters. These two factors were synergistic in some instance to the extent that the ban on fishing in certain areas imposed at an early date resulted in this loss since the fishermen were unable to harvest or even relocate their oysters.

This posed a serious threat to a significant number of Louisiana's oyster growers. Although the industry as a whole has averaged 10.1 million pounds annually for the period 1968 through 1972, and some reduction is evident for the years 1973 and 1974, the real loss to specific oyster growers occurred among those lessees who held leases where significant amounts of fresh water occurred. These growers in some instances lost nearly 100% of their production. This situation in some ways is paradoxical since we find that additional fresh water has been partially beneficial to the total production of oysters while significant numbers of industrial growers have been faced with economic disaster.

In order to determine the extent and percent of mortality, the Louisiana Wild Life and Fisheries Commission investigated areas affected by freshwater intrusion on a coastwide basis. The results of this investigation are presented in

Table 4. As expected, heaviest mortalities were experienced in those areas in close proximity to direct discharges from the Mississippi and Atchafalaya Rivers. An expanded projection revealed that 122,700 acres of leased oyster bottoms were adversely affected by the floodwaters of 1973; this was 68% of the 180,000 acres of oyster grounds under lease in Louisiana. Of this 122,700 acres, 88,715 acres (72%) had in excess of 25% mortality. This acreage represented 49% of Louisiana's total leased acreage.

High river discharges and rainfall during the spring of 1975 also had detrimental effects on the oyster industry, particularly since estuarine conditions were still in a "freshened" state from 1973 and 1974 conditions. Mortalities were highest, 75% and over, in the Little Lake—northwestern Barataria Bay complex, and near 100% in the Bay Junon—Caillou Lake complex.

It is our opinion that something should be done for the fishing industry at this time, if at all possible. This is a food-producing industry, and as such the Federal government should set up a system to aid bona fide commercial fishermen in times of economic stress. Hopefully, a return to normal rainfall and river stages should restore estuarine conditions to normal and ultimately increase production.

TABLE 1—LOUISIANA SHRIMP LANDINGS (HEADS ON)

Years	Pounds	20-year average 1955-1974		10-year average 1965-1974	
		(63, 864, 000)	Percent	(73, 546, 000)	Percent
1955	71, 994, 000	+8, 130, 000	+13		
1956	60, 792, 000	-3, 072, 000	-5		
1957	34, 103, 000	-29, 761, 000	-47		
1958	41, 008, 000	-22, 856, 000	-36		
1959	57, 353, 000	-6, 511, 000	-10		
1960	61, 758, 000	-2, 106, 000	-3		
1961	31, 027, 000	-32, 837, 000	-51		
1962	43, 585, 000	-20, 279, 000	-32		
1963	80, 809, 000	+16, 945, 000	+27		
1964	59, 382, 000	-4, 482, 000	-7		
1965	62, 593, 000	-1, 271, 000	-2	-10, 953, 000	-15
1966	62, 269, 000	-1, 591, 000	-2	-11, 277, 000	-15
1967	75, 317, 000	+9, 453, 000	+15	+1, 771, 000	-8
1968	67, 768, 000	+3, 904, 000	+6	-5, 778, 000	-13
1969	82, 888, 000	+19, 024, 000	+30	+9, 342, 000	+24
1970	90, 938, 000	+27, 074, 000	+42	+17, 392, 000	+26
1971	92, 475, 000	+28, 611, 000	+45	+18, 929, 000	+26
1972	83, 031, 000	+19, 167, 000	+30	+9, 485, 000	+13
1973	58, 648, 000	-5, 216, 000	-8	-14, 898, 000	-20
1974 ¹	59, 536, 000	-4, 328, 000	-7	-14, 010, 000	-19

¹ Preliminary figures.

TABLE 2.—LOUISIANA SHRIMP INDUSTRY

[Comparison of operating cost¹]

	1970	1972	1974	1970-1974 percent increase
Fuel (diesel) per gal.....	12.7	13.3	33.1	161
Oil (55 gal drum):				
Golden meadow.....	49.85	59.85	86.35	73
Caterpillar.....	61.50	69.95	93.50	52
Ice:				
300 lb. block.....	1.50	1.65	1.80	20
Ton ²	9.00	12.00	14.00	56
Groceries (per trip).....	\$200	\$240	\$325	63
Financing (interest).....	6.5	7.5	9.5	46
Vessel cost (steel hull trawler).....	\$68,000		\$105,000	54
Repair cost (dry dock hull repair).....	\$1,100		\$1,785	62
Net (65 ft complete).....	\$579	\$657	\$860	49
Trawling cable:				
1/2 in×100 ft.....		\$22.74	\$48.40	113
9/16 in×100 ft.....		\$28.18	\$60.20	114
Bridge:				
1/2 in×240 ft.....		\$62.03	\$131.90	113
9/16 in×300 ft.....		\$113.63	\$199.15	75
Chain (300 lb. barrel):				
3/4 in.....		\$150.00	\$246.00	64
9/16 in.....		\$135.00	\$246.00	82

¹ Source, New Orleans Shrimp Co., New Orleans, La.

² Source, Nunez Seafood, Lafitte, La.

TABLE 3.—EXVESSEL, PRICES OF RAW HEADLESS SHRIMP, MONTHLY, 1972-75 (SOUTH ATLANTIC AND GULF)

[Dollars per pound]

Month	Exvessel 1		
	21-25	31-40	51-67
1972			
January.....	\$1.88	\$1.24	\$0.79
February.....	1.93	1.30	.79
March.....	1.86	1.32	.78
April.....	1.87	1.36	.82
May.....	1.87	1.36	.70
June.....	1.80	1.23	.67
July.....	1.79	1.22	.81
August.....	1.56	1.20	.80
September.....	1.55	1.24	.75
October.....	1.57	1.29	.86
November.....	1.54	1.28	.84
December.....	1.51	1.30	.78
1973			
January.....	1.63	1.33	.71
February.....	1.71	1.48	.90
March.....	1.83	1.57	1.01
April.....	1.88	1.62	1.09
May.....	1.95	1.68	1.16
June.....	1.97	1.64	1.17
July.....	2.11	1.68	1.27
August.....	2.37	1.94	1.43
September.....	2.62	2.05	1.44
October.....	2.52	1.87	1.22
November.....	2.62	1.93	1.22
December.....	2.68	1.88	1.19
1974			
January.....	2.60	1.72	.96
February.....	2.24	1.44	.91
March.....	2.20	1.41	.88
April.....	2.22	1.41	.91
May.....	2.19	1.31	.74
June.....	2.20	1.18	.65
July.....	2.12	1.09	.67
August.....	1.72	1.06	.67
September.....	1.47	1.11	.74
October.....	1.65	1.24	.80
November.....	1.51	1.18	.78
December.....	1.47	1.16	.77
1975			
January.....	1.59	1.26	.84
February.....	1.82	1.46	.98
March 4 ¹	2.01	1.60	NA
April 4 ¹	2.38	1.82	NA

¹ Preliminary information.

TABLE 4.—COASTWIDE SUMMARY

Impacted vicinity	Acreage under lease in vicinity	Percentile projection of acreage with mortalities in excess of 25 percent
Lake Borgne.....	48,000	100
Bay Boudreaux and environs.....	21,400	80
American Bay-California Bay complex.....	6,400	50
Lake Washington-Sandy Point complex.....	17,300	65
Little Lake-Barataria Bay complex.....	15,400	35
Bay Junop-Caillou Lake complex.....	12,800	60
Vermilion Bay-Southwest Pass complex.....	1,400	100

STATEMENT OF DR. LYLE ST. AMANT, LOUISIANA WILDLIFE AND FISHERIES

Dr. ST. AMANT. Thank you, Mr. Breaux. I think I will attempt to summarize it in the interest of time.

Basically what I think we should recognize is the gulf fishery production is one of the more important in the U.S.A. We produce about 30 percent of the total fishery output from this area.

Moreover, it has been generally recognized by most of the marine scientists that fisheries production is closely allied and controlled by the Mississippi and its output into the system. Because of this, the Louisiana nursery ground, particularly with reference to shrimp, has considerable effect on the total production of the gulf.

The way that the Mississippi River system operates is both at times a blessing and at times a curse. It has been the result of flooding, excessive rainfall, and unusual conditions which has brought about in part the problems which now exist in the shrimp industry, and also in the oyster industry in Louisiana.

We have had so much water entering the system since 1973 that many of the parishes in the State of Louisiana have been flooded and now are declared Federal disaster areas.

Accompanying this influence of the river water, we have had a similar disaster in the shrimp industry and to a certain extent in the oyster industry, but we have not been able to declare these industries disasters and we have had some difficulty in getting funding for the fishermen.

I would like to address myself first to the shrimp problem and I think probably the best way to do is to forego the text and turn back to the tables at the end of the statement.

You will recognize in table 1 that the shrimp landing had varied over the years from 1955 up to 1974—and, incidentally, these statistics are taken from the National Marine Fisheries Service figures.

The 10-year average, for example, from 1965 to 1974 is about 73 million pounds heads on in Louisiana.

In 1970 and 1971, we had exceptional production. It was as much as 24 percent above normal. And then in 1973 we had our first big flood period.

It was during this period that a great deal of the nursery area of the shrimp-producing ground in Louisiana was flooded, and were not able to produce thus our production dropped to about 20 percent of the previous 10-year average. The drop was more dramatic down about 30 percent or 35 percent when compared to the previous high years, 1970 and 1971, and 1972.

This drop continued through the year 1974 and while we recognize that this type of flooding is a cyclic thing and is not likely to be continued indefinitely, we had had some hopes it might correct itself in 1975. We find that the conditions in 1975, if anything, are worse. We have had continued excessive rainfall causing a loss of as much as nearly 50 percent of our nursery ground. The most recent statistics, which are not in this table, that just came in last week from the National Marine Fisheries Service, indicate that the Louisiana production through August 1975 is only 18 million pounds, as compared to 33 million and 37 million pounds for this period in good years.

So we are down nearly half in production at this point in time again in 1975.

This is even lower than the 1974 and 1973 output, which was 23 million pounds at this point in time.

Texas is also down. They are down 5 million pounds over last year. And some 15 million pounds lower than their peak year.

The whole northern Gulf is being affected apparently by conditions that are beyond the control of the fishermen, and, of course, the agencies which are supposed to be taking care of this resource.

If one looks back through the years, you will notice this type of shortage in production. But the thing that happened to the shrimp industry is that during the last 2 years, along with this drop in production, their costs have gone up exceptionally high.

Table 2 indicates some of the cost changes, and these costs are taken from some of the shrimp companies in the New Orleans area. They are direct costs.

For example: Diesel fuel went up 161 percent since 1970; oil went up 73 percent; ice is up 20 percent; groceries 63 percent; financing and interest costs 46 percent; vessel cost is up 54 percent; preparation costs are up 62 percent; nets are up 49 percent; and cable and other material used in trawling is up tremendously—up as much as 100 to 113 percent.

I think it is this problem that really has caused the trouble. While I am sure that the fishing industry expects production cycles from time to time, when they do get caught in a situation where production is down, where costs have skyrocketed, and then again where the value for their catch is also fluctuating, they run into economic problems that are just beyond anything that they can hope to cope with.

Table 3 will show something about the value of shrimp over the last 2 or 3 years.

You will notice that in the larger size shrimp, the prices did go up along with the shortage in shrimp, and remained up fairly well through mid-1974. But at that time the prices broke. This had to do with imports I think, and warehouse inventories on exceptionally high-priced shrimp.

The result was, we found, a great many people just were not able to operate. We even have cases in 1975 where the fishermen complain they could not catch enough shrimp to pay their expenses, which means certainly they are not making any profit.

The effect on a small shrimper in Louisiana, which is particularly noted, is the fact that in the smaller shrimp, the prices went down and stayed down. They did get up in midyear around \$1, \$1.50 in late 1973 and mid 1973, but they dropped off in 1974 and have not come back up to any extent.

Since Louisiana is a small-boat fishing area, we do have a high number of small operators—not a great deal of capital investment, but it is their total livelihood, and they are absolutely going broke. Apparently they are caught in a squeeze and do not know their way out of it.

You might remember the Louisiana Legislature attempted to correct this in some manner. We passed one bill that established a guaranteed loan fund, but here again, it was patterned on the Small

Business Administration loan, and for some reason the shrimpers, even in Louisiana, could not qualify under the legislative act.

The last legislature changed the law again, and now we are giving 100 percent guaranteed loans. The banks would not handle loans at 90-percent guarantees of the loan.

It is hoped that we can get some little help for them, but the amount of funding the Louisiana Legislature set up is not going to be enough to cope with the problem.

Now, with respect to oysters we are having problems in that area. Oysters are animals which do not move. They are sessile animals. And they cannot get out of the way of floodwaters.

While it is true that floodwaters, in general, enhance oyster production over the total coastal area, in Louisiana where we have a high number of acreages under lease to individual owners, those oyster growers which own leases that are in the very neighborhood of the flooding have lost everything they had. The last table gives you some idea of the type of loss we had in that area.

For example, in the Lake Borgne area, when they opened the spillway, we had about 48,000 acres under lease, of which 100 percent of them lost more than 25 percent of the oysters and in many instances it was 100 percent mortality.

In other areas the figures speak for themselves. Thousands of acres of oysters under lease have been lost, because of the fresh water input.

There was some attempt in one of the years, last year or the year before, to get some relief for the oyster people and this was denied in Congress on the basis that the statistics indicated that the total production was at least up or equal to the 5- or 6-year average.

While this is true, it should be recognized that those people who are directly affected by these abnormal environmental conditions are in some instances in dire straits. They have lost considerable amounts of money and there does not seem to be anyway they can recoup it.

I would hope that this committee would see fit to at least pass this bill through Congress, or some type of bill that would be able to help fishermen in the Gulf areas, particularly, and I am sure it is needed all over the United States.

Thank you.

Mr. BREAU. Thank you very much, Doctor St. Amant, particularly for the statistics and tables which you present the subcommittee with.

I was impressed by the statistics. You said what, 30 percent of the total U.S. fisheries—

Dr. ST. AMANT. I think this is correct. It varies from year to year, 30 percent of the total pounds of U.S. fisheries comes pretty much out of the Gulf area.

Of course, these are very valuable fisheries. We are looking mainly at shrimp and oysters, however, there is a high production of menhaden, nonfood-type fish, but these are the principal fish in this area.

Mr. BREAU. What is the impact, if you can assess the impact, of imported fish on our American industry?

Dr. ST. AMANT. I am not an economist. I only go by hearsay information. But the information I have indicates that what really happened was the shortage of shrimp came about, the prices did go up,

and then the imports were brought in to meet some of this shortage at very high prices along with prices they paid in 1973.

Then suddenly they had an overstocking of shrimp at high prices. Prices dropped and since there was no control over this factor, it resulted in chaos in certain segments of the industry.

Mr. BREAUX. One of the problems I think we have in writing the legislation which would be effective when a certain situation occurs is trying to label or determine what that situation is.

In other words, how bad does it have to get before any kind of an emergency type of program goes into effect?

And you have looked at the legislation and the legislation draft tries to deal with the economic dislocation.

When it occurs, the Secretary is entitled to come in and declare that situation exists and it makes this loan program available on an emergency basis.

In light of the statistics that you have presented, would you think of would you be able to say that this condition, as far as the shrimping industry, exists now?

Dr. St. AMANT. I would certainly think the shrimping industry would be adversely affected from the same flooding as the agricultural industry.

We do have agricultural relief going on in parishes in the State from this. It seems to me the same type of judgment could be made with respect to the fishing industry.

The difference here is when you are dealing with shrimp generally, you are dealing with a natural product that I guess the fisherman has no capital investment in the product itself like he does in his farm, so it is a little more difficult for him to show in dollars and cents what his problem is.

But he is dependent upon his crop for a livelihood just as surely as the cotton farmer is dependent upon his crop. And if for some reason it fails—and I think he should be in a position to at least be protected if it is beyond his scope to do anything about it if it is a natural catastrophe.

Mr. BREAUX. These prices you cited to the committee, I see they take in the entire gulf and part of south—

Dr. St. AMANT. These are taken from the National Marine Fisheries people. They can give you more detailed statistics if you want.

Prices are put out almost weekly, certainly by the month.

These are back through 1974 I think it is.

The 1975 prices start out instead of slowing down, they are going up, because there was an extreme shortage.

The trouble is now they do not have any shrimp. If you can catch shrimp, you can make money out of them, but there is not any to catch.

Mr. BREAUX. Thank you.

Mr. Emery.

Mr. EMERY. Thank you very much, Mr. Chairman.

During the session this morning, several of the committee members voiced some special frustrations and criticisms with the National Bureau of Fisheries Service. Quite frankly, I was one of them because very often it seems to me this organization has a negative outlook. They are anxious to push for financial assistance, or whatever

else is necessary, more suitable climate within which the fishing industry can grow and prosper and resolve some of its problems.

I think it is very important for this committee to examine some of the goals of the National Marine Fisheries in light of some of the problems the fishing industry around the country is having and see if we can determine whether or not they really would be very helpful.

I would appreciate—I do not want to get into personalities, names—your impression of the National Marine Fisheries, whether or not you feel they have been useful at all in the Gulf States and what would you like to see in attitude and direction?

Dr. ST. AMANT. Well, I think the subject was pretty well touched on this morning, and I do not know whether we should blame the National Marine Fisheries directly or whether it is a way the Government is operating and I am not familiar with all the ins and outs of it.

The problem seems to be tied up with how the money is to be spent on fisheries research and data gatherings. And whether or not we are going to spend any for subsidies for fishing as well as for agriculture.

I find that the shortage of money and this—this reflection on OMB and other sources as the cause of the problem is not only tied up with subsidies, but it is also tied up with research, and with any other types of funding we try to get from National Marine Fisheries.

We have found or feel over the past years that this funding dwindles down to a point that we do not really get any real work done. There seems to be no discretionary funds to do any kind of work with, research or help to fishermen at a time when we most need it. We find even in the research program in the gulf, we are much short changed.

We are told that funding is not available. We are not in a position to argue the point. But we do know that more work needs to be done; if we are going to manage the shrimp or any fish properly we need to have more information, yet we find the very information we need is being cut out in many of the programs. For example, the catch statistics, the various types of information we need to find out whether the fishermen are even progressing or not is being abandoned gradually.

I do not think this is a function that the State can carry out and certainly if we did carry it out on an independent basis, we would never get it in some system where we could compare one State to another. We have been fighting this battle for sometime without results. The constant answer we get is we just do not have the funds. There is no way of getting the funds and therefore this is not a priority item.

We have trouble determining who sets the priorities and we would like to be in on some of that priority setting. But we are never consulted.

Mr. EMERY. So you conclude in your minds you wish National Marine Fisheries, maybe other government agencies, would play a more progressive role, both financing and promoting?

Dr. ST. AMANT. I would think so if they have the ability to do it. I am not familiar with how they are structured. If they have ability to comment to Congress or even make a point with the people above them, they should do so. Because I feel you made the point this morning that if we are going to have a fisheries agency, it at least ought to take care of the fisheries or make an issue out of taking care of it even if they failed.

Mr. EMERY. As I did say this morning, I have been very frustrated during the several months I have served on this committee, the lack of direction or lack of direct positive outlook of the program.

I just throw out the comment, I think it would be well if this committee in some form or another would hold hearings on National Marine Fisheries and maybe some other agencies and see whether or not they are actually doing the job for which they were designed, maybe it would be at that point appropriate for this committee to make a strong suggestion, take the type of direction your fishermen and my fishermen would like to see.

With that statement, I will close.

Thank you very much.

Mr. LEGGETT [assuming the chair]. Thank you very much, Mr. Emery.

Dr. St. Amant, I am sorry I was not here for your presentation, but I had an opportunity to review your statement and essentially what you show is that current production levels of shrimp in Louisiana are about what were produced, I guess, about 16 million pounds, about equal to what we produced in 1966, or 1965, and 1956, but not nearly equal to the rather large productions in 1971 and 1972 period.

And you attribute that reduced production to higher costs of operation or lack of utilization in the commerce?

Dr. St. AMANT. The production is a natural phenomena. It is tied in with the environmental parameters that change from year to year and season to season and man has no control over it.

The only thing we could do is manage or attempt to manage the production as it comes about annually.

This type of cycling can be expected in shrimp and practically any any other fishery.

There are occasions, however, when the reduction in catch are greater than normal because of unusual conditions, which occurred in Louisiana, over the last 3 or 4 years, particularly with reference to the excessive amount of flooding from the Mississippi River system and rainfall.

Now, if you look back through the statistics, you will find in some prior years, back in the 1950's we have had occasional drops in production that were almost as bad.

The thing about it was these last 2 years or 3 years of poor production have been coupled with an unusual increase in cost which was not the case in past years, and they have not been able to survive with their costs going up 100 percent—for fuel—or more. And at the same time, the production goes down. And the overhead just eats them up. This along with high interest rates and other inflationary problems has really been the root of the thing.

Mr. LEGGETT. I notice your chart on price indicates that shrimp, 51 to 67 variety, result in 98 cents 84 cents.

Dr. St. AMANT. Right.

Mr. LEGGETT. And, of course, that is higher than any month in 1972.

Dr. St. AMANT. If you go back to 1973, you can see where the break came.

In 1973, prices were extremely high. And then when it did break, the cost remained high and they ran into trouble.

As long as the prices go up in the areas that they were in 1973, they could apparently break even and make a few dollars even though the cost of operation was high, but——

Mr. LEGGETT. Do you have any information on breaks in the last few months?

Dr. ST. AMANT. Let's see. I guess——

Mr. LEGGETT. Somebody back here is volunteering.

Dr. ST. AMANT. No, I really do not have it.

I think it is going up now, going up now and—the problem now is we are not catching enough shrimp.

The prices are going up for at least the large shrimp, we are getting surprisingly good price at the present time.

Mr. LEGGETT. How would money solve this?

Dr. ST. AMANT. I think the problem that happened here, many people had invested money in the shrimp business. They owed moneys at high interest rates, and when they began to not make money at all, or even break even, they could not make payments on their boats, on their homes, and any other things that they had invested in. And they were in position where they were about to lose all this property.

This has been the major complaint, that they brought to us in the agency.

Mr. LEGGETT. Now, did they lose their boats?

Dr. ST. AMANT. In some instances they did. In some cases I think some of them even went in dire straits with their homes.

They may have overextended themselves. I do not know whether they spent their money unwisely. But certainly apparently they did owe the money and they did owe it at relatively high interest rates and when they could not make enough money to meet these, they were running into a problem.

Mr. LEGGETT. Somebody has to fill in the gap. What happened?

Dr. ST. AMANT. Well, you mean the detail of it?

Well, I am sorry but I am not an economist. I have not made an economic analysis of this thing.

I tried to present what happened insofar as production is concerned.

Mr. LEGGETT. Yes.

Dr. ST. AMANT. And basic cost to the industry.

Mr. LEGGETT. Your testimony is very helpful.

I think that is all at this point Thank you.

Dr. ST. AMANT. Thank you.

Mr. LEGGETT. The next witness this afternoon is Mr. Walter Ross, attorney, Mississippi Fishermen's Association.

Mr. Ross?

First we have a statement submitted by Mr. Leon D. Hall, Biloxi, Miss., employed by the Dejean Packing Co., and that statement will be incorporated in the record at this point.

Also Congressman Fascell has a statement that will be incorporated in the record at this point.

[Statements follow:]

STATEMENT OF HON. DANTE B. FASCELL, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF FLORIDA

Mr. Chairman and members of the Subcommittee, as a cosponsor I am delighted to have this opportunity to testify on behalf of H.R. 3924, a bill to provide short-term relief to those portions of the fishing industry which have suffered economic dislocation.

Under the bill, the Secretary of Commerce could provide low interest working capital and mortgage refinancing loans to fisheries found to be suffering from economic dislocations. Such dislocations could include a rapid and substantial increase in operating costs coupled with a decrease in market value of the fishery catch due to increased imports or other factors.

The bill provides that the Secretary must make a finding of dislocation, or the Congress may do so after receiving a report from the Secretary that no aid is necessary. This legislation may provide badly needed assistance to the South Florida shrimp industry and the spiny lobster industry. The bill specifically finds that an economic dislocation exists in the shrimp industry. In addition, I believe that a similar finding could be made in the spiny lobster industry, which has had a major source of supply wiped out virtually overnight by recent actions of the government of the Bahamas.

I urge that this bill be approved by the Subcommittee. The shrimping industry has been particularly hard-hit by a combination of rising operating and fuel costs and the economic recession. Meanwhile, there has been a drastic overflooding of the market with imported shrimp which has forced a lower dockside price for domestic shrimpers. The result has been severe on our South Florida shrimpers, many of whom have been unable to make enough profit to remain in business.

Most recently, the government of the Bahamas has designated the spiny lobster as a creature of the outer continental shelf, an action which has brought the lobster under its conservation laws within the shallow waters of the Bahamian continental shelf, in many cases well beyond the present 12-mile territorial limits.

The unilateral move by the Bahamas has virtually wiped out a major segment of our Florida industry. Scores of boats which formerly fished in the shelf waters off the Bahamas are now docked in South Florida with the major source of their supply declared off-limits. I have asked the State Department to do everything possible to reopen negotiations with the Bahamian government aimed at restoring at least some permission for our fishermen to maintain their previous livelihood. In the meantime, many of Florida's lobstermen have no income.

Hopefully, the economic disaster will be short-term. If future negotiations are successful, our lobster fishermen will be able to return to Bahamian waters. In the meantime, however, they are in desperate need of assistance of the type that could be provided under this bill.

The legislation provides for a system of determining economic dislocation that assures both administrative and Congressional review of crisis situations affecting specific fishing industries. It would supplement rather than supplant any existing Federal programs of aid for industries hit by economic disasters.

Any loans made under the program would be subject to regulations issued by the Secretary of Commerce. They would bear interest at the rate of 4 percent per year, and mature in not more than ten years. No repayment of principal or interest would be required during the first year of the loan.

Loans would be available only to applicants who could demonstrate a net profit from commercial fishing operations for each of three years immediately preceding the dislocation, and who have had or can project a net deficit for one and a half years of dislocation.

Funds loaned under the program could be used only as working capital for commercial fishing vessel operations or for the refinancing of commercial fishing vessel mortgages. The Secretary would have up to \$100 million available for this assistance.

Because of the specific designation of the shrimping industry as one experiencing economic dislocation, the Secretary of Commerce would have to submit to the Congress within 60 day recommendations for alleviating the situation.

It seems to me that this program, which might also be extended to the spiny lobster industry, would go a long way toward assisting our fishing industry not only in South Florida but throughout the coastal areas of our country. I urge the Subcommittee to approve H.R. 3294.

STATEMENT OF LEON D. HALL, DeJEAN PACKING COMPANY, INC.

Mr. Chairman, members of the Committee on Merchant Marine and Fisheries, ladies and gentlemen, my name is Leon D. Hall, of Biloxi, Mississippi, having been employed by DeJean Packing Company, Inc. of Biloxi, Mississippi for the

past 27 years in various capacities which includes over the past 10 years in charge of production and plant operations. During the past 15 years I have been very close to boat operations and the raw material market, purchasing shrimp and fish for the DeJean Packing Company, Inc. operations.

In 1967 I realized that there was a great need for new shrimp trawlers to maintain production of seafood for the company's pet food and shrimp operation.

There was no doubt of a great need for new fishing boats in the Biloxi, Mississippi area since there had not been any new modern steel trawlers built there up to that time. Looking ahead I was able to obtain a loan of \$107,000.00 from the U.S. Department of Interior. Using this together with my personal resources, I was able to build my first trawler, a refrigerated vessel, at a cost of \$145,000.00. This boats operation proved to be a successful one as were all fishery operations in the 1960's. A short time later I was approached by a friend to build more trawlers and finally I committed myself to the building of four additional trawlers: and my friend contracted for four trawlers also—these were finished and delivered during the 1970-1971 period.

By the time the last of the trawlers were out-fitted and put into operation, the catch rate began to drop. Prices for the catch of these boats were lagging behind the increase in expenses. 1972 ended with the boats grossing an average of \$80,000.00 for the year and with expenses averaging between \$85,000.00 and \$100,000.00.

In 1973 production during the months of January, February, and March was extremely light. Following this came the flooding of the Mississippi River, inducting into the shrimp nursery areas of Louisiana and Mississippi such a heavy influx of fresh water that practically all of the 1973 crop of brown shrimp failed to survive.

Before the flood waters receded the price of fuel began to advance and this was followed by all petroleum products such as nets, rope, baskets, filters, and lubricating oil. At the same time prices of available shrimp supplies climbed to an all time high. Unfortunately the catch rate per vessel dropped drastically and as a result the high cost of operation could not be overcome. 1973 wound up as a disaster for many processors due to the high prices and the same situation applied to the boats due to the low catch rate and the increased cost of operation.

Proceeding into 1974 very cautiously the industry made changes in the manner of sharing the crew by extending the crews responsibility to include the cost of fuel. Fuel and other associated operating supplies were steadily rising and raw material at the same time was at a unrealistic low price due to the heavy carry over of the high priced inventory of 1973. 1974 ended with the catch rate per boat having increased somewhat but because of the fact prices paid for the catch was down the cost of operation continued to increase.

In 1975 the industry was again faced with a flooding Mississippi River. The biologists contention "a high river, a poor brown shrimp crop" was proven true. By April and May 1975, 1974 inventories were greatly reduced. Even with this the industry moved with caution only to find that spring and summer production was to be off some 64% from the same period in 1974. As a result of all of this raw material prices advanced sharply.

By August 1975, fuel was up from the 13¢ per gallon figure of early 1973, to an average of 38¢ per gallon. Other supplies necessary to the proper operation of the boats continued to increase in cost. Even though the price of shrimp, as in 1973, reached an all time high, the trip earnings of the boats were insufficient because the catch rate per boat had reached an all time low.

In summary, we believe all will agree the past three years have been unusual and unprofitable years for the shrimp industry.

Now, however, with the economy of the country again on the up grade, the new system of boat settlements with the fishermen together with other items have been adjusted for a much tighter boat operation. We see 1976 as being the year that the production and processing people and the consumers will finally come back together, all of which will add up to the seafood business returning to a normal operation and growth rate. The big problem facing our industry today is to overcome the big losses that occurred in 1972, 1973, 1974, and 1975. This is impossible today on short term and high interest money. In today's economy there are numerous cases in our industry that because of the high interest and insurance costs today required there is no possible way to reduce the debt load involving equipment. It is noted that bankruptcies in the country passed 250,000 in 1974 and in 1975 are running at an even higher rate. I would also observe that in today's economy it is almost impossible to sell a shrimp trawler to domestic inter-

ests. However, I have been informed that most of the under-developed countries in the world are able to buy these boats quite readily with the low interest money that is made possible by the U.S. Government.

In closing I would like to comment that if this bill is predicated on an operators last three years income tax to show repayability, you are all wasting your time. Low interest money and time is the only sure way out for the industry.

So much for the review of the past several years and my outlook for the future.

At this time ladies and gentlemen, if you will bear with me I would like to give you my experience with Government agencies as far as trying to secure some capital at an interest rate that could be lived with. To begin with the national fisheries money was under moratorium and the SBA was not permitted to lend money to fishermen and boat owners. Since 1973 there has been some changes in the SBA ground rules which permits the lending of funds to the fisheries. Applicants for these SBA loans in Texas, Louisiana, Alabama, and Florida have been fairly successful. Mississippi fishermen applying have not been able to furnish the repayability information required thus they have been unable to avail themselves of the SBA program to any degree.

Now the National Marine Fisheries has a mortgage guarantee program. To qualify under this program is again an almost impossible task. For instance the one trawler I built at a cost of \$145,000.00 had a perfect record until the end of 1973. At that time the unpaid principal balance was \$36,000.00. A marine survey indicates the present value of the trawler to be \$170,000.00 and further indicates the replacement cost in today's economy would be in excess of \$200,000. The reason this trawler is presently delinquent is because I used all funds available to try to keep my operation going until some relief could be obtained. To this day no relief has developed. Some months back I filed loan applications on the 4 other trawlers and I have now been asked by the National Marine Fisheries Agency to withdraw these applications. National Marine Fisheries is still trying to justify a mortgage guarantee for the one boat and to do this they need a bank to underwrite and this would involve a 9% interest rate for a period of 5 years—I point out the Government rate was 6%. Now, we have a trawler paid down from a \$107,000 Government loan to \$36,000 plus accrued interest, the actual unpaid balance \$39,000. (The marine survey shows today's value of the trawler to be \$170,000.)

The Government holds the 1st mortgage on the vessel and in addition the Government holds a 2nd mortgage on my home, valued at \$65,000 (1st mortgage unpaid balance \$15,000). Additionally, they hold a guarantee of another corporation of which I am president.

Considering all of this, does it sound like the Government is leaning toward any relief—or a get by at additional cost. I should mention at this time my SBA loan applications have been rejected also.

So after six months of paper work and filling in forms I only remain in business through the good will of my creditors.

Mr. LEGGETT. Our next witness will be Mr. Joseph Colson, executive director of Gulf States Marine Fisheries Commission.

Mr. Colson.

STATEMENT OF JOSEPH COLSON, EXECUTIVE DIRECTOR, GULF STATES MARINE FISHERIES COMMISSION

Mr. COLSON. Thank you, Mr. Chairman.

I want to apologize for not having a prepared statement. However, I represent Gulf States Marine Fisheries Commission and we are having other problems, just short of staff.

I might express my appreciation for being able to appear before you today in support of this H.R. 2296, and I have had quite a bit of experience. I have been the director of the Gulf States Marine Fisheries Commission, this last October will be 9 years, helped to organize the commission actually 26 years ago, and I have been in the industry my whole life. And I have been past chairman of the Mississippi Conservation Commission, so I have had quite a bit of exposure to the industry.

I might say that at the outset, I think that this bill should be ex-

panded to include all fisheries, because as Dr. St. Amant just said, the oyster people have suffered extensively in flood conditions, and so forth, and we have—the oyster lease grounds have been destroyed.

They have tried other methods of getting financing which was not adequate. And now we are faced with the lobster situation, where the lobstermen are not able to fish off their shores and, consequently, they are going to have to convert their type of fishery which will have some bearing.

In most cases I might add that the fishermen, when production stops, their income stops. They have no reserve capital whatsoever. They are more or less on a day-to-day basis, especially the small fishermen in those cases.

Probably we have in our case a large brownfish industry that has had problems as far as production is concerned. However, that should be given some consideration.

I might say in the outset I have had quite a bit of experience with the 88309 development, research and development bill. Counsel I think is familiar with that. I got to know Ned Everett real well due to that bill.

I think we were talking about disasters this morning. We have like 88309 research and development, 4-B moneys which now the National Marine Fisheries Service recommendation we go to EDA to get these funds which restores to life reefs of oysters after a hurricane. This, in turn, puts the small fisherman out of business.

I feel as though—I think if you succeed in passage of this bill, I think some consideration should be given to whether you pass a mandate, if that is what it requires, to the Commerce Committee, Commerce Department, that they shall do this, and more than just “shall,” if there is any way of expressing it any stronger than that, we have had a world of problems as far as boat loans and basically this is why some of the fishermen are having the problems they are having now trying to refinance.

They were not able to get adequate loans, sufficient loans to finance their boats and try to upgrade their gear and modernize it. They had to first go to a local bank and in turn, in addition to financing a boat as collateral, they had to also mortgage their home. So that is consideration I think that should be given.

Now, I notice on page 2—and we make reference on lines 10 to 19—we make reference to the secretary of Commerce. And then we take a 30-day period, then another 60-day period.

I have been through a lot of hurricanes and disasters, and we I think are expecting one tonight on the gulf coast. I have to get home and start getting my personal belongings in.

But sometime I think we should call this an emergency type deal where it would be a little faster than that. Because I reiterate, if a fisherman is out of business today, he is out. He has a note, if he has no fish, if he cannot fish, that is it.

So I think that some consideration should be given to the timing. And I will admit after Hurricane Camille and a few other hurricanes we had, we were able to get some loans through the Small Business.

I would say on the follow of 1 year for repayment of principal, I like that, I think that would be a big assistance to the fishermen.

I think depending on the size of the equipment. I think the 10-year term, section C, page 6, line 6 rather, page 4, should be extended prob-

ably from 10 to 20 years, depending upon the size of the loan or size of the equipment that warrants the loan.

We do have a problem with this 3-year net profit, showing net profit.

I was an advisor on the field allocation energy crisis here sometime ago, representing fisheries with the agriculture people, and they have comparable problems also.

We have like the farmer, we have new fishermen, new boatowner, and we have in a lot of cases good operators, good crewmen, captains of boats that maybe bought a boat a year ago and then he would not have that record. I believe that should be discretionary with the Commerce Department if they were granted that authority.

That is the main part there as far as the area, as far as the loan is concerned.

And additional collateral, I think if the boat itself would warrant a loan and given the proper appraisal, I do not think it would be necessary for fishermen to have to mortgage their homes. In most instances, in our area, mostly his home is actually—has been in the family for years and years, and there is a lot of sentimental value there. In addition to that, I think the boat should cover the adequate collateral.

I would say, and I first recommended that we extend this to more than one area of fisheries and I would say, of course, with a survey of some sort, that the \$100 million would not be adequate and that should be increased.

I am not in position to say how much it would require. It would require some study I would say.

Gentlemen, that is about all the comments I have to make. I will be more than glad to answer any questions.

Mr. LEGGETT. When I asked the question as to what those small-size shrimp, 51 to 67, were selling for in the past 4 months, you indicated you might have that information.

Mr. COLSON. I think I gave one to your counsel, Ned Everett. But I have a few other copies here, I would be glad to pass them on to you.

Mr. LEGGETT. Thank you. Can you interpret that for me?

Mr. COLSON. Yes, I would be glad to. I think Dr. St. Amant touched lightly what the increase indicated in prices of shrimp. First of all, his graphs which I had seen, helped prepare to some extent, shows that the cost of operation has increased so much so naturally that is reflecting in what may appear to be an increase in price.

Let me see here. I have "U.S. Shrimp Imports," this is shore type of price, dockside prices that are indicated here, on an average by ports. And we have prices here. \$1.75 shown up to the 50 count. And that is a weighted average. And that there is shown here in 1974 was 79 cents, but in 1973 it was \$1.66, \$1.87. And that is indicated, as I say, that shows, where it is an average, some shrimp in some areas bring more money and that average is reflected by the extreme cost and scarcity of shrimp itself. Shrimp is scarce, it is naturally a matter of supply and demand.

Shrimp now—this is almost like going out hunting; if there are very few birds, you have to maybe cover a larger area. And in our case we cannot. Our fishermen with the fuel costs, and so forth, and cost of the equipment, this is a factor that has entered into these prices.

It is a volume, you can see it is according to the production. Dr. St. Amant showed you production figures. It depends upon prices also.

Mr. LEGGETT. Well, let's see. Here in section 2 you are talking about price per pound. Heads off pier from August 1971, 1972, 1973, 1974, 1975.

It shows the price going from a low of \$2.16 to \$1.64, \$2.39, \$2.57, \$2.91. That does not look too bad.

Then at the end of the month, or maybe it is different size—it is different size shrimp?

Mr. COLSON. That is right.

Mr. LEGGETT. Goes from 81 cents to \$1.75.

So what that would indicate would be that your shrimp is selling for the highest price on that scale at the present time.

That is at Port Isabel and Brownsville. That is the western gulf.

The north gulf would indicate that prices for the small, \$2.05 to \$3.02; again that would be considerably up.

The eastern Gulf, shows prices going from \$1.69 to \$2.57.

So those would be up. And cold storage shrimp, these are in pounds, shows that they have gone from 59,000 pounds in August to 89,000 in August of 1972; 51,000, 1973; 68,000 in 1974, to 46,000 in 1975.

So your supply appears to be down to a 5-year low.

Mr. COLSON. That is what is affecting prices, just the scarcity of them.

And also when you have a scarcity of shrimp, they are selling, these prices in a lot of cases are taken from the dockside and some of these boats do sell shrimp off their vessel. Because that is the only way they have an opportunity of making it you might say. And that is reflected in this price as well.

Mr. LEGGETT. Mr. Breaux.

Mr. BREAU. Thank you, Mr. Chairman.

I thank you, Mr. Colson.

I wonder if you have a working Federal loan program under the Fish and Wildlife Act of 1956? Were people in the shrimping industry participating or making use of that program?

Mr. COLSON. I had a gentleman in one city who spent \$2,300 to qualify for a loan, made three trips to Tampa, Fla., to get a loan through National Marine and Fisheries. He in desperation came to my office. I did some calling and investigating and I found that he was qualified and justified to get the loan, so much so I telephoned an agency in New Orleans and in 45 minutes they took his papers and approved his loan.

They seemed to have some restraints in the regional office as well as up here. They have not encouraged, it seems, too much the boat loan business for some reason. I have not been able to understand.

Mr. BREAU. Well, in an effort to be helpful to the American fishermen industry, that is one of the things this subcommittee is very concerned about, is revival of that fisherman loan idea a good concept, or are we wasting our time? We have to take a look-see-what-happens attitude.

Is there something we can do?

Mr. COLSON. I do not think we are going to get any immediate help because I think National Marine Fisheries stated this morning even

in their new bit of legislation or in their effort to sell their program to OMB, that they did not recommend a lot of these loans. And so, consequently, as I say, we are going to—it is going to have to be a very strong mandate for them to listen to it, it seems.

I have gone around with this for years with them.

I would say, and basically I had a lot to do with promoting this Eastman resolution where we are going to make a survey and go out to the industry, I would think that in 6 months time, we will have a definite answer for you on this.

We are now today, we are getting a copy of a study that has been made here in Washington to determine what authorizations each Federal agency has and we are making comparisons of other agencies as to what they are doing for agriculture, what they are doing for other resource type agencies, what they are doing for the industries.

And we intend probably to fashion some legislation, come back to you Congressmen and make some recommendations with the proper information and substantiation of facts and figures to where we can prove our point. And come back with such recommendations.

I would say offhand yes, I think industry needs some financing of their boats definitely. But I think we would have a more definite answer on this particular phase of it later on.

But I think it is an emergency right now and I do not think we can get to it immediately, as much as I think this is essential that we do something immediately.

Mr. BREAUX. Now, I think you share in our concerns in trying to get the answer to the problem. Because the legislation applies not only to this shrimping, but applies to all segments of the fishing industry. And it was prompted I think by the problems the shrimping industry suffered in the 1972-73 season along with 1974, and applies across the board to all fishing industry.

Shrimping, the statistics we have, is the leading fishing industry in the whole United States, but yet our own shrimpers are having a very rough time of making it financially.

Of course, that is a problem we need a solution for and maybe it is not a loan program. It may be some curtailment of imports. It tends to give me a great deal of concern why we import so much when we have an adequate supply of domestic shrimp.

Can you comment on the effect of the imports?

Mr. COLSON. I think imports should be regulated.

There are times when we need imports, like when we have floods like we had a couple of years ago, canners especially.

However, that should be regulated; as the bill is proposed now, I would have to do a little more survey on it and check with other people that are maybe better qualified than I to say.

Yes, I think imports should be regulated. I think we require imports to an extent. I do not think they should be allowed to glut the market when we are having problems. That is where the controls should be.

Mr. LEGGETT. If the gentleman will yield, how do you justify controls on imports with a price pattern like you have got?

Normally what you have to show in order to get controls is that the imports have rather despered your price.

Mr. COLSON. As it stands right now, sir, I could say yes, I do not say we should bar imports completely.

I think you should justify a certain amount of imports in accordance to what our demand is.

We have a basic percentage of what imports are, what our production is, and if we are less, then yes we are mighty glad to get these imports. Other than that, the processors and the freezers, breeders, would not be able to stay in business if they did not have imports in those lean years.

Like now basically as I said some of these prices that are shown here are reflecting almost a retail price, local retail price that is.

I know you pay quite a bit more up here. But still that is basically why, as I say, we need imports. But there should be some control on them.

Mr. BREAUX. The gentleman makes a very good point. Some years we are not producing so much, like this current year, I think we all support imports. On the other hand, when we have record production years, like we did in 1971, produced 92 million pounds of shrimp, 45 percent increase over the 20-year average, in those years I think everyone would agree we do not need imports. We are actually importing to the disadvantage of our own American industry.

I, along with a number of other people, believe we should put restrictions on imports in years when American production is high.

Of course, we have not been able to get hearings.

Mr. LEGGETT. Mr. Emery.

Mr. EMERY. No questions at the present time.

Mr. LEGGETT. Thank you very much.

Our next witness, will be Mr. Bill Utz, executive director, National Shrimp Congress.

Bill, it is nice to have you here.

STATEMENT OF WILLIAM UTZ, EXECUTIVE DIRECTOR, NATIONAL SHRIMP CONGRESS

Mr. UTZ. Thank you, sir.

Mr. LEGGETT. Your statement will be incorporated in the record.

Mr. UTZ. All right.

[Statement follows:]

STATEMENT OF WILLIAM NELSON UTZ, EXECUTIVE DIRECTOR, NATIONAL SHRIMP CONGRESS

Mr. Chairman and Committee members, I am William Nelson Utz, appearing here today as Executive Director of the National Shrimp Congress. The National Shrimp Congress Incorporated is a Delaware Corporation with its principal headquarters in Washington D.C. This non-profit organization was formed in 1956. It is an organization whose membership is made up primarily of shrimp producers throughout the Gulf Coast States. Included among its members are the Texas Shrimp Association, Louisiana Shrimp Association, Alabama Fisheries Association, Southeastern Fisheries Association, the American Shrimiboat Association, and the Florida Shrimp Association.

I appreciate the opportunity to appear before this Committee and express our views on H.R. 2296 and H.R. 3294.

Other people here today will probably express better than I can the general need for this kind of legislation from the standpoint of our entire domestic fishing industry. I will speak primarily of the needs exhibited by the shrimp industry in the Gulf of Mexico and the South Atlantic. What has happened in that industry during the space of about one year underscores the great need for this kind of emergency relief legislation as clearly as anything ever could.

Let me give you a picture of how that industry tumbled, almost overnight, from prosperity to financial disaster.

The dollar value of the Gulf of Mexico and South Atlantic shrimp landings is higher than those of any other single U.S. fishery. Shrimp fishing was a relatively prospering business in 1973. Prices and production were good. There wasn't much importation of Asian shrimp in early 1973 because of a high demand in Japan for Asian shrimp. Then, in late 1973 and in 1974 when the fuel embargo struck, the recession caught up with Japan and they stopped buying Asian shrimp. Asian shrimp immediately flooded into the duty-free U.S. market. Imports from other sources also increased. The effect, of course, was a disastrous market glut. U.S. cold storage holdings of shrimp were already abnormally high even before the Asian and other imports were dumped into the domestic market. This was due to the effect of the recession and the fuel shortage on our own economy which resulted in reduced domestic consumption of shrimp. The Asian and other imports were enough to turn an already bad market situation into a market disaster. In fact, during some months of late 1973 and early 1974, the shrimp imports—alone—were 100% to 107% of the total shrimp consumption of the entire United States.

The effect on ex-vessel prices (that's the price paid to shrimp fishermen for their catches at the dock) was immediate. Ex-vessel prices tumbled about 48%. I might point out that the consumer did not benefit by the fisherman's loss. Retail prices of shrimp did not follow the ex-vessel price. I would like to submit, for the record, charts, along with a statement in reference to the import problem, which reflect the movement of ex-vessel and retail prices during this period.

The shrimp fisherman, as the primary producer, was the first to get hit with the steepest price decline. He absorbed the loss. This seems to always be the case. The price effect of adverse market conditions is always immediately passed down the chain to the fisherman, but it stops there because there is no-one beyond the dock for the fisherman to pass it on to. During good market conditions, the situation is just the opposite: the fisherman benefits last and benefits least from increased prices resulting from a strong market. Fishermen also have a poor ability to pass increases in their cost of operation up the chain.

Where were the shrimp fishermen, then, in 1974? Asian and other imports (much of it of inferior quality) had flooded the duty-free U.S. market. The ex-vessel price paid to shrimp fishermen for their product had tumbled 48% overnight. That sounds bad enough, and it was; but that's only half the disastrous shrimp situation in 1974.

At the precise time all this was happening, the costs of operating shrimp vessels were sky-rocketing. The international oil situation tripled the cost of diesel fuel to shrimp fishermen in less than a year. All other costs of operating a shrimp vessel likewise, increased during this period by great proportions.

This is the classic picture of a cost-price squeeze. The only possible result was, of course, sustained operating losses by the shrimp fishermen.

By late 1974 and early 1975 shrimp fishermen were operating 37.3% below the breakeven point. These kinds of sustained losses on an industry-wide basis cause incalculable financial harm. Fishing is a business which operates on a very thin profit margin. Cash reserves are often marginal at best. Therefore, when income declines and overall expenses at the same time increase, whatever cash reserves fishermen may have been able to accumulate are very quickly dissipated. The situation then becomes one of finding working capital and mortgage refinancing or facing the loss of a lifetime's work.

Although the 1974 downturn in the shrimp fishing industry was particularly disastrous, this phenomenon is not an uncommon occurrence in the fishing business.

The kind of emergency relief mechanism provided by H.R. 2296 and H.R. 3294 is desperately needed to introduce an element of long-term financial stability into our domestic fishing industry. It should be ready and waiting to be put into action when a major economic or resource dislocation happens in a major segment of the nation's fishing fleet.

This kind of legislation would greatly help to foster the financial consolidation of our nation's fishing fleet. It would help to offset the capital dissipation brought about by the fishing industry's financial instability.

If this is done, the fishing industry of the future will be in a much better position to help itself regain its former position in international fisheries production.

Beef and other farmers receive federal support recognition of their legitimate problems. And yet, fishing is five times more fuel-intensive than farming (thus

magnifying for fishermen the effect of the international oil situation). Additionally, farmers do not face anywhere near the import competition fishermen do. We think it is time the nation's fishermen began to receive the sort of federal support recognition and concern that farmers have been afforded by the Department of Agriculture for decades.

Although the National Marine Fisheries Service is presently the appropriate federal agency to administer legislation like H.R. 2296 and H.R. 3294, the Department of Commerce and the National Oceanic and Atmospheric Administration—responding to the Office of Management & Budget's pressure—have already hamstringing the National Marine Fisheries Service's ability to deliver effectively even its present fisheries financial assistance programs. Those fisheries financial assistance programs already administered by the National Marine Fisheries Service can be of much greater benefit to the domestic fishing industry if only someone will convince the Office of Management & Budget, the Department of Commerce, and the National Oceanic and Atmospheric Administration to devote the necessary administrative resources to them. I would like to respectfully, but strongly, recommend that this Committee forcefully direct the Executive Branch to properly fund and staff not only the legislation presently before this Committee—if it is enacted—but also the statutory fisheries financial assistance programs already administered by the National Marine Fisheries Service—good programs which the domestic fishing industry needs, such as: The Obligation Guarantee program; the Capital Construction Fund program; and the Fisheries Loan Fund program which has been under moratorium since 1973. This must be made clear to the Executive Branch, either through the medium of the legislation presently before this Committee, or by some other means, if the National Marine Fisheries Service is going to provide the effective fisheries financial support which is presently needed.

At this point I would like to direct my comments to the content of the bills themselves. While we heartily support this legislation and the purposes for which it is intended, we would like to recommend certain changes which we believe will make it a more beneficial program for the entire fishing industry:

On page 4, line 6: Maturity for these loans is set for no more than ten years. We would like to see this provision changed to twenty years, or the life of the equipment being mortgaged, whichever is shorter. Much of the difficulty faced by the industry today is their financing is generally set on extremely short terms. Many of the vessels which they have under mortgage have anywhere from fifteen to twenty year lifespans or longer. Yet, in many instances they are required to pay them out in less than seven years. We believe a loan for a term of years consistent with the type of equipment being mortgaged is in keeping with good business practices, and would add stability to the industry.

Page 4, line 9: Provision (E) requires that only applicants who can demonstrate a net profit for each of three years immediately preceeding the commencement of the economic dislocation is eligible for this loan. We would like to see the Secretary be given some flexibility on this rule. I would like to point out two specific instances which should justify such flexibility. A three-year rule as stated in this legislation is similar to that used by the Small Business Administration under its Emergency Energy Shortage Loan Program. On several occasions fishermen who had many years of fishing aboard other people's vessels, but who had acquired their own vessel within less than three years of the date of their application, found themselves as an applicant ineligible for a loan, although they had excellent credentials as an outstanding fisherman, and had, in fact, made a profit with their boat for the period of time which it had been operated. Additionally, there may be situations where a boat-owner can show that for the previous 8-10 years he made good profits 75-80% of the time, but during the three years immediately preceeding the commencement of the economic dislocation, he had two years of profitable operation and one year reflecting a net loss. While we certainly agree that these loans should not be made to individuals who cannot demonstrate their ability to be profitable commercial fishing operators, we certainly believe the Secretary should be given more latitude in determining what is a profitable fishing operator. An absolute-net profit for each of three years immediately preceeding commencement—could be too rigid. We would like to suggest the eligibility test be a net profit on commercial fishing vessel operations for each of three years immediately preceeding the commencement, or a net profit for the period during which the applicant has owned his own vessel, provided he has additional commercial fishing experience, or a commercial fishing vessel operation which reflects a strong profit picture for over three-quarters of its business life.

Additionally, under provision (E) we would like a better understanding of the term "commencement" of the economic dislocation. In other words, what guidelines does the Secretary use to determine when the economic dislocation commenced; that date of course could have a dramatic impact upon the ability of many of these fishing vessel operators to qualify as applicants for this program under the tests we have just discussed.

Page 4, line 21, provision (G): We would like to recommend that the Committee make these loans available to shore-based facilities. In almost every instance when the commercial fishing vessel operator is severely affected by these economic dislocations, the shore-based facilities that service the vessel operators, and upon which the vessel operators so heavily depend, sustain the same economic hardships. Without these shore-based facilities, the commercial fishing vessel operator would be lost. Therefore, it is just as urgent in such circumstances that the shore-based facilities have a similar program available to them.

In addition, we would like for the Secretary to be given discretion in order to provide more than just working capital and re-financing in exceptional cases. One example which I might cite that would not be covered under the present provisions is recently a vessel operator lost his boat at sea. Due to the age and insurance coverage on that vessel, the operator was unable to find another vessel with comparable ability for the funds he had. Yet, that vessel was essential to his small fleet and it had to be replaced. He needed considerable funds to buy a new boat. The language here would not have covered his situation. We recognize that no one document can cover all of these contingencies, thus, we would like to see the Secretary have sufficient discretion that should a justifiable situation exist, the program could adjust to it.

Page 5, line 3, provision (I): This provision provides for mortgage of the vessel to secure the loan, and in addition such other collateral as the Secretary of Commerce may require. We would like to recommend that language be inserted to establish this as a business loan which could be secured by business assets, and additionally, that the security required reflect the amount of the loan. We make this recommendation and request as a result of past history where a fisherman caught in an exceptionally difficult economic position was required to put up as security assets anywhere from three to four times the value of the loan he was obtaining, and additionally, although the loan was a business loan and totally for business purposes, he and his wife were forced to sign personally and individually obligating every asset they had, including their personal savings accounts and some children's trust accounts and in many cases waiving their homestead exemptions. We believe the program should be established for business purposes on a business-like basis, giving the fisherman the same opportunities as any other corporate businessman would be permitted.

Page 5, line 9, provision (J): Under this provision the Secretary of Commerce would be authorized to borrow from the Secretary of the Treasury up to \$100 million for this loan fund. We would like to recommend that the highest level of borrowing for the Secretary of Commerce be increased to \$500 million. We make this recommendation with the following points in mind. This is an authorization to the Secretary, to borrow the funds in such amounts as he deems necessary to meet the situation, thus it is not withdrawing monies from the Treasury until they are absolutely needed. Secondly, inasmuch as this loan fund is intended for the entire U.S. fishing industry, should more than one major segment of the U.S. fishing industry be faced with economic dislocation at the same time, \$100 million could be wiped out virtually overnight. For example, if 35-40 tuna clippers required re-financing, the money would be exhausted. We recognize that the purpose of this bill at the moment is directed at assisting the shrimp industry and the desperate situation it faces today, however, we should establish this program looking to the long-range assistance the entire U.S. fishing industry needs so desperately, therefore, we hope that you will agree with this recommendation.

Let me say once again—the effects of financial instability constitute one of the greatest problems facing the domestic fishing industry. In my judgment, the legislation presently before you, coupled with proper staffing, funding and implementation of current National Marine Fisheries Service financial assistance programs, will have a most beneficial effect on the inherent instability of the fishing industry in general, and the shrimp industry in particular.

I urge you to give these matters your utmost support. Our domestic fishing industry is on the doorstep of some great new challenges. We need your support and assistance to help us meet those challenges in a way which will ultimately benefit the nation in a degree far beyond the minimal cost of these programs.

Thank you for your consideration.

EXHIBIT C

U.S. SHRIMP IMPORTS—JANUARY TO SEPTEMBER

Country	1973 (In 1,000 pounds)	1974 (In 1,000 pounds)	Percent increase
Iran.....	86	1,908	2,119
Australia.....	193	3,542	1,735
Saudi Arabia.....	50	773	1,446
Chile.....	28	297	961
Japan.....	222	1,234	456
Hong Kong.....	278	1,294	365
Indonesia.....	1,711	5,226	205
Pakistan.....	990	2,138	116
Bahrain.....	431	787	83
Liberia.....	435	775	78
India.....	14,201	24,725	74
Kuwait.....	2,169	3,441	59
Venezuela.....	4,067	5,772	42
Republic of China.....	2,636	3,697	40
Other.....	2,097	9,703	363

U.S. SHRIMP IMPORTS, SEPTEMBER 1974, WITH COMPARISONS

[In 1,000 pounds]

Country	September 1973	September 1974	January to September	
			1973	1974
Mexico by Customs districts:				
Miami, Fla.....	33	47		189
Laredo, Tex.....	2,849	3,330	29,262	27,506
San Diego, Calif.....	124	67	3,065	2,451
Nogales, Ariz.....	1,891	2,422	15,512	9,231
Other.....	5	96		94
Total Mexico.....	4,902	5,818	47,983	39,472
Canada.....	24	29	373	264
Guatemala.....	204	233	2,066	1,745
British Honduras.....		2	537	12
El Salvador.....	656	563	3,875	4,291
Honduras.....	356	655	2,044	2,125
Nicaragua.....	103	400	4,518	5,058
Costa Rica.....	1,100	136	1,544	1,693
Panama.....		961	7,587	8,090
Trinidad.....	216	138	1,140	1,586
Colombia.....	532	478	4,810	5,150
Venezuela.....	490	261	4,067	5,772
Guyana.....	930	357	8,014	5,890
Surinam.....		206	1,289	1,253
French Guiana.....	576	143	2,901	1,840
Ecuador.....	644	443	5,798	5,187
Peru.....		53	779	192
Chile.....		19	28	297
Brazil.....	313	352	3,685	2,518
Spain.....	76	65	181	171
Iran.....			86	1,908
Kuwait.....		35		3,441
Saudi Arabia.....		152	50	773
Bahrain.....	330	159	431	787
India.....	1,919	1,078	14,201	24,725
Pakistan.....	64	204	990	2,138
Hong Kong.....	2	124	278	1,294
Singapore.....	171	86	818	1,066
Malaysia.....	249	43	1,703	1,858
Indonesia.....	261	450	1,711	5,226
Thailand.....	281	476	2,409	3,119
Philippines.....	54	32	460	687
Ceylon.....	49	49	524	895
China Republic.....	536	431	2,636	3,697
Japan.....	93	91	222	1,234
Australia.....	60	266	193	3,542
Cameroon.....	10	89	426	313
Liberia.....	14	154	435	775
Malagasy Republic.....			585	310
South Africa Republic.....	45		447	304
Other.....	313	1,777	2,097	9,703
Grand total.....	16,169	16,896	136,099	160,403

SHRIMP:

TOTAL IMPORTS VS. EX-VESSEL PRICE

1965-1974

DOLLARS
PER
POUND

\$ 1.60

\$ 1.50

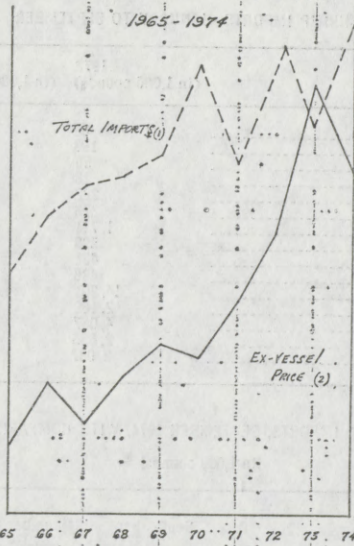
\$ 1.20

\$ 1.00

\$.80

\$.60

\$.40



(1) PRODUCT WEIGHT

(2) WEIGHTED AVERAGE - SOUTH ATLANTIC AND GULF, ALL SIZES.

EXHIBIT A

SHRIMP:

TOTAL IMPORTS VS. RETAIL PRICE

1965-1974

DOLLARS
PER
POUND

\$ 2.30

\$ 2.10

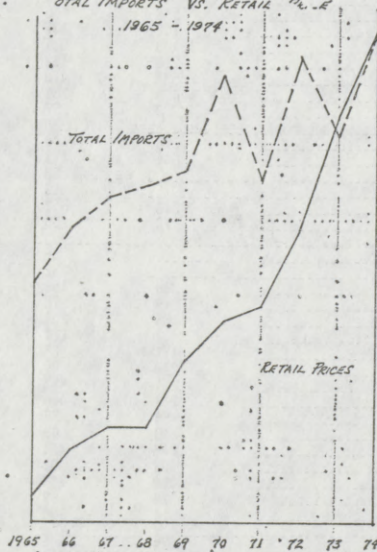
\$ 1.90

\$ 1.70

\$ 1.50

\$ 1.30

\$ 1.10

220 Million
POUNDS

200

180

160

140

120

100

EXHIBIT B

Mr. Utz. Mr. Chairman, I will paraphrase most of my remarks. Basically, justification for the need of this type of legislation, for the shrimp industry, which is the American fishing industry's No. 1 dollar producer found itself virtually overnight on the verge of bankruptcy. This came about through a series of things. One, at a point when we desperately needed to move a good deal of shrimp, we were swamped with foreign shrimp imported into the United States.

Additionally, at the same time, we were faced with costs of operations that had increased out of all proportions. The shrimp industry is a very fuel intensive industry. It has a ratio of approximately a gallon to a gallon and a half of diesel fuel consumed to produce 1 pound of shrimp. And you find during this period fuel costs had tripled in less than a year's time. It placed the shrimp operator in a position where his costs of operations had gotten so out of proportion that even today, when we find shrimp prices at such a level that the shrimp producer is fearful that it may rupture the market, he is still not making adequate income to cover his expenses.

Today the shrimp operator in most instances is operating approximately 33 percent below the break-even point.

Additionally, the shrimper has found himself over the years with an industry that was financially unstable. Unstable in many instances because historically the shrimp fishermen had been presented with funding and financing programs that really were not adequate to meet his needs. But due to the high production that he had been fortunate enough to have in many years, he was able to finance himself and to keep his boats operating, and in most instances make a profit.

However, when he found all of these problems facing him at one time, unregulated, uncontrolled imports, excessively high operating costs, and the inability to find any form of reasonable financing, he had no alternative except to exhaust every ounce of savings in any respect that he had been able to accumulate and in many instances he actually had to go bankrupt.

Thus this legislation as presented to the committee is one that is desperately needed by the shrimp industry. It is needed in several instances, but primarily to give it a financial stability that can put the fisherman in position to effectively compete.

Now, in reference to the legislation itself, while we heartily support it, there are certain provisions which we would like to point out to the committee and hopefully they might be amended.

In particular, on page 4, line 6, the maturity for these loans is set for no more than 10 years. We would like to see these provisions changed to 20 years or the life of the equipment being mortgaged, whichever is shorter. Much of the difficulty faced by the industry today is their financing is generally set on extremely short terms. Many of the vessels that they have under mortgage have anywhere from 15- to 20-year lifespans or longer. Yet in many instances they are required to pay them out in less than 7 years.

We believe a loan for a term of years consistent with the type of equipment being mortgaged is in keeping with good business practices.

On page 4, line 9, provision (E) requires that only applicants who can demonstrate a net profit for each of 3 years immediately preced-

ing the commencement of the economic dislocation is eligible for this loan. We would like to see the Secretary be given some flexibility on this rule.

I would like to point out in particular two specific instances which should justify such flexibility.

A 3 year rule as stated in this legislation is similar to that used by the Small Business Administration under its emergency energy shortage loan program. On several occasions fishermen who had many years of fishing aboard other people's vessels, but who had acquired their own vessel within less than 3 years of the date of their application, found themselves as an applicant ineligible for a loan, although they had excellent credentials as an outstanding fisherman, and had, in fact, made a profit with their boat for the period of time which it had been operated.

Additionally, there may be situations where a boatowner can show that for the previous 8-10 years he made good profits 75 to 80 percent of the time, but during the 3 years immediately preceding the commencement of the economic dislocation, he had 2 years of profitable operation and 1 year reflecting a net loss.

While we certainly agree that these loans should not be made to individuals who cannot demonstrate their ability to be profitable commercial fishing operators, we certainly believe the Secretary should be given more latitude in determining what is a profitable fishing operator.

An absolute net profit for each of 3 years immediately preceding commencement could be too rigid.

We would like to suggest that the eligibility test be a net profit on commercial fishing vessel operations for each of 3 years immediately preceding the commencement, or a net profit for the period during which the applicant has owned his own vessel, provided he had additional commercial fishing experience, or a commercial fishing vessel operation which reflects a strong profit picture for over three-quarters of its business life.

Additionally, under provision (E) we would like a better understanding of the term "commencement" of the economic dislocation. In other words, what guidelines does the Secretary use to determine when the economic dislocation commenced? That date, of course, could have a dramatic impact upon the ability of many of these fishing vessel operators to qualify as applicants for this program under the tests we have just discussed.

Mr. LEGGETT. Maybe at this point we had better adjourn for a quorum call and we will be back in 5 minutes.

[Whereupon, a short recess was taken.]

Mr. LEGGETT. The meeting will please reconvene.

Mr. Utz was on page 8.

Would you tell us what you would like on page 4, line 21.

Mr. Utz. We would like to recommend that the committee make these loans available to shore-based facilities. In almost every instance when the commercial fishing vessel operator is severely affected by these economic dislocations, the shore-based facilities that service the vessel operators, and upon which the vessel operators so heavily depend, sustain the same economic hardships. Without these shore-based facilities, the commercial fishing vessel operator would be lost.

Therefore, it is just as urgent in such circumstances that the shore-based facilities have a similar program available to them.

In addition, we would like for the Secretary to be given discretion in order to provide more than just working capital and refinancing in exceptional cases. One example which I might cite that would not be covered under the present provisions is recently a vessel operator lost his boat at sea. Due to the age and insurance coverage on that vessel, the operator was unable to find another vessel with comparable ability for the funds he had. Yet that vessel was essential to his small fleet and it had to be replaced. He needed considerable funds to buy a new boat.

The language here would not have covered his situation.

We recognize that no one document can cover all of these contingencies, thus we would like to see the Secretary have sufficient discretion that should a justifiable situation exist, the program could adjust to it.

On page 5, line 3, provision (I), this provision provides for mortgage of the vessel to secure the loan, and in addition such other collateral as the Secretary of Commerce may require. We would like to recommend that language be inserted to establish this as a business loan which could be secured by business assets, and additionally, that the security required reflect the amount of the loan.

We make this recommendation and request as a result of past history where a fisherman caught in an exceptionally difficult economic position was required to put up as security assets anywhere from three to four times the value of the loan he was obtaining, and additionally, although the loan was a business loan and totally for business purposes, he and his wife were forced to sign personally and individually obligating every asset they had, including their personal savings accounts and some children's trust accounts and in many cases waiving their homestead exemptions.

We believe the program should be established for business purposes on a businesslike basis, giving the fisherman the same opportunities as any other corporate businessman would be permitted.

Page 5, line 9, provision (J), under this provision the Secretary of Commerce would be authorized to borrow from the Secretary of the Treasury up to \$100 million for this loan fund.

We would like to recommend that the highest level of borrowing for the Secretary of Commerce be increased to \$500 million. We make this recommendation with the following points in mind: This is an authorization to the Secretary, to borrow the funds in such amounts as he deems necessary to meet the situation, thus it is not withdrawing moneys from the Treasury until they are absolutely needed. Secondly, inasmuch as this loan fund is intended for the entire U.S. fishing industry, should more than one major segment of the U.S. fishing industry be faced with economic dislocation at the same time, \$100 million could be wiped out virtually overnight. For example, if 30 to 40 tuna clippers required refinancing, the money would be exhausted.

We recognize that the purpose of this bill at the moment is directed at assisting the shrimp industry and the desperate situation it faces today. However, we should establish this program looking to the long-range assistance the entire U.S. fishing industry needs so desper-

ately; therefore, we hope that you will agree with this recommendation.

Again, we would like to say that the effects of financial instability constitute one of the greatest problems facing the domestic fishing industry. In my judgment the legislation presently before you, coupled with proper staffing, funding, and implementation of current National Marine Fisheries Service financial assistance programs, will have a most beneficial effect on the inherent instability of the fishing industry in general, and the shrimp industry in particular.

Thank you.

Mr. LEGGETT. Thank you very much, Mr. Utz.

We still are in the position that if we are going to justify this legislation on the basis of disaster, we have to go ahead and show it. It does not appear that we have really proven very much at this point.

On page 4 of your statement, you indicate that by late 1974 and early 1975, shrimp fishermen were operating at 37.3 percent below the break-even point.

Now, before we could really be in position to move this legislation on this basis, that is on a disaster basis, we would have to have about 10 or 20 pages to substantiate that situation.

There is not much evidence in the balance of your statement to indicate that money will solve the problem. We do not really have any information as to the number of bankruptcies, the ratio of fixed liabilities to current liabilities, fixed assets to current assets, or cash flow for the average, moderate, high range corporate fisherman.

I know that your organization represents some 3,000 or 4,000 shrimpers. I would imagine there is a vast array of material that would relate to each of those.

But as compassionate as this committee is toward rehabilitation of our fishing industry generally, I think that we do need a rather large infusion of capital into the fishing industry and in order to move capital in the industry on the basis of disaster, we are going to have to prove it.

The industry undoubtedly is affected by inflation and stagnation, and we are just now barely coming out of a very severe recession, and we are moving right into inflation. It appears that we are going to get right into the same problems that have been penetrating not only the fishing industry, but the entire American economy for the past half dozen years. And that is feast or famine, depending on what the situation is.

I would hope that you could prepare through your association a few questionnaires, et cetera, that would result in some kind of a record that would justify this committee taking rather formidable action.

I doubt if we are going to pass legislation like this over a Presidential veto. So we need budget support. And they would have to be convinced that the money put into the industry would actually produce more fish GNP. And either the record will substantiate that or it will not. I think that is where we are.

Mr. UTZ. I think some of these figures we can probably assemble. Some of them may already be available with some of the agencies.

Mr. LEGGETT. Unfortunately the agencies are not helping us.

Mr. URTZ. Right. We actually were looking at the legislation in two respects. One was to meet the immediate need of the shrimp industry, but just as importantly, to establish the kind of program that the fishing industry needs that we actually needed 2 years ago. We needed it in late 1973 and early 1974. Had this type of program been on the books then, we would have been in a much better position than we are today.

Agriculture has for many segments of the agriculture community essentially these types of programs. When some type of economic difficulty befalls the farmer, they can come in and present their situation to merit going forward with these kinds of loans.

The fishing industry in the past just never had that, and as a result, they have not been able to recover as quickly—in some instances, not recover at all.

Mr. LEGGETT. Of course, you had a program under the Fisheries Loan Act. Unfortunately the borrowing has been closed.

Mr. URTZ. Well, that was closed. SBA was made available to us, but again while that was helpful as a lifecraft, it was nothing more than that. It was set up as an emergency energy shortage program. It fluctuated widely depending on what particular division of SBA received your application. If you were under the Dallas region, you were helped. If you were under the Atlanta region, you got hardly any assistance at all.

Again, it varied according to the individual who was reviewing your loan application. In some instances, they viewed the application on the basis of what it was—a business loan made from a businessman—and they looked at what he was capable of doing and what his past record had been.

In other instances they said, "Well, we are making this loan, we want to be guaranteed we are going to get it repaid so we want you to encumber everything you have."

Mr. LEGGETT. Fishermen operating loans are normally at what percentage rate?

Mr. URTZ. Oh, some of them right now are borrowing money at 10 or 11 percent. Some of them have loans that high. Some of them have them higher than that. And some have extremely short terms. Some of them, in fact, have 90-day renewable notes.

It varies widely. And in most instances you are talking about 7- and 8-year payback on a vessel that really has a 15- or 20-year life. And in any other business you would not have to work under that type of payback condition.

Mr. LEGGETT. Well, I know farmers got loans last year at 8 percent, which was almost a courtesy rate that the large banks gave them.

Mr. URTZ. In most instances with the fishermen it was even courtesy to get a loan last year.

Mr. LEGGETT. Now, obviously banks do not like to end up with either farms or shrimp boats.

It would be helpful if you could give us information as to exactly what the threat of foreclosure and deficiency judgments are.

Mr. URTZ. I think I can assemble some of that information. To some degree some of the industry has changed; in some instances, the people that were in desperate shape have, in fact, gone under so we will have some of those records.

The basic thing that prevented many of the banks from foreclosing was: they did not know what to do with the shrimp fleets they foreclosed on. And that was the main thing that saved them.

The question that was put earlier, "Will money solve the problem?" I do not think money, in and of itself, is necessarily going to solve this problem. But it is one of the big, if not the biggest, factors in solving this problem.

You now have an industry that has no controls whatever over the import competition. It is true that we do need imports to some degree. But we definitely need regulation of those imports.

Now, the regulation that we have been asking for essentially is a regulation based on averaging prior-year import levels for the various countries and then breaking that down so that, say, no more than 10 percent of the annual quota would come in during any 30-day period of time, so that we would not have a flood.

Essentially that kind of regulation would have no impact in terms of cutting off imports at a time such as right now when there is a need for product. But it would save us from the flood-damage-type operation that we were faced with back in late 1973 and early 1974. So it keeps us from being overcome by imports.

Additionally, we are today faced with an operation situation that never in the history of the industry have we been faced with before, that is: we have tripled fuel prices which is the largest single cost we have in our operations, also all of the other costs are up.

Mr. LEGGETT. You say triple fuel prices?

Mr. Utz. Triple.

At the beginning of the embargo, Gulf shrimp operators were paying anywhere from 10 to 11 cents a gallon for diesel fuel. At the moment, they are paying anywhere from about 30 to 34 cents. And at one time they were paying as high as 39 and 41 cents.

And there was just no way we could compensate for that.

And, frankly, we do not feel like there is any justification for it.

Mr. LEGGETT. Why has diesel fuel gone up so much?

Mr. Utz. Well, according to what FEA, told us, there seem to be no price restrictions on No. 2 diesel fuel. And we have heard varying answers as to why there were not. And we are not sure what the answer is to that, frankly. But what it appears to us is we are a captive market. And according to the various members of Congress who were controlling the bills as they went through, when we were asking for their assistance in finding some way to correct this imbalance in fuel prices, their judgment was that this was not proper, that in fact, it was not proper under what they referred to as a shifting of cost.

I am trying to think of the term that they used. I cannot think of it right now. But it was supposed to be a balancing out of the cost of the product. And that the weighted version of this would actually make gasoline prices increase before diesel prices would, but it did not result that way.

Mr. LEGGETT. Mr. Breaux.

Mr. BREAU. Thank you, Mr. Chairman.

Thank you, Mr. Utz, for your testimony.

I think one of the important things we should understand about the legislation, that it establishes a procedure whereby the Secretary of Commerce can come in when he observes a serious economic dis-

location of any segment of the fishing industry and declare so serious, put into effect this program, but the program of the shrimping industry does not come into effect unless the statistics are brought forth and are shown to the Secretary. At that time, he is able to establish an operation of this loan program.

Now, in the shrimping industry, when we started working on this legislation, I think it was clear that at the time there was such a serious dislocation, the shrimping industry itself should be qualified from that point in time.

I would like to see this type of a program in operation on a continuous basis bearing in mind that it only goes into effect after the Secretary has reviewed it and said, "Look, things are so bad, we need some help, and this is how we want to help them."

Mr. Utz, I think the most interesting thing that you point out in your testimony is on page 2. You point out in some months, late 1973, early 1974, shrimp imports alone were 100 percent to 107 percent of the total shrimp consumption in the entire United States.

Mr. Utz. That is correct.

Mr. BREAUX. I think, as long as we continue the policy that allows us to import more than our total consumption, with no import duty or restriction whatsoever, as long as we continue that as our national policy, as far as fishing is concerned, we are absurd in our national policy.

We are not doing anything to help the largest fishing industry that this country has.

Another point you made is you point out you would think the American consumer would tend to benefit from those huge amounts of imports, but despite the fact that vessel prices for fishermen fell about 48 percent, the retail prices of shrimp in the stores did not correspond, did not fall.

Mr. Utz. In fact, they continued to rise, while our prices were going down at one point.

Mr. BREAUX. I find that astounding.

Unless somebody somewhere does something about it I think we are going to fast see not only the shrimp industry, but other fishing industries go by the wayside.

I thank you for your testimony.

Mr. LEGGETT. Thank you very much, Bill, and if you can provide the information I asked for, it will be helpful.

Mr. Utz. Certainly will.

Mr. LEGGETT. At this point Mr. Breaux would like to insert in the record a mailgram from Thomas Steed, president, Steeds Fish Co., dated Sept. 17, 1975, and a Western Union telegram from Robert G. Mauermann.

[The documents referred to follow:]

MAILGRAM

SEPTEMBER 17, 1975.

Hon. JOHN BREAUX,
House of Representatives,
Washington, D.C.

House resolution H.R. 2296 provides for long range low interest loans for both fishing equipment and shore installation. Steeds Fish Co. is in agreement with the program provided for in H.R. 2296 and encourages its passage.

THOMAS W. STEED,
President, Steeds Fish Co.

TELEGRAM

BROWNSVILLE, TEX., SEPTEMBER 19, 1975.

Congressman JOHN BREAUX,
House of Representatives,
Capitol Hill, D.C.

The Texas Shrimp Association and the Shrimp Association of the Americas endorse H.R. 2296 and respectfully request your support. A long-term Government sponsored loan program at a reasonable rate of interest as provided for H.R. 2296 is essential if the Gulf shrimp industry is to survive.

ROBERT G. MAUERMANN,
Executive Director.

Mr. LEGGETT. The next witness is Lee Weddig, executive director of the National Fisheries Institute.

Mr. Weddig, we have your statement and it will be incorporated in the record at this point.

[The statement follows:]

STATEMENT OF LEE WEDDIG, EXECUTIVE DIRECTOR, NATIONAL FISHERIES INSTITUTE

I am Lee Weddig, executive director of the National Fisheries Institute.

The National Fisheries Institute wholeheartedly supports the intent of H.R. 2296. In the past five years sudden events beyond the control or influence of the fisheries have caused severe economic dislocations in at least three instances. In each of these aid for the fishermen involved was either non-existent or slow to materialize.

In 1972, the declaration of a mercury guideline by the Food and Drug Administration put the U.S. swordfishermen out of business. Vessels became useless overnight; incomes disappeared because there was no market for the catch.

Last year, as the committee knows, the collapse of the shrimp market and the increased cost of fuel pushed many parts of the shrimp fleet into a deficit position.

Right now, the declaration of the Bahamian Government regarding its rights to the spiny lobster has put hundreds of Florida fishermen out of business. Funding will be needed to help these people get started in an alternate fishery.

Very briefly, I believe the need for a program as envisioned in H.R. 2296 has been demonstrated.

To our knowledge there is no alternate system available to help in these emergencies.

We believe the usefulness of the program is negated by the restriction to "short term nature" of the economic dislocation. In the case of the swordfish and spiny lobster episodes, the probability is that the dislocation will be long-term. The fishermen will have to seek alternate fisheries. This is all the more need for working capital.

There is some concern over the usage of the funds. When dislocation occurs, a major cost will be vessel refitting. Supposedly, loans for this purpose would be available under the existing vessel loan program. However, Administration action has made this program defunct. There is a moratorium on loans.

To extend this program to provide for refitting loans would be a duplication of congressional intent, but that would not be the effect in practice.

The industry needs the working capital help as envisioned in H.R. 2296. It also needs a loan source as called for in the Fish and Wildlife Act.

We support H.R. 2296 as a means of providing at least one of our needs.

STATEMENT OF LEE WEDDIG, EXECUTIVE DIRECTOR OF
THE NATIONAL FISHERIES INSTITUTE

Mr. WEDDIG. I will just summarize the points I would like to make, Mr. Chairman.

First of all, the National Fisheries Institute supports the intent of this legislation.

We have been talking up to now about the shrimp industry problems, but there have been several others in the past few years where we believe such a program would be of great help.

The one that comes to mind as the most dramatic perhaps is the situation in 1972 when the Food and Drug Administration said mercury could not be present in fish at a level of more than one-half part per million.

Well, this had the effect of putting the swordfish business out of business, and we did have literally scores of fishermen whose boats were rigged out for swordfishing only, and they overnight had no market or place to go.

Here is a situation where an economic dislocation took place without any reason or cause of the fishermen.

Then in 1970, in the Great Lakes, we had a similar situation when it was found that DDT had gotten into the Great Lakes and affected the fish to the point where they were no longer marketable.

The same situation occurred then, Mr. Chairman. The entire fishery was put out of business overnight for a period of time until DDT levels went down, and the fishery could be operated.

Right now it has been mentioned before the situation we have in the Bahamian Reef with the southern Florida lobster fishermen who have suffered an economic dislocation through no fault of their own.

I think the point can be made that economic dislocations do take place with rapidity and with disastrous effects for the fishermen who are involved. And such a program as envisioned in this bill would be very helpful and would certainly ease the burden and keep some of those people around until the fishery does recuperate.

The question that we raise however is that short-term nature seems to be part of the bill's intent and in some of the situations the problem is not short termed.

We still have a swordfish problem. We are not in business with swordfish any longer.

The lobster situation in the Bahamas is probably not going to ease very rapidly either.

We think perhaps that the short-term nature of dislocation is not really a proper criterion. Rather, we should be talking about economic dislocation and the need for capital to swing these people into other fisheries.

Then we have the usage of funds question.

In many of these situations the need is not only working capital to help pay the rent and payments on the boat and so forth. Refitting the vessel is probably the biggest thing involved because if you have to change a swordfish boat to a trawler it does take a certain amount of capital to make that transformation.

The fisheries loan fund should take care of that but as we discussed here today the fishery loan fund is inoperative and does not mean a thing to the fisheries at this point at all.

I think the institute supports this bill but we really feel that the need is far beyond a patchwork attempt here.

This bill to be put across with the administration's funding and blessing would be helpful.

The entire financial assistance program needs revamping.

If you consider the impact of the 200-mile legislation which we hope will happen sooner or later, the need for capitalization in the industry for working capital, for vessel refitting, for expansion and so forth is going to be massive and the program we presently have will not answer that problem.

If fisheries inspection becomes an act, as we think it will eventually, whereby plants and shore-based facilities as well as vessels will have to be upgraded to meet sanitation levels, there will be a need for funding that does not exist in the current programs.

While we support this particular bill, the real need is to take a look at the entire fisheries assistance program because none is being operated properly as was intended by Congress when they were enacted.

We think this is a very important task of this committee, to take a look at that entire program.

That would end my comments on this particular bill but I would like to comment on a couple of points that were made earlier regarding imports of shrimp and so on.

The question was raised why would not shrimp prices for example go down after the flood of imports came in and cold storage warehouses were loaded.

Well, the problem is that somebody paid the highest price for those products when they brought them in, and when the bottom dropped out of the marketplace the people who were owning the product, that would be the processors and the brokers and so forth, had their money in that product and it takes a great wrench to decide you are going to sell the product for less than you paid for it.

Most people were quite unwilling to take a beating by just glutting the market and selling it for less than they paid for it.

In the retail stores, the retailers are not happy about taking their inventory which they purchased at x dollars and putting it out to the customer for less than they paid for it.

At the same time you have to recognize there was a great deal of concern in this country over the price of meat and meat and fish are usually run by the same department in a retail operation.

A great deal of heat was put on the retail industry to keep the price of meat down. Margins were cut in that particular product commodity and in many cases there was reluctance to cut margins on fish products, feeling there was someplace in the meat and fish department you had to make a profit.

The entire fish industry suffered during that period because there was a reluctance to cut margins on fish products, including shrimp.

At the same time people very naturally are reluctant to take their bath when it comes to disposing of inventories they paid too much for.

Backing up a little bit, during this period prior to the time the imports came into the country in great volume in a short period of time, we have to recall there was a general shortage of fishery products of all types, not only shrimp; and the price was being driven up and up.

If you recall those charts the price being paid for shrimp at the fishing level prior to the end of 1972 was quite high.

This was because there was a market demand for it and people were paying more because they felt they were not able to get enough and all of a sudden they reached the point where the law of supply and demand takes effect.

Shrimp is a discretionary purchase on the part of the consumer. When it reaches a certain price level at the restaurant or retail level people stop buying it and at the same time the process did not set in on the brokers and so forth. They kept bidding the price up yet people were not buying in the volumes they were before, and so the bottom just dropped out.

Mr. LEGGETT. What you are saying is that the shrimp industry is not precisely elastic to the supply and demand situation and that is true.

In the auto industry, we are selling fewer autos than before but still the price is going up and it is due to the fact that big corporate pricing and big chain store pricing and big labor pricing many times has nothing to do with the supply of labor or commodity for a period of time.

Mr. WEDDIG. In the case of shrimp it is quite an elastic product. As supply becomes plentiful typically prices being paid for it will go down.

In this day and age however, the whole curve becomes distorted because of the outside influences and other cost considerations that seem to throw away all of the old rules. Nonetheless though we do reach a point in the pricing of shrimp and other discretionary food items where the public does stop buying them.

Mr. LEGGETT. I generally agree with your statement overall that this bill at this point is patchwork. We do need a rather major piece of legislation to redevelop the American fishing industry.

It appears from what we have heard today that the emergency in this particular industry has reached its peak and is now being accommodated to a reasonable extent.

Now, as far as standby legislation on disasters, normally it has been a practice of the Congress to pass disaster legislation almost for every particular disaster.

We have one standard of relief for forest fires, one standard for flood victims along the Mississippi, one standard for flood victims on the west coast and it has been highly inequitable and highly irregular. It would appear to be reasonable to have a standby disaster bill. However, I would think we have to justify it, but it has not been shown here today.

We do have the major problem of redeveloping an expanded not only shrimp industry but every major fishery industry in this country. We need the support of the Bureau of the Budget to move in that direction. I do not like to prejudice the case for a major fishery re-development bill by a patchwork bill that may not precisely do the job.

Now, that is my general observation at this point.

Mr. Breaux?

Mr. BREAU. Thank you, Mr. Chairman.

Mr. Chairman, I am sometimes reminded of the phrase that the wheels of justice sometimes turn slowly. Perhaps this patchwork legislation might lead toward the committee developing some sound policies for our American fisheries for a change.

I sometimes think if we added a section onto this bill to provide loans for foreign shrimpers some might have a different attitude and come out in support of the bill.

Lee, you represent some of the retail establishments also?

Mr. WEDDIG. No, our association is fundamentally representative of the processing and distribution industry.

Mr. BREAU. Processing and distribution?

Mr. WEDDIG. Right, so that would be the people who would sell to the retailers.

Our people generally buy from the fishermen and process the product and then sell it to the retailers.

Mr. BREAU. You bring up a most interesting point and it is something that we eventually are going to have to concern ourselves more within the entire question of food supply and demand in this country because it seems to me that a producer whether a farmer producing wheat or a farmer producing rice or a shrimper producing shrimp, he is the guy who is always going to suffer because the processor or the distributor or the retailer is going to hedge when he has a plentiful supply and continue the high prices.

In other words, he is going to make it; and the thing that disturbs me when the shrimp prices to the shrimper are just falling out of sight downward, is now the guy on the end can sell them to the consumer and his attitude is you had better get it now because later on I might have to pay a higher price. And, yet, they always go up and never hardly go down.

Mr. WEDDIG. I do not agree with you.

At this point in time and throughout this whole episode the processing industry was losing money as fast as the boat owner was. No one was making any money.

Mr. BREAU. Everybody is losing money.

Mr. WEDDIG. I can speak only for the processors.

Mr. BREAU. If you are all losing money that rapidly there is going to come a point in time when everybody is going to go out of business and be busted.

What is the answer we are looking for?

I appreciate your suggestion that we need to revamp an overall fishery program and I think what we have said today does point to that.

The policy we have right now is in effect no policy. In fact, it is one that harms our own American industry rather than helps it.

I would rather have this Government have no policy as far as shrimp is concerned than the policy we now have because the policy we now have does more harm by loaning money to foreign shrimpers and foreign processing plants and to help beef up their fleets, and that lets them compete with our own while we have no program for our fishermen.

I would rather tell our Government to have no policy at all. That would be an improvement over the present situation.

Mr. WEDDIG. I am not too sure we have a policy.

Mr. BREAU. I think it is a negative policy, a bad policy if we are not helping our own first, and that should be our intent.

I do appreciate your association's supporting the concept that we had better do something and end up with an overall national positive policy.

Mr. WEDDIG. Just so I was not misunderstood before, I do consider this a patchwork approach but nonetheless in the last 5 years we have had at least three and perhaps four situations where we have had severe economic dislocations and if it is going to take any period of time to redefine the entire program we would like to see this passed immediately because the next emergency could be tomorrow.

Mr. BREAU. Well, perhaps this will lead to meaningful steps.

Thank you, Mr. Chairman.

Mr. LEGGETT. I am going to instruct counsel in the meantime to get as much information as he can from the Library of Congress on American direct and indirect assistance to foreign governments and foreign fishing fleets through any agency, bilateral agreements, or

otherwise; and also to get additional information from the industry on the particular crises involved.

Then perhaps we can even get some more information on imports for a longer period of time.

Perhaps you can submit those to the committee at the appropriate time, John, and we will further consider this matter.

Now we will stand adjourned subject to the call of the Chair.

[The following material was submitted for the record:]

ROSS & KING,
ATTORNEYS AND COUNSELORS AT LAW,
Biloxi, Miss., September 23, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMEN AND MEMBERS OF THE COMMITTEE: Please allow me to thank the committee for this opportunity to respond to H.R. 2296, which provides short-term relief to those portions of the fishing industry who have suffered economic dislocation.

First off and foremost, as the authorized representative of the Mississippi Gulf Coast Fishermen's Organization, Inc., which is composed of small independent commercial fishermen, I wish to extend our encouragement to the committee seeking such short-term relief that is being contemplated by virtue of the bill now pending before your committee.

Prior to addressing ourselves to the merits, or what we consider the demerits as they relate to our fishermen in this area, we wish to indicate to the committee that we have had prepared by the Mississippi-Alabama Sea Grant Consortium, at their local Biloxi office, an Economical Analysis of Costs and Returns for Gulf of Mexico Shrimp Vessels, covering a period 1971 through 1975. This data is attached hereto as Exhibit "A" and we would be unfair in our obligation if we otherwise ignored the fine efforts and findings of the agency putting together such information.

Having addressed ourselves to the economic reality that our commercial fishermen are dealing with, we wish to now address ourselves to § E and F of the proposed Bill H.R. 2296.

§ E requires that applicants be required to "demonstrate" a net profit for a commercial fishing vessel operation for each of three years immediately preceding commencement of the Act. As we read and understand § E, it will require proof of a profit and loss statement for any commercial operation. We wish to point out that for the small commercial fisherman who maintains very few, if any, records of his transaction, this portion of the bill, as presently worded, will insure to the benefit of the bigger operations and those actively involved from a day-to-day basis who have an elaborate, detailed bookkeeping system.

When I speak of a small, independent commercial fisherman, I am generally referring to a boat owner whose vessel is in the range of 30 to 60 feet. You have to remember that in order to help the independent fisherman who does not have and cannot afford personnel to assist him in his bookkeeping endeavor, and who nonetheless has suffered a frustrating loss at the end of each year, you need to review the requirements to qualify for the benefits of the proposed H.R. 2296.

§ F requires the applicant to demonstrate an actual or projected net deficit for a period of one-and-a-half years after the commencement of the Act. Once again by virtue of the requirements, the independent commercial fisherman will be effectively stopped and thwarted in his efforts in obtaining a loan, because of his inability in many instances to keep proper records. Some effort must be devised if the Federal Government wishes to assist commercial fishermen in their present plight, to ascertain who are the proper persons to whom loans should be made and waive proof of some of the requirements for which the bill provides and which I have just addressed myself.

Therefore, our comments may be summarized as follows: Although we recognize and wish to applaud you in your endeavors to seek to help the fishing industry and the commercial fishermen (as herein defined) who are caught up in this dislocated industry, the proposals as contained in H.R. 2296 will do very little, if anything, to alleviate their immediate problem. Therefore, some means

must be devised in order to reach these necessary fishermen and aid them in their present difficulties as are reflected in the statistics attached to this letter.

We shall be happy in the future to respond to any further inquiries of the committee, and wish once again to thank you for this opportunity to address ourselves to this bill. With best wishes and warmest regards, we are,

Sincerely yours,

MISSISSIPPI GULF COAST FISHERMEN'S
ORGANIZATION, INC.

WALTER E. ROSS, JR.
Counselor.

Attachment.

A SYNOPSIS BY ZACK LEA OF: ECONOMIC ANALYSIS OF RETURNS TO GULF OF MEXICO SHRIMP VESSEL OWNERS FOR THE PERIOD 1971-75

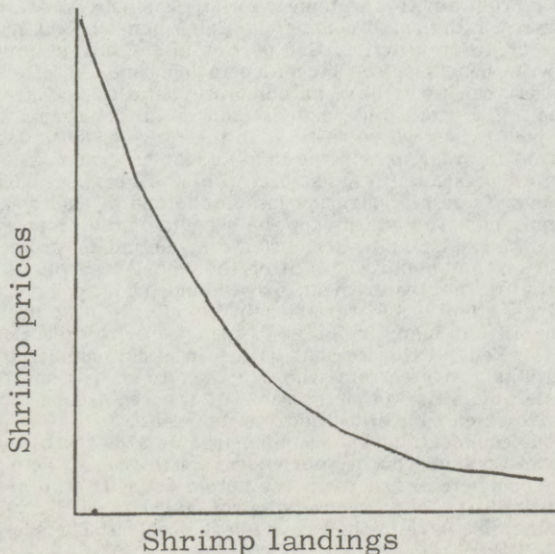
(By Wade L. Griffin, John P. Nichols, and Joe Bob Smith)

In 1973, the average Gulf of Mexico Shrimper caught 5,000 pounds of shrimp less than he needed to break even. And since that time, the average shrimper has been falling further behind each year. The major reasons for this decline are falling prices paid for dockside shrimp (even though 1973 was the record high price year) and escalating prices for fuel and other input items.

Documenting economic data in the fishing industries has usually tended to be a difficult area of research because of the difficulty of obtaining accurate records. The principle authors of the enclosed report have attempted to overcome these inadequacies through the use of statistical sampling techniques. The present paper is one of a series they have published on the subject. As a result of their continued experience with the subject matter and refinement of technique, their conclusions are perhaps the most respected in print today.

To illustrate the economic condition of the industry, the authors took cost data from statistically sampled shrimp operations and developed an average cost formula for producing shrimp during any given year from 1971 to 1975. The cost formula, which tells how much it will cost to produce a certain amount of shrimp remains constant during a given year but changes between years to reflect changes in the prices of inputs such as fuel.

With the cost function in mind, the authors took a series of average shrimp prices and determined how many pounds of shrimp would have to be landed for an average shrimper to earn just enough revenue to cover his shrimping costs. When enough of these prices and their related breakeven poundages are plotted on a graph with shrimp prices on one axis and shrimp landings on the other axis, they form a curve similar to the one shown below:



Thus, the graph shows the amount of shrimp which must be landed at any average price figure for revenue to equal production cost during the year in question. Since each year has a unique cost function, each year will have a different plot of break-even points, i.e. each year produces a different break-even curve.

When the break-even curves for 1971-75 have been placed on the same graph, the authors add horizontal and vertical lines which indicate the actual 1973 average landings per boat and average price received for shrimp. Then any break-even point which lies above the horizontal line and to the right of the vertical line would have been losing money in 1973.

The authors use four definitions of the break-even point and develop graphs based on each definition. Each definition is progressively more relaxed until all that is required under the fourth definition is that cash flow just equal variable costs. Only when the authors apply this fourth definition can they predict that the average shrimp boat will be "breaking-even" in 1974. The average 1973 shrimper falls into the red when more stringent definitions are applied. And the average 1975 shrimper is predicted to be losing under any definition.

Each of the four graphs tell the tale from a different perspective but the message holds true: without significant increases in shrimp landings or shrimp prices or both, the average shrimper won't be able to pay his bills. The authors put it like this: "It would seem then, to maintain all the vessels in the Gulf shrimp fleet that are currently in the fleet at the beginning of 1975, that without relief in some form such as a delay of a significant period in loan payment, emergency operating loans, fuel subsidy or import limitations, the Gulf shrimp fleet will continue to experience liquidity strains. If the present situation holds for a long enough period of time, a large number of the Gulf shrimp producers will be forced out of the industry."

The final pages of the report contain a discussion of several solutions to the present dilemma which have been suggested by interested parties. Among the suggestions offered are: Import quotas and tariffs; market expansion and development programs; alternative fishing enterprises; fuel subsidies; fishing efficiency improvements; longer financing contracts for vessels; and limited entry regulations.

The authors conclude that the shrimping industry has very little chance of avoiding a period of difficult readjustment.

APPLYING AN INDEX OF FISHING EFFORT TO ESTIMATE 1971 COSTS AND RETURNS FOR GULF OF MEXICO SHRIMP VESSELS, FEBRUARY 1974

(By John P. Warren, Wade L. Griffin and Ronald D. Lacewell)

ABSTRACT

Shrimp vessels operating in the Gulf of Mexico are heterogeneous with respect to physical characteristics. In this study, the investigators developed a more effective and useful method of classifying vessels for costs and returns analysis by the introduction of an index of fishing effort. This effort index is defined as the fishing power of any given vessel relative to the fishing power of a base or standard vessel.

For evaluation purposes, a sample of 29 vessels was classified into four groups based on length and effort index. Groups I and II represented vessels from 52 to 56 feet in length with effort indices of 1.56 to 1.69 and 1.76 to 1.90, respectively. Groups III and IV represented vessels from 66 to 72 feet in length with effort indices of 1.78 to 2.04 and 2.10 to 2.28, respectively. Evaluations of these groups showed that among vessels of similar length the index of fishing effort was a determinant of profitability. Vessels with higher effort indices were more profitable. Among vessels of similar effort, larger vessels (length) were more profitable than smaller ones. Length was the greatest determinant of profit mainly because larger vessels could be operated in rougher weather and generally were commanded by a more experienced captain. The results indicate that the use of an effort index to establish relatively homogeneous groups of vessels for costs and returns studies, which are needed by the industry and by agencies responsible for management of the resource, constitutes an improvement over use of a classification based on a single criterion such as length only.

ACKNOWLEDGEMENTS

Sincere appreciation is expressed to Dr. J. E. Greenfield, regional economist for the National Marine Fisheries Service, and to the commercial shrimp operators of the Gulf of Mexico, for their assistance in obtaining the data used in this study.

INTRODUCTION

To provide financial institutions, shrimp vessel owners, and prospective owners with basic information regarding profitability, optimum vessel configuration, capital requirements and return on investment, a reliable method for separating shrimp vessels into groupings or classifications is needed. A recent study [4] separated shrimp vessels into two classifications based solely on size and used budgeting to compare fixed costs and net returns for the two vessel classifications. Since vessels are not homogeneous within any specific size classification, a more effective and useful method of classifying vessels for costs and returns analysis is needed. This report introduces the use of an index of fishing effort for estimating costs and returns for vessels. This index provides an alternative and more consistent basis for establishing a classification of shrimp vessels.

DATA DESCRIPTION

A sample of 29 vessels operating in the Gulf of Mexico was used as the basis for this study. Costs and return data for the 29 vessels were collected by the National Marine Fisheries Service (NMFS). Of the 29 vessels, 23 were constructed of wood, five of steel, and one of fiberglass.

Average 1971 shrimp catch, by month, was calculated from landings data collected by the National Marine Fisheries Service on vessels operating in the Gulf for a 53- to 65-foot vessel and for a 66- to 72-foot vessel. These estimates were used with costs data for the 29 sample vessels to provide the basis for analysis.

To establish investment, 1973 vessel and equipment costs were estimated and then deflated to 1971 price levels to correspond with other data. Investment figures allow for the establishment of annual ownership (fixed) costs.

Annual fixed costs were composed of depreciation, opportunity cost of investment capital, and insurance. Depreciation was calculated on a straight-line basis assuming a 20-year vessel life and \$10,000 salvage value.

Variable costs included ice, fuel, nets, supplies, electricity, repair and maintenance, packing, and captain and crew shares. For captain and crew shares, 35 percent of the catch was the most common rate and was used in the analysis. Other variable costs were taken directly from 1971 vessel records.

METHODOLOGY

Before reviewing the vessel classification system developed by this study, it is useful to examine one other cost-estimating procedure used. A review of repair and maintenance costs indicated that this is one of the largest variable cost items, hence, poor estimates could have considerable effect on net revenue of the different vessel classifications. Repair and maintenance cost data were shown not to be correlated with catch and it was felt that these costs should have less variance among similar vessels over the long run than indicated by the observed one-year data. Also, a significant difference in repair and maintenance costs between wooden and steel vessels was expected. Therefore, all 1971 repair and maintenance costs for wooden craft were summed, and this figure was divided by the summed total cost of new wooden vessels. The resulting rate of 17 percent of new vessel cost was then used as a standard for computing repair and maintenance costs for wooden vessels. Similarly, a repair and maintenance rate of eight percent of new vessel cost was calculated for steel and fiberglass vessels.

The above procedure was used to establish repair and maintenance costs of vessels while an index of fishing effort was used to separate vessels into groups. An index of fishing effort, or the "relative fishing power" of vessels has been defined by Beverton and Holt [1, pp. 172-73] "... as the ratio of the catch per unit of fishing time of vessels to that of another vessel taken as a standard and fishing on the same density of fish on the same type of ground." There are several methods of establishing such indices of effort for production activities. Readers interested in a detailed review of some of these methods are directed

to a report by Griffin, Cross, Lacewell, and Nichols [2] in which the particular effort index used in this investigation was derived.

With respect to the above definition, fishing power of a vessel is defined as the expected catch of a vessel in a day of fishing, and is dependent upon the characteristics of the vessel. In addition, as the above definition indicates, catch also depends on abundance. Therefore, in establishing an index of fishing effort, it is necessary to standardize for abundance of fish. Hence, catch for any vessel "i" is defined as a function of vessel characteristics and abundance.

$$\text{Catch}_i = f(\text{vessel characteristics, abundance}) \quad (1)$$

Utilizing a Cobb-Douglas type production function¹ equation (1) can be rewritten as:

$$\hat{C}_i = X_{1i}^{a_1} X_{2i}^{a_2} \dots X_{ni}^{a_n} A^b \quad (2)$$

where $\hat{C}_i$ is estimated catch of vessel i; X_{ji} , ($j=1, 2, \dots, n$), are vessel characteristics; and A represents relevant variables that standardize for abundance.

The vessel characteristics considered in the evaluation were gross tons, length of the vessel, age, horsepower, and length of footrope. Regressions were run to determine which characteristics would be most appropriate to include in the final equation. Horsepower and length of footrope were found to be the most significant statistically in explaining variation in catch, and hence were selected for inclusion in the model. This result is not surprising, since the length of footrope affects how wide a path the shrimping net can cover² and the horsepower basically determines the speed at which the net is drawn during trawling operations. Together they define the area of the fishing grounds that can be covered in a given fishing day [2, p. 38].

Since the effort index is defined as a ratio of expected catch per unit of time of vessel i with respect to the expected catch per unit of time of a standard vessel, the effort index of vessel i is:

$$EI_i = \frac{\hat{C}_i}{\hat{C}_s} = \frac{(HP)_i^a (LFR)_i^b (A)^c}{(HP)_s^a (LFR)_s^b (A)^c} \quad (3)$$

where EI is the effort index for vessel i; HP and LFR denote the two characteristics horsepower and length of footrope; and the subscripts refers to the standard vessel.

Once the significant independent variables were identified through regression analysis, which was applied to two sub-samples from a sample of 10,356 observations collected by NMFS reporters, all 10,356 observations were used to estimate the coefficients a and b.

The values of the vessel characteristics for the standard vessel were 38 horsepower and 14.6 yards of footrope. These values represent the smallest combination of average horsepower and length of footrope of shrimp vessels operating in the Gulf of Mexico.

From equation (3), abundance cancels out, and by inserting the standard vessel values and the coefficients for the two variables, we obtain:

$$EI_i = \frac{(HP)_i^{.1385} (LFR)_i^{.4064}}{(38)^{.1385} (14.6)^{.4064}} \quad (4)$$

The coefficient of horsepower indicates that if horsepower is increased by one percent then catch per day is increased by .1385 percent. The coefficient for footrope implies that if length is increased by one percent then catch per day is

¹ A linear model was also applied, but as other investigators [3] have found, the Cobb-Douglas production function gives a better fit to this kind of problem, and the logarithmic transformation shows considerable improvement in stabilizing variances.

² It is recognized that the top rope (or head rope) may be a better indicator of how wide a path the shrimp net can cover, and that size of the doors and speed that the net is pulled also affect the width of the path. However, data were available only for footrope, and therefore length of footrope was included in the model.

increased by .4046 percent³ (shrimpers generally consider this value to be .5). The horsepower and length of footrope of any vessel can be substituted into equation (4) to derive the effort index, or the ratio of the fishing power of that vessel relative to that of the standard vessel.

RESULTS

To estimate annual costs and returns, the 29 sample vessels were separated into 14 classifications based on effort index and vessel length. Official U.S. Coast Guard lengths were used in this analysis. The average catch of all vessels falling within each of the 14 classifications was determined and this average was assigned to each of the original 29 sample vessels within that effort classification.

For evaluative purposes, the original 29 vessels with their assigned effort indices were classified based on two length classes and four effort ranges. The vessels fall into four groups. Group I represents vessels of 52 to 65 feet in length with effort indices of 1.56 to 1.69. The vessels in Group II are also in the small length class, but possess effort indices of 1.76 to 1.90. Group III contains vessels of 66 to 72 feet with effort indices of 1.78 to 2.04, and Group IV represents vessels in the same size class but with higher effort indices, 2.10 to 2.28. This classification scheme allows a comparison of the effects of different effort index values on the profitability of vessels.

Turning to Table 1, we see that among vessels of the same small size class the level of fishing effort has a significant effect on productivity and returns. Vessels in the lower effort range (Group I) landed 32,259 heads-off pounds of shrimp at about \$1.11 per pound, for total receipts of \$39,050; while average landings for Group II vessels were 44,380 pounds, at \$1.16 per pound, resulting in average gross receipts of \$51,602. The difference in gross receipts was therefore over \$12,000 and is attributable to the increased effort or larger horsepower and length of footrope.

In regard to variable costs, the vessels with higher effort naturally incurred higher costs, especially in the categories of fuel and the share of catch that goes to the captain and crew for running the vessel (typically 35 percent of the catch). A repair and maintenance rate (as discussed earlier) of 17% of new vessel value was applied, since all vessels in Groups I and II are of wooden construction. The difference in total variable costs is over \$7,000, most of which is due to the increment to captain and crew shares due to the much higher yield of Group II vessels.

With respect to fixed costs, Group II vessels are characterized by larger ownership costs relative to Group I vessels, although the difference is not great. Total costs for the 52 to 65 foot vessels are \$38,447 and \$49,183 for Groups I and II respectively. The resulting difference in net returns is significant. The vessels with lower effort earn average annual net returns of \$603, while greater effort results in annual net returns of \$2,419 for Group II vessels, based on the 1971 data. This indicates that fishing effort is a major determinant of relative profitability among vessels that in every other way are basically similar.

Cost and return data for the larger vessels (66 to 72 feet) as separated into two classifications (Group III and Group IV) are presented in Table 2. Gross receipts for shrimp landed by vessels with the larger effort (Group IV) exceeded Group III vessel receipts by over \$3,000. Group III vessels landed an average of 54,465 pounds of shrimp for gross returns of \$66,324, while those of Group IV landed 56,997 pounds for returns of \$69,917.

Group IV vessels incurred greater variable costs, and while part of this increase can be attributed to the larger catch, part is undoubtedly the result of the lack of homogeneity among Group IV vessels. Five of the Group IV vessels are steel, one is fiberglass, and four are wooden. Expenditures on nets and supplies, taken from actual vessel records, were much higher for steel vessels than for wooden ones. Repair and maintenance cost was calculated by applying the 17 percent rate to wooden vessels and the eight percent rate of new vessel value to the steel and fiberglass craft. Total variable costs were \$51,452, leaving an average income above variable costs of \$18,465, a figure slightly smaller than the \$18,514 calculated for Group III vessels.

³ It must be remembered that this percentage increase in catch due to an increase in horsepower or footrope is valid only over the relevant range of the data.

TABLE 1.—ESTIMATED COSTS AND RETURNS FOR 52- TO 65-FOOT VESSELS IN 2 EFFORT INDEX RANGES ¹

Item	Group I ² effort index 1.56 to 1.69	Group II ³ effort index 1.76 to 1.90
Gross receipts from production.....	\$39,050	\$51,602
Variable costs:		
Ice.....	941	1,466
Fuel.....	2,987	5,503
Nets.....	593	312
Supplies.....	821	1,438
Electricity.....	282	988
Repair and maintenance ⁴	9,618	10,220
Packing.....	1,484	2,073
Shares.....	13,667	18,060
Subtotal.....	32,393	40,060
Income above variable costs.....	8,657	11,542
Fixed costs:		
Depreciation.....	2,329	3,006
Insurance.....	3,062	3,313
Opportunity cost.....	2,663	2,804
Subtotal.....	8,054	9,123
Total costs.....	38,447	49,183
Net returns.....	603	2,419

¹ Vessel life is based on 20 years and 2,500 fishing days. Straight line depreciation with an assumed \$10,000 salvage value is assumed. Interest on investment based on 8 percent. Captain and crew share is 35 percent of catch value.

² Data are from a sample of 6 wooden vessels.

³ Data are from a sample of 8 wooden vessels. In the earlier analysis owner records of vessel length were used. For this analysis official U.S. Coast Guard lengths were used, and as a result an additional 6 vessels were reclassified from the 66- to 72-foot class into the smaller vessel category.

⁴ Repair and maintenance cost is 17 percent of new vessel value.

TABLE 2.—ESTIMATED COSTS AND RETURNS FOR 66- TO 72-FOOT VESSELS IN TWO EFFORT INDEX RANGES ¹

Item	Group III ² effort index 1.78 to 2.04	Group IV ³ effort index 2.10 to 2.28
Gross receipts from production.....	\$66,324	\$69,917
Variable costs:		
Ice.....	1,559	1,343
Fuel.....	7,342	7,987
Nets.....	149	994
Supplies.....	1,295	3,045
Electricity.....	727	808
Repair and maintenance.....	10,779	9,531
Packing.....	2,746	3,274
Shares.....	23,213	24,470
Subtotal.....	47,810	51,452
Income above variable costs.....	18,514	18,465
Fixed costs:		
Depreciation.....	2,671	4,036
Insurance.....	4,035	4,127
Opportunity cost.....	2,936	4,029
Subtotal.....	9,642	12,192
Total costs.....	57,452	63,644
Net returns.....	8,872	6,273

¹ Vessel life is based on 20 years and 2,500 fishing days. Straight line depreciation with an assumed \$10,000 salvage value is assumed. Interest on investment based on 8 percent. Captain and crew share is 35 percent of catch value.

² Data are from a sample of 5 wooden vessels. Repair and maintenance cost is 17 percent of new vessel value.

³ Data are from a sample of 10 vessels. 5 are steel, 1 is fiberglass, and 4 are wooden. Repair and maintenance cost is 17 percent of new vessel value for wooden vessels, and 8 percent of new vessel value for steel and fiberglass vessels.

With respect to fixed costs, Group IV vessels again were much more expensive. Most of the increase in fixed costs, Group IV relative to Group III, also can be attributed to the inclusion of steel and fiberglass vessels. The much higher initial cost of these vessels results in very high depreciation and opportunity costs. Fixed costs are \$9,642 for Group III and \$12,192 for Group IV vessels. Such a large difference in fixed costs would not normally be expected among basically homogeneous vessels.

Total costs were \$57,452 and \$63,664 for Groups III and IV, respectively. So the vessels with lower effort index show net returns of \$8,872, or over \$2,000 higher than the average net returns for the vessels with higher effort indices. This apparent inconsistency can be partially explained by the lack of homogeneity among Group IV vessels.

To determine the effect of including the steel and fiberglass vessels in Group IV, costs and returns were estimated for the wooden vessels alone. The results are shown in Table 3 and are consistent with expectations. These calculations show gross returns of \$68,423, variable costs of \$48,983, average fixed costs of \$9,997, and net returns of \$9,443, about \$600 higher than the average for Group III and over \$3,000 higher than the overall average of Group IV vessels. This implies that when vessel homogeneity is maintained, the level of fishing effort still can be considered a determinant of profitability.

Groups II and III have approximately the same effort level, however, Group III vessels are larger. The difference in net revenue is approximately \$6,000. This is due mainly to two factors. First, larger vessels can fish in rougher weather and in deeper water. Therefore, they can fish more days per year and for more valuable shrimp. Second, it is recognized that on any vessel the relative ability of the captain has a great influence on catch. The effect of captain's ability is minimized in this analysis by the process of averaging catch of all vessels within each effort classification. However, between vessels of different length, there still exists the captain's influence. Typically, the more successful and experienced captains command larger and newer vessels.

TABLE 3.—ESTIMATED COSTS AND RETURNS FOR GROUP IV WOODEN VESSELS¹

Item	Amount
Gross receipts from production.....	\$68,423
Variable costs:	
Ice.....	1,282
Fuel.....	7,898
Nets.....	146
Supplies.....	1,490
Electricity.....	656
Repair and maintenance.....	10,738
Packing.....	2,815
Shares.....	23,958
Subtotal.....	48,983
Income above variable costs.....	19,440
Fixed costs:	
Depreciation.....	2,658
Insurance.....	4,413
Opportunity cost.....	2,926
Subtotal.....	9,997
Total costs.....	58,980
Net returns.....	9,443

¹ Vessel life is based on 20 years and 2,500 fishing days. Straight line depreciation with an assumed \$10,000 salvage value is assumed. Interest on investment is based on 8 percent. Captain and crew share is 35 percent of catch value. Data are from a sample of 4 wooden vessels, and repair and maintenance cost is 17 percent of new vessel cost.

SUMMARY AND CONCLUSIONS

Earlier efforts to establish costs and returns of shrimp vessels according to a vessel classification based solely on length pose several questions as to methodology and results. The effort classification developed and used in this report allows for the estimation of vessel catch based on vessel length and 14 indices of

fishing effort. The effort index was applied so that each individual vessel was assigned one of 14 estimates of catch, according to which of the length and effort categories most accurately described that vessel.

For purposes of evaluation, the vessels were assigned to four groups based on length and effort. Among the smaller vessels, 52 to 65 feet, the group with lower effort indices showed average estimated net returns of \$603, while vessels with higher effort indices showed net returns of \$2,419. The estimated annual net return was \$8,872 for larger vessels with lower effort indices and \$6,273 for vessels of similar size with higher effort indices. However, the latter group of vessels was not homogeneous. Much higher fixed costs were associated with the steel and fiberglass vessels relative to the wooden vessels of this group, and an analysis of wooden vessels showed only that those with higher effort indices obtained slightly higher net returns.

For vessels with similar effort indices but different lengths, larger vessels were found to be more profitable. Larger vessels can fish in rougher weather and deeper water and are generally operated by a more experienced captain.

The results of this four-group analysis show that, among vessels similar in length, the index of fishing effort is a determinant of profitability, and that, among vessels of similar effort index, larger vessels are more profitable than smaller ones. Based on this evaluation of costs and returns it appears that the optimum vessel configuration would be a large wooden vessel of 66 to 72 feet, with a high effort index.

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ECONOMIC ANALYSIS OF RETURNS TO GULF OF MEXICO SHRIMP VESSEL OWNERS FOR THE PERIOD 1971-1975 *

(By Wade L. Griffin, John P. Nichols, Joe Bob Smith **)

INTRODUCTION

The shrimp industry in the Gulf of Mexico is undergoing a difficult transition period at present. Lower shrimp prices coupled with rapidly escalating prices for fuel and other input items have brought about a cost-price squeeze that has severely affected vessel owners. The energy crisis, which has probably had the most significant effect, may become even more pressing with respect to proposed taxes on imported oil. This will more than likely increase fuel costs to vessel owners.

This report is intended to provide current information on the economics of owning and operating a shrimp vessel in the Gulf of Mexico. Cost and returns estimates in the report are based on 1971 and 1973 data collected from shrimp vessel owners. More specifically this report includes:

1. Estimated break-even annual shrimp catches with various ex-vessel shrimp prices for 1971, 1973, 1974 and 1975.
2. Evaluation of expected cost and returns in 1975.

* Paper presented at the joint meetings of the Texas Shrimp Association and Shrimp Association of the Americas, Houston, Texas, May 3, 1975.

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DATA AND METHOD OF ANALYSIS

Data description

Cost and return and financial data used in this study were gathered by personal interview with shrimp vessel owners and/or managers operating from ports in Florida, Mississippi, and Texas. Additional financial information was obtained from officials of various lending institutions which engage in shrimp vessel financing. Cost and return estimates for 1971 used in this report are based on a sample of 29 vessels from 53 to 72 feet in keel length and constructed of wood or steel or fiberglass.¹ Cost and return estimates for 1973 used in this report were based on a sample of 115 vessels. Vessels from the 1973 sample were constructed of wood or steel, with a keel length of 54 to 78 feet in length.² Costs for 1974 were calculated by increasing all 1973 cost items (fixed and variable) by 20 percent³ except fuel which was increased from 18 to 32 cents per gallon. Inflation is expected to continue at a rate between 10 and 20 percent, therefore, 1975 costs were increased by 15 percent over 1974 levels.

Method of analysis

Cost and return data provide a basis for investigating the price-quantity relationships that will allow the vessel owner to just break even. For a given price per pound of shrimp landed, break-even analysis determines the quantity of shrimp that must be landed so that the revenue from sale of shrimp is just equal to the costs incurred for landing the shrimp. Costs may include both variable and fixed cost depending on the type of break-even analysis considered.

Four different types of break-even analysis are presented in this report. They are: (1) break-even net returns; (2) break-even cash flow with loan payment; (3) break-even cash flow without loan payment; and (4) break-even cash flow just meeting variable cost. Break-even net return analysis is concerned with the profitability of the vessel whereas the other three analyses are concerned with meeting cash outflow for operating the vessel. All four of the break-even analyses include variable cost which takes into account the expense items as a result of going fishing, such as, ice, fuel, repair and maintenance, crew shares, etc. Fixed cost included in the break-even analysis: net revenue analysis includes insurance, overhead, depreciation,⁴ interest,⁵ payment on borrowed capital and owners return to equity capital; cash flow with loan payment includes insurance, overhead, and principal and interest payment on borrowed capital; and cash flow without a loan payment are insurance and overhead.

For these break-even calculations, it is assumed that variable operating costs were constant because most of the costs (except for crew shares, payroll taxes and packing charges) would be incurred before the vessel sailed once a decision to leave port had been made. This is an over-simplification due to the difficulty of identifying which costs do vary based on the amount of shrimp landed, because most costs are incurred prior to a trip.

BREAK-EVEN ANALYSIS

Break-even net returns

Break-even net returns⁶ for alternative ex-vessel prices and pounds landed for operating a vessel in the Gulf of Mexico in 1971 and 1973 and estimated for 1974 and 1975 are presented in Figure 1. For comparison purposes, the vertical dashed line indicates the 1973 average landings for all vessels and the horizontal dashed line indicates the average ex-vessel price per pound received by the 115 vessels in the 1973 data sample.

As Figure 1 illustrates, holding the average price constant at \$1.88 per pound, break-even quantity landed would have to be approximately 27,000 pounds in 1971, 45,000 in 1973, 60,000 in 1974 and an expected 68,000 in 1975. At an ex-vessel price of \$1.88 per pound, the required pounds landed to have break-even

¹ For a complete description of this data see [3, pp.4-10]. The data in the original publication was broken down into two groups; however, for this report they were combined into one group.

² For a complete description of the data see [5, pp. 7-10].

³ Based on wholesale price index for 1974 [1, pp. A55].

⁴ Depreciation charges were calculated using the straight line method, based on the estimated new replacement value for each vessel, and using an eight-year depreciation life with 35 percent book salvage value.

⁵ For the amortization schedule the equivalent new vessel costs were used with 67 percent of that value financed for eight years at nine percent interest, and 12 equally amortized payments per year.

⁶ Break-even net returns include a 9 percent return to owners equity capital.

net revenue increased 18,000 pounds from 1971 to 1973. However, it should be pointed out that the average pounds landed in 1971 was slightly over 52,000 pounds and the average price received was \$1.20. Hence, actual vessel production had declined 12,000 pounds from 1971 to 1973.

At an ex-vessel price of \$1.88, 1973 average vessel production level was 5,000 pounds less than that needed to break even. Thus, the average vessel owner had negative net returns from vessel operations in 1973.

At an ex-vessel price of \$1.88, the required pounds landed would have to increase approximately 15,000 pounds (20,000 pounds above actual 1973 production) from 1973 to 1974 to have break-even net revenue. However, in Figure 2, which shows the total shrimp landings in the Gulf of Mexico for the years 1960-1974, landings in 1974 were only about 4 percent above 1973 landings. This implies that landings per vessel probably did not increase substantially in 1974 over 1973. Hence, at an ex-vessel price of \$1.88 per pound, substantial negative net returns occurred in 1974.

Another way of evaluating this is to hold the landing per vessel constant and see what price changes are required to maintain a break-even portion. If pounds landed is at 40,000, the required ex-vessel price that vessel owners would have to receive to have break-even net revenue would approximately be \$1.30 in 1971, \$2.05 in 1973, \$2.75 in 1974 and \$3.15 in 1975. The actual price received in 1971 was \$1.20; thus, at 40,000 pounds a loss of \$.10 per pound would have been incurred. In 1973 the actual price was \$1.88 per pound of shrimp landed; thus a loss of \$.17 per pound would have been incurred.

The ex-vessel price per pound of shrimp landed for total Gulf landings for the years 1960-1974, shown in Figure 3, indicates that the actual price received declined in 1974. Hence, in 1974, the ex-vessel price received by vessels similar to those in the sample was probably also less than \$1.88 per pound received in 1973 implying a loss in excess of \$.87 per pound ($\$2.75 - \$1.88 = \$.87$). Expectations for 1975 will be discussed later.

Break-even cash flow with loan payment

Break-even cash flow requires that the cash inflow from revenue is just equal to all cash outflow for operating a shrimp vessel. Break-even cash flow with a loan payment for alternative ex-vessel prices and pounds landed for operating a vessel in the Gulf of Mexico in 1973 and estimated for 1974 and 1975 are shown in Figure 4.⁷ The dashed lines again refer to actual 1973 pounds landed and ex-vessel price received.

At a price of \$1.88 per pound vessel owners would have had to produce 41,000 pounds in 1973, 51,000 pounds in 1974 and an expected 57,000 pounds in 1975. In 1973, vessel owners produced on the average approximately 1,000 pounds short of the actual production needed for break-even cash flow with loan payment. Since 1974 total Gulf landings were only 4 percent above 1973 landings, it can be assumed that average landings per vessel did not increase significantly. Thus, production was approximately 11,000 less than that needed for break-even cash flow with loan payment.

Assuming production per vessel remains constant at 40,000 pounds landed, ex-vessel price received would have to be \$1.95 in 1973, \$2.40 in 1974 and \$2.70 per pound of shrimp landed in 1975. Based on prices received of \$1.88 per pound in 1973, vessel owners under conditions described above had a net cash outflow of \$.07 per pound of shrimp landed. Since ex-vessel prices were probably below the 1973 prices, vessel owners had a net cash outflow in 1974 in excess of \$.52 per pound of shrimp landed.

Break-even cash flow without a loan payment

Break-even cash flow without a loan payment for alternative ex-vessel prices and pounds landed is illustrated in Figure 5. At a price of \$1.88 per pound, vessel owners would only have had to produce 20,000 pounds in 1971, 31,000 pounds in 1973, 42,000 in 1974 and an expected 49,000 pounds in 1975. Thus, at a price of \$1.88 per pound vessel owners could have more than adequately met all their cash expenses other than loan payments in 1971 and 1973; however, in 1974 some cash expense items would be left unpaid or they would be living off of cash reserves. Assuming landings per vessel constant at 1973 level of 40,000 pounds, and 1974 prices lower than 1973, vessel owners had a net cash outflow in excess of \$.10 per pound of shrimp landed.

⁷ Adequate data was not available to calculate loan payment from 1971 data.

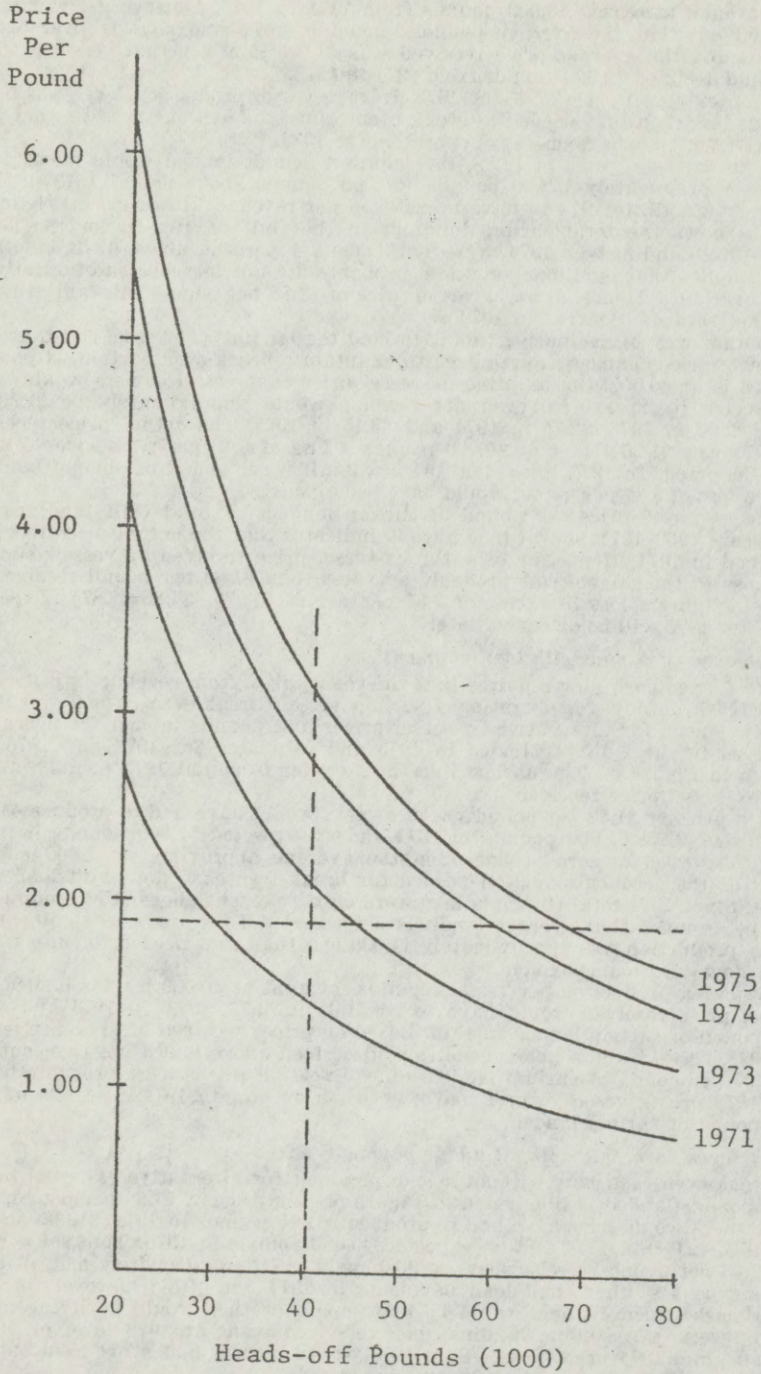


FIGURE 1. Break-even net returns for alternative ex-vessel prices and pounds landed for operating a vessel in the Gulf of Mexico in 1971 and 1973 and estimated for 1974 and 1975

Break-even cash flow just meeting variable costs

Break-even cash flow just meeting variable cost for alternative ex-vessel prices and pounds landed are shown in Figure 6. As a price of \$1.88 per pound and an assumed production of 40,000 pounds landed, vessel owners will have difficulty meeting trip expenses in 1975.

The significance of this is evidenced by observations that many vessel owners are tying up their vessels and not sending them out during the first part of 1975. Losses in the first part of 1975 are also compounded by the normal seasonality of revenue received from producing shrimp. Figure 7 shows the percent of annual revenue received each month by vessel owners during 1971. Although profits were made in 1971, the first five months showed negative cash flows [2, pp. 7-8]. Unless conditions change, the first part of 1975 will see a substantial number of vessels tied to the docks.

Expectation for 1975 conditions

To facilitate the discussion of the current situation the estimated 1975 break-even curves presented earlier for each set of conditions are shown in Figure 8. Based on 1973 level of production and price received vessel owners will not even be able to cover variable cost (trip cost) much less any of the fixed cost items such as insurance, overhead, etc. As stated in the previous section, if conditions do not improve, vessels will be tied up and the number of vessels in the industry will decline unless sufficient cash reserves or additional financing is available.

Also included in Figure 8 is a second vertical dashed line at 49,000 pounds labeled average production level. As indicated earlier, 1973 production of shrimp from the Gulf was below normal. Thus, based on a production function estimated by Nichols and Griffin [4] for the Gulf of Mexico shrimp fleet where catch is a

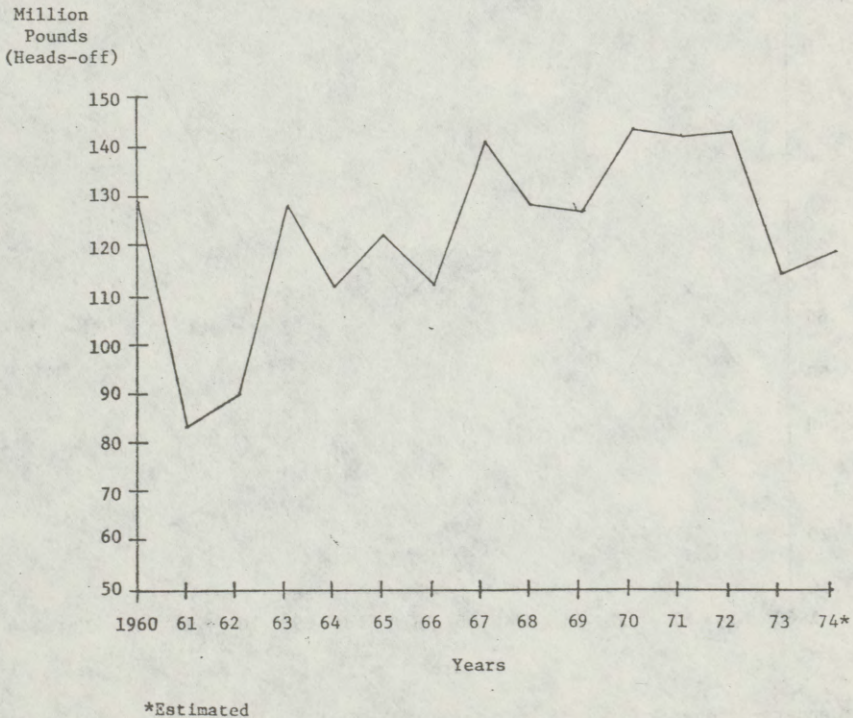
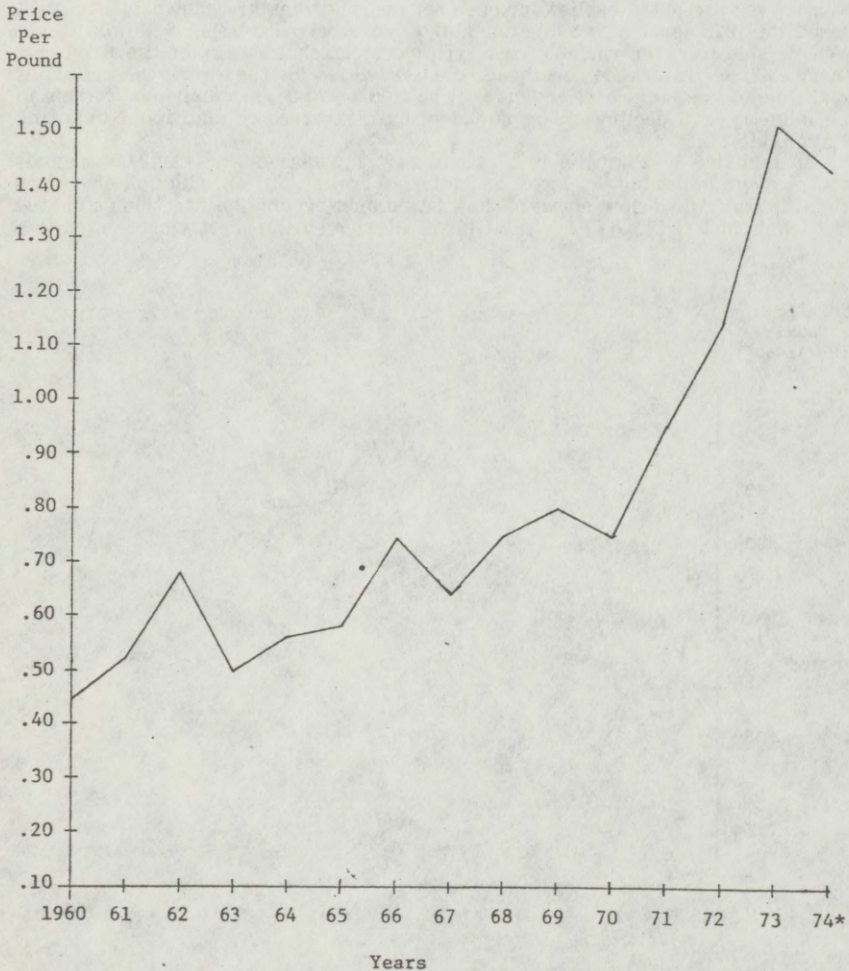


FIGURE 2. Total shrimp landings in the Gulf of Mexico for years 1960-74

function of effort, average annual landings for the vessels in the sample were estimated in a normal year to be approximately 49,000 pounds. Leading from the figure, estimated break-even prices for normal production are: \$2.60 for net returns, \$2.20 for cash flow with loan payment; \$1.80 for cash flow without loan payment and \$1.60 for cash flow just meeting variable costs. If 1975 is a normal year for production and ex-vessel price of shrimp remain constant at \$1.88 per pound, then the average vessel owner will just meet his cash expenses without a loan payment.

It would seem then, to maintain all the vessels in the Gulf shrimp fleet that are currently in the fleet at the beginning of 1975, that without relief in some form such as a delay of a significant period in loan payment, emergency operating loans, fuel subsidy or import limitations, the Gulf shrimp fleet will continue to experience liquidity strains. If the present situation holds for a long enough period of time, a large number of the Gulf shrimp producers will be forced out of the industry.



*January-October

FIGURE 3. Ex-vessel price of shrimp for Gulf of Mexico shrimp landed (heads-off) for years 1960-74

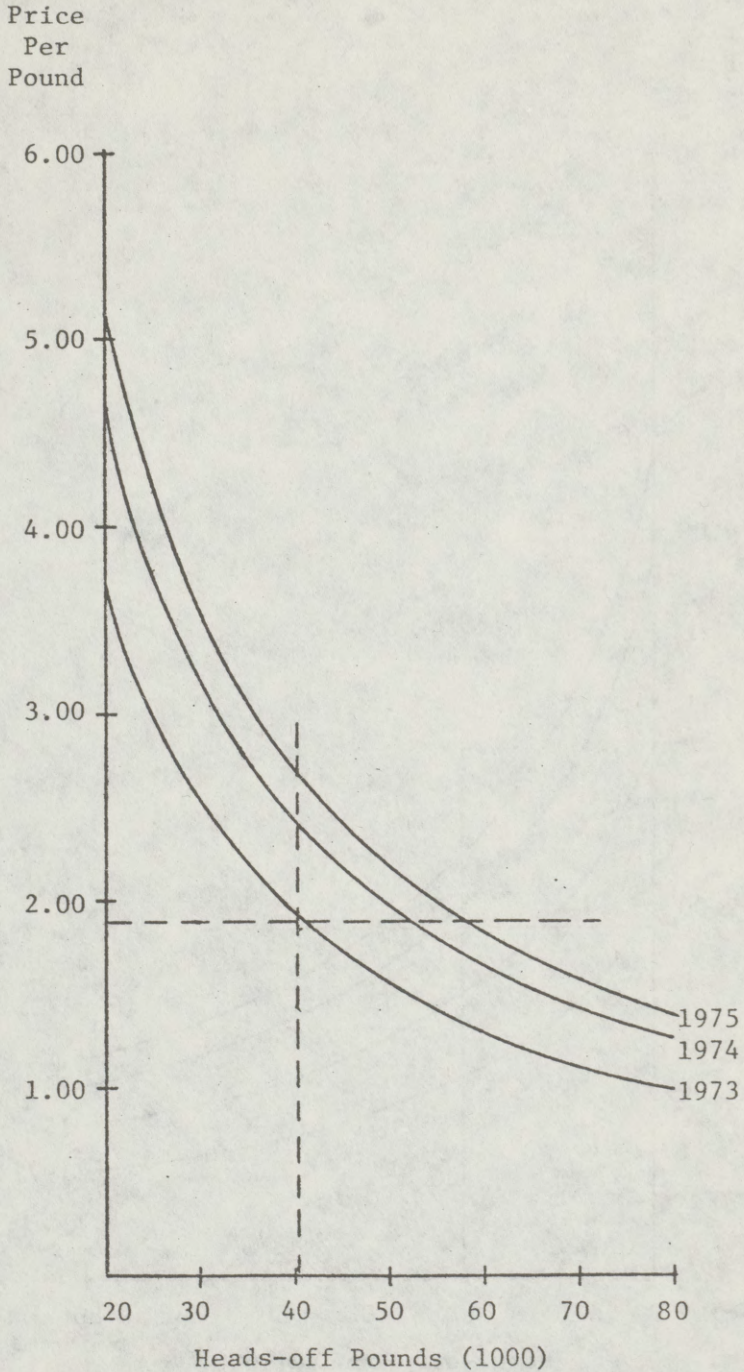


FIGURE 4. Break-even cash flows with a loan payment for alternative ex-vessel prices and pounds landed for operating a vessel in the Gulf of Mexico in 1973 and estimated for 1974 and 1975

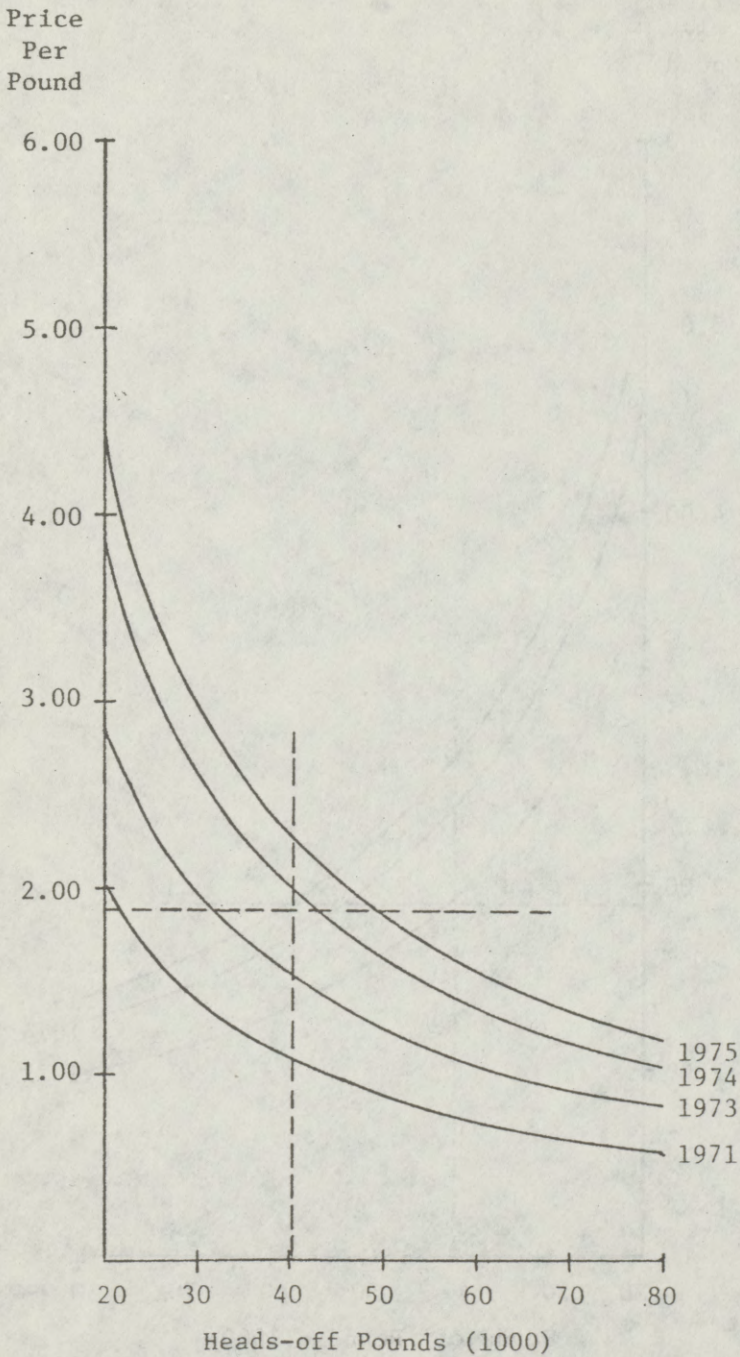


Figure 5. Break-even cash flow without a loan payment for alternative ex-vessel prices and pounds landed for operating a vessel in the Gulf of Mexico in 1971 and 1973 and estimated for 1974 and 1975

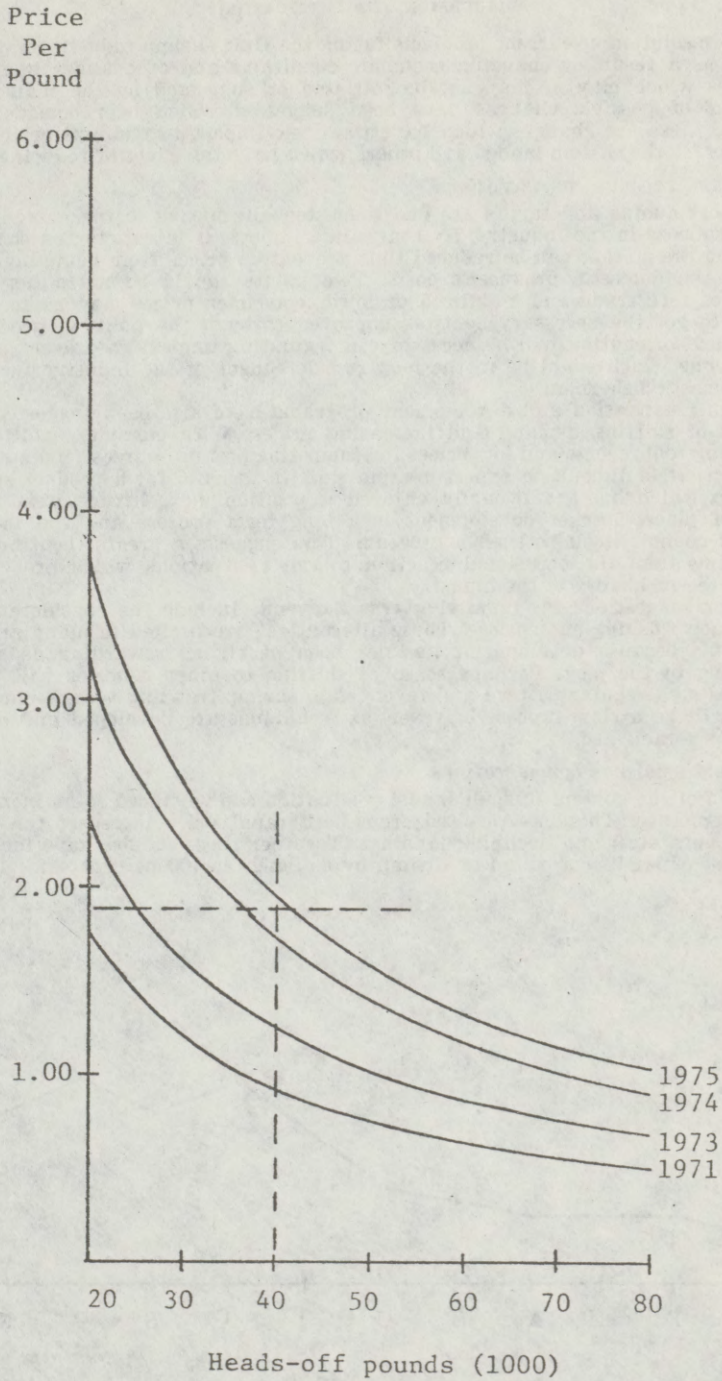


FIGURE 6. Break-even cash flow just meeting variable costs for alternative ex-vessel prices and pounds landed for operating a vessel in the Gulf of Mexico in 1971 and 1973 and estimated for 1974 and 1975

DISCUSSION AND IMPLICATIONS

The resolution of current problems facing the Gulf shrimp industry may come about as a result of changing economic conditions and/or changes in specific policies which may or may not be initiated or suggested by the industry. A number of possible changes have been suggested which bear consideration. Among these are changes which have the basic impact to stabilize or increase returns for the shrimp landed and others which have the effect of reducing costs.

Price and revenue considerations

Import quotas and tariffs are one suggested alternative to the current cost-price squeeze in the industry. By controlling imports it is anticipated that supplies on the market can be reduced thus preventing prices from being depressed below the domestic producer's costs. Two points should be noted here. The goals of free trade and stabilized or lower consumer prices may make it difficult to get the necessary controls approved through the political process. A good deal of caution will be necessary in regulating imports to prevent chaotic conditions which could be to the long run detriment of the industry including the domestic fisherman.

Market expansion and development programs have also been suggested as a means of shifting demand and increasing prices. With current conditions of declining real income and low prices for competing protein sources (red meat and chicken) it is difficult to expect a rapid shift in demand for a product such as shrimp which has traditionally enjoyed a position as a luxury item in the market place. Market development is a long term process and the industry should commit itself to such a program. This suggests a greater continuity of programs than the occasional reaction to crisis situations which are evident in the recent history of the industry.

Other suggestions for improving vessel revenue include the consideration of alternative fishing enterprises. These alternatives are limited in many areas of the Gulf because development has not been nearly as rewarding as shrimp trawling in the past. Perhaps seasonal shifting to other fisheries will be developed as a regular pattern and revenues to shrimp trawling vessels improved. This will be a slow process however, as techniques are developed and market systems established.

Cost and efficiency considerations

Much of the current difficult industry situation can be traced to an increasing cost structure. This has resulted from both rapid price increases for inputs (fuel, nets, etc.) and declining landings. Together these factors have increased the cost of landing a pound of shrimp by as much as 100 percent since 1971.

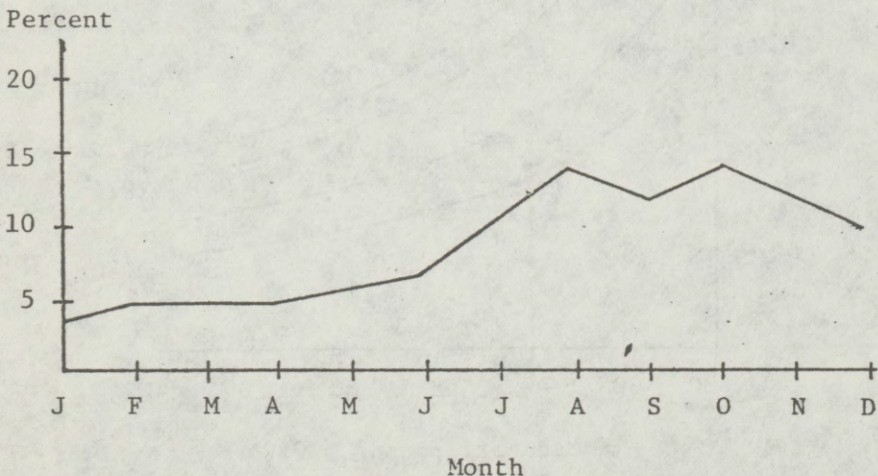


FIGURE 7. Percent annual revenue received each month based on all Gulf vessels between 66-72 feet in keel length that landed shrimp in 1971

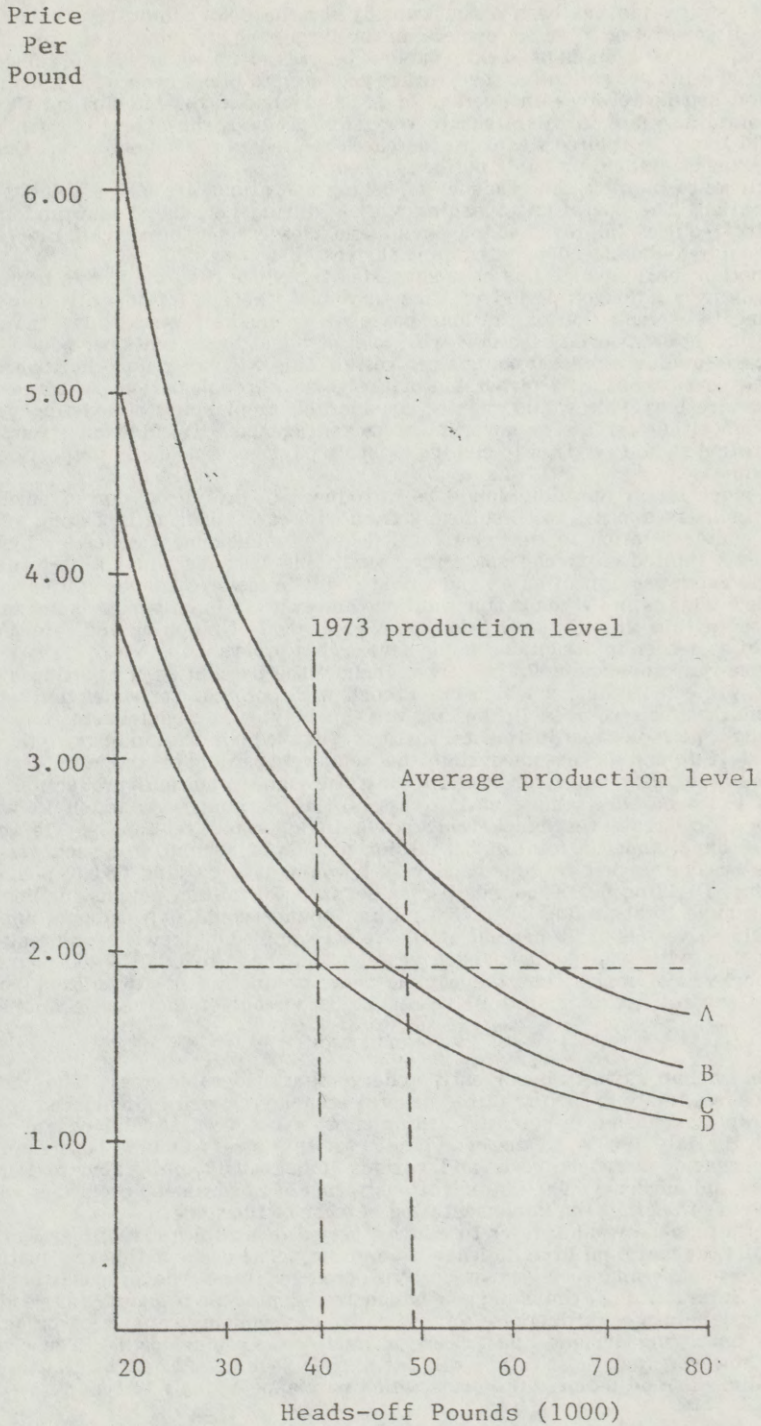


FIGURE 8. Estimated break even: (A) Net returns; (B) Cash flow with loan payment; (C) Cash flow without loan payment; (D) Cash flow just meeting variable costs for a vessel operating in the Gulf of Mexico in 1975

One suggestion has been a fuel subsidy for the fishing industry. This would be a direct saving to vessel owners on the largest single input cost item. At an average 49,000 pounds of shrimp landed per vessel it would take a subsidy of 25 to 30 cents per gallon for the average producer to break even with a loan payment when he receives an average of \$1.88 per pound for his shrimp. Chances of obtaining relief in this area are very slim. At best, the extent of such relief would likely be limited to future increases related to oil import taxes. Current fuel expenses would probably not be reduced.

Efforts to improve the efficiency of fishing operations are also a priority consideration. The operation of fishing vessels during periods of marginal profitability requires improved management and closer consideration of the effects of the day-to-day decisions in running the vessel.

Another means which has been suggested to reduce cash outflow is to finance vessels over a longer period of time to reduce the size of monthly mortgage payments. A reduction of the loan payment by one-half would have the effect of reducing break-even cash flow with loan payment by 20 cents per pound at an average landing of 49,000 pounds per vessel. This will not reduce unit costs but would permit continued ownership of the vessel through periods when cash receipts are low. This would require considerable refinancing of existing vessels through either private or government-backed agencies. In addition strong consideration should be given to making monthly payment seasonally proportional to revenue.

A much larger question should be introduced in this discussion of efficiency. The industry appears to be suffering from over-capitalization in fishing vessels. One classic solution to this is a total fisheries management scheme which includes a limited entry concept. Other conditions assumed equal, this would increase catch per unit of effort and would result in lower costs per unit of shrimp landed. This is not a short-run solution, however. It is only now being experimented within United States fisheries. A great deal of planning and information would be needed to design and implement such a program.

Long-run problems of limited entry include the possibility of creating a stagnant, protected industry which loses touch with both the consumer market and the market for resources. In the long-run this may be more detriment than going through periodic readjustments such as that which the industry currently faces. If it can be assumed that the relative position of the unit cost and revenue curves remain constant in the future and a normal production year, then based on this sample of 115 vessels, the percentage reduction in vessels needed for break-even can be calculated. In a normal year, these 115 vessels would have landed a total of 5.6 million pounds of shrimp. For each vessel to have break-even net revenue each vessel would have to land 66,000 pounds of shrimp. Dividing 66,000 pounds per vessel into 5.6 million pounds implies that the sample total production of 5.6 million pounds could only support approximately 85 vessels or 73 percent of the vessel sampled.⁸ Likewise for break-even cash flow with loan payment each vessel would have to land 57,000 pounds of shrimp which implies that the sample total production of 5.6 million pounds could support approximately 97 vessels or 84 percent of the vessels sampled.

CONCLUSIONS

The shrimp industry is currently undergoing considerable stress. The underlying causes relate to factors in the general economy beyond industry control and the rapid expansion in potential fishing effort which occurred during the period since the late 1960's. Means of coping with this stress include both improved management to reduce costs and various industry-wide programs to improve prices and efficiency. The aid of various forms of government programs will be necessary to permit the implementation of some of these ideas.

Perhaps some would prefer to allow a period of significant readjustment permitting the marginal firms to leave the industry. The costs of this readjustment, both economic and social, must be considered by those who propose this solution. Several things could happen which would prevent a significant readjustment; landings could increase dramatically, the economy could recover quickly thus improving demand and prices, or input costs could decline. The chances are, however, that these things will not happen soon enough (if at all) to avoid the difficult readjustment problems which now appear likely to occur.

⁸ It is obvious that if the total Gulf shrimp fleet was reduced to 83 percent of its current size, the total production would also decrease. That is, the estimated reduction in the fleet should be adjusted with respect to the production function. Calculations using the production function made less than a one percent difference.

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SOUTHEASTERN FISHERIES ASSOCIATION, INC.,
Tallahassee, Fla., October 7, 1975.

Dr. ROBERT M. WHITE,
*Administrator,
U.S. Department of Commerce,
NOAA,
Rockville, Md.*

DEAR DR. WHITE: Southeastern Fisheries Association is enclosing a transcript of NMFS testimony before the House Merchant Marine and Fisheries Committee during the September 22 hearings on H.R. 2296 (a bill to amend the Fisheries Loan Fund to make emergency working capital assistance available to the fisheries during severe economic or resource dislocations peculiar to fisheries).

We are dismayed by the Administration's position on this bill. Obviously, the Committee was equally dismayed. Even more dismaying, however, is that the attitude displayed by the Administration at this hearing is characteristic of its attitude toward Federal fisheries financial assistance in general. We can understand that the Administration might not have agreed with this particular bill, what it proposed to do, or how it proposed to do so. What we cannot understand, however, is that the Administration attitude displayed at this hearing extends to fisheries financial assistance as a general proposition—regardless of what or how.

We are asking you to take the time to read this transcript. We think it may help to convince you that the Administration is out of step with a rapidly emerging determination to commit NMFS, as the Nation's fisheries agency, to a future character and course of action which will allow the domestic fishing industry to assume its full potential contribution to our food producing economy.

This redirection of NMFS—its priorities, its authorities, its funding, its mission, its concerns—will be accomplished. The fishing industry is determined to assure that this is accomplished. The recent National Fisheries Policy Conference was unanimous in its determination in this respect. The Congress is growing day-by-day more dissatisfied with NOAA/NMFS unresponsiveness in this area.

Let's put the cards on the table. The Administration's position is that it will do everything in its power to hinder, delay, obfuscate, emasculate and otherwise demoralize NMFS's potential as an effective locus of comprehensive Federal financial assistance for the domestic fishing industry's legitimate needs. At the same time it is actively pursuing this position, the Administration seeks to placate industry and the Congress by hollow platitudes and bureaucratic dissimulation. This will ultimately result in the discreditation of the NOAA/NMFS leadership. As you can see by, for example, the enclosed transcript, this has already happened to a large degree.

We believe your condonation of this situation can only be the result of your having been mis-served by bad advisors. We cannot believe that you, as an otherwise effective and high level Federal administrator, would condone squandering Federal resources on an NMFS fisheries financial assistance effort whose chief objective appears to be pacifying those whom it should be, but is not adequately, serving.

We are, consequently, requesting you to become personally involved in the area of NMFS fisheries financial assistance—both that for which authority presently exists and that for which new and comprehensive authority must be provided. Capital assistance will be one of the most critical facets of the domestic fishing industry's future ability to take its rightful place in our food producing economy. A National Fisheries Plan, for example, which does not comprehensively address this crucial area is misguided and inadequate.

We want to know what you, personally, plan to do in this area. We do not want the views of your staff. We have had too much dissimulation from your staff heretofore. As I said before, we think you have been badly advised by that portion of your staff to whom you have been listening for the last several years.

We know there are NMFS employees vitally concerned in this area. That concern, under present conditions, means nothing, however, without your personal support and attention. We urge you to devote that support and attention.

If you conclude that your agency is not concerned about capital support for the legitimate needs of the domestic fishing industry, or does not want to be effectively involved in it, then we want to hear that from you personally. If this is not the case, then we want to hear what you plan to do to correct the situation and get your agency in a position to do a meaningful job.

As you can see, we are directing a number of copies of this request to parties who will be interested in your reply. We will, consequently, appreciate it if you will direct copies of your reply to those same parties.

Sincerely yours,

BOB JONES,
Executive Director.

[Whereupon, at 4:05 p.m., the subcommittee adjourned to reconvene subject to the call of the chair.]

ADMINISTRATION OF FISH AND WILDLIFE PROGRAMS

THURSDAY, OCTOBER 30, 1975

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
SUBCOMMITTEE ON FISHERIES AND WILDLIFE
CONSERVATION AND THE ENVIRONMENT,
Washington, D.C.

The subcommittee met at 10:45 a.m., in room 1302 Longworth Building, Hon. Robert L. Leggett (subcommittee chairman) presiding.

Mr. LEGGETT. The Subcommittee on Fisheries and Wildlife Conservation and the Environment will please come to order.

I apologize for being late.

We have been dealing with the Marine Mammal Protection Act since 8 o'clock this morning.

Unfortunately, the people of California, about half a million of them, require some of my time, and that is where I have been the last half hour.

This morning, the subcommittee will hold hearings on legislation that is designed to improve the administration of Federal fish and wildlife laws and programs by the U.S. Fish and Wildlife Service.

The legislation to be heard today is H.R. 5523, introduced by the present occupant of the Chair. It consists of five titles.

Briefly explained, title I would amend the Fish and Wildlife Act of 1956 to authorize the Secretary of the Interior, when entering into cooperative agreements with colleges and universities, game and fish departments of the States and nonprofit organizations, to assign scientific personnel—instead of only technical personnel as provided by present law—to assist in carrying out cooperative research and training programs for fish and wildlife resources.

In addition, it would for the first time authorize the use of Federal funds for direct support of graduate students doing research in fish and wildlife ecology and resource management.

Title II would clarify and strengthen the law enforcement authorities of the U.S. Fish and Wildlife Service. In this regard, it would provide statutory authority for officers and employees designated by the Secretary of the Interior to enforce fish and wildlife laws to carry firearms. Also, it would allow such officers and employees to make warrantless searches of persons, places, and conveyances, as provided by law. I would suspect this is in situations that we have not pursued in the past.

In addition, it would authorize the Secretary to establish and conduct national training programs for State fish and wildlife law enforcement personnel and to develop new and improved approaches, techniques, systems, equipment, and services in order to strengthen and improve fish and wildlife enforcement.

Title III would authorize the Secretary of the Interior to recruit, train, and accept the services of volunteers. Volunteers representing all segments of our populations are today working in the fields of health, education, welfare, and various community activities. For the first time, the U.S. Fish and Wildlife Service would be able to utilize these public-spirited individuals to assist in carrying out fish and wildlife conservation and outdoor recreation programs.

Title IV would amend the Migratory Bird Conservation Act to clarify the authority of the Secretary to purchase or rent easements with funds derived under the act.

Present law has been interpreted to permit the Secretary to purchase or rent only the fee simple title in such property. This is what we call a technical amendment.

Title V would broaden the Secretary's authority so as to allow him to acquire lands or interests therein by exchange for lands in which he has only the interests in such lands, such as an easement. Again, this is what we call a technical amendment.

[The bill and departmental reports follow:]

[H.R. 5523, 94th Cong., 1st Sess.]

A BILL To improve the administration of fish and wildlife programs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—FISH AND WILDLIFE COOPERATIVE UNITS ASSISTANCE

Sec. 101. The first section of the Act of September 2, 1960 (74 Stat. 733, Public Law 86-686, 16 U.S.C. 753a) is amended—

(1) by striking out "technical personnel" and inserting in lieu thereof "scientific personnel"; and

(2) by inserting immediately after "respective units," the following: "to the provision of assistance (including reasonable financial compensation) for the research training of graduate students in fish and wildlife ecology and resource management,".

TITLE II—ENFORCEMENT AUTHORITY FOR THE PROTECTION OF FISH AND WILDLIFE RESOURCES

Sec. 201. (a) In addition to any other authority conferred by law, any officer or employee of the Department of the Interior who is designated by the Secretary of the Interior to enforce any Federal law relating to fish and wildlife may, in the performance of his duties—

(1) carry firearms;

(2) execute and serve search warrants and arrest warrants, and serve subpoenas, summonses, and other processes, which are issued by any officer or court of competent jurisdiction;

(3) make an arrest without warrant—

(A) for any offense against the United States if he has reasonable grounds to believe that the person to be arrested is committing the offense in his presence or view, or

(B) for any felony under the laws of the United States if he has reasonable grounds to believe that the person to be arrested has committed or is committing such felony;

(4) search without warrant or other process any person, place, or conveyance as provided by law;

(5) seize without warrant or other process any evidentiary item as provided by law;

(6) offer and pay rewards for services or information which may lead to the apprehension of violators of such laws;

(7) make inquiries, and administer to, or take from, any person an oath, affirmation, or affidavit, concerning any matter which his material or relevant to the enforcement of such laws; and any person to whom such oath has been administered who shall willfully give false evidence or swear false statement shall be guilty of perjury and shall be punished as provided by section 1621 of title 18, United States Code; and

(8) upon request from the appropriate law enforcement agency, assist any State, the Commonwealth of Puerto Rico, and any possession of the United States in the enforcement of State or local laws and regulations relating to fish and wildlife.

(b) In order to provide for and encourage training, research, and development for the purpose of improving fish and wildlife law enforcement and developing new methods for the prevention, detection, and reduction of violations of fish and wildlife laws, and the apprehension of violators of such laws, the Secretary of the Interior may—

(1) establish and conduct national training programs to provide, at the request of any State, training for State fish and wildlife law enforcement personnel;

(2) develop new or improved approaches, techniques, systems, equipment, and services to improve and strengthen fish and wildlife law enforcement; and

(3) assist in conducting, at the request of any appropriate State official, local or regional training programs for the training of State fish and wildlife law enforcement personnel.

(c) There are authorized to be appropriated such funds as may be necessary to carry out the purposes of subsection (b) of this section.

SEC. 202. (a) Section 4 of the Act of September 28, 1962 (76 Stat. 654, Public Law 87-714, 16 U.S.C. 460k-3) is amended by adding at the end thereof the following new sentence: "The provisions of any such regulation shall be enforced by any officer or employee of the Department of the Interior designated by the Secretary of the Interior."

(b) The first sentence of section 3(a) of the Act of June 8, 1940 (54 Stat. 251, 16 U.S.C. 668b(a)), is amended to read as follows: "The provisions of this Act and any regulation prescribed under the authority of this Act shall be enforced by any officer or employee of the Department of the Interior designated by the Secretary of the Interior."

(c) The first sentence of section 4(f) of the National Wildlife Refuge System Administration Act of 1966 (U.S.C. 668dd(f)) is amended to read as follows: "The provisions of this Act and any regulation prescribed under the authority of this Act shall be enforced by any officer or employee of the Department of the Interior designated by the Secretary of the Interior."

(d) The first sentence of section 6(a) of the Act of April 23, 1928 (45 Stat. 449, 16 U.S.C. 690e) is amended to read as follows: "The provisions of this Act and any regulation prescribed under the authority of this Act shall be enforced by any officer or employee of the Department of the Interior designated by the Secretary of the Interior."

(e) Section 8(a) of the Upper Mississippi River Wild Life and Fish Refuge Act (16 U.S.C. 727) is amended to read as follows: "The provisions of this Act and any regulation prescribed under the authority of this Act shall be enforced by any officer or employee of the Department of the Interior designated by the Secretary of the Interior."

(f) The first two sentences of section 13(d) of the Fish and Wildlife Act of 1956 (16 U.S.C. 742j-1(d)) are amended to read as follows: "The Secretary of the Interior shall promulgate such regulations as he deems necessary and appropriate to carry out the enforcement of this section. The provisions of this section and any regulation promulgated thereunder shall be enforced by any officer or employee of the Department of the Interior designated by the Secretary of the Interior."

SEC. 203. Section 5 of the Migratory Bird Treaty Act (16 U.S.C. 706) is amended to read as follows:

"SEC. 5. The provisions of this Act and any regulation prescribed under the authority of this Act shall be enforced by any officer or employee of the Department of the Interior designated by the Secretary of the Interior. Any judge of any court established under the laws of the United States and United States magistrates may, within their respective jurisdiction, upon proper oath

or affirmation showing probable cause, issue warrants in all such cases. All birds, or parts, nests, or eggs thereof, captured, killed, taken, sold or offered for sale, bartered or offered for barter, purchased, shipped, transported, carried, imported, exported, or possessed contrary to the provisions of this Act or of any regulation prescribed thereunder shall, when found, be seized and upon conviction of the offender or upon judgment of a court of the United States that the same were captured, killed, taken, sold or offered for sale, bartered or offered for barter, purchased, shipped, transported, carried, imported, exported, or possessed contrary to the provisions of this Act or of any regulation prescribed thereunder, shall be forfeited to the United States and disposed of by the Secretary of the Interior in such manner as he deems appropriate."

SEC. 204. Section 6 of the Act of March 16, 1934 (48 Stat. 452, 16 U.S.C. 718f) is amended to read as follows:

"SEC. 6. The provisions of this Act shall be enforced by any officer or employee of the Department of the Interior designated by the Secretary of the Interior. Any judge of any court established under the laws of the United States, and any United States magistrate may, within his respective jurisdiction, upon proper oath or affirmation showing probable cause, issue warrants in all cases involving violations of this act. Any bird or part thereof taken or possessed contrary to this Act shall, when seized, be disposed of as provided by sections 2 through 12 of the Migratory Bird Treaty Act."

SEC. 205. Section 6(a) of the Act of May 20, 1926 (46 Stat. 846, 16 U.S.C. 852(a)), is amended—

(1) by inserting immediately after "Act" in the first sentence thereof the following: ", in addition to any other authority provided by law,"; and

(2) by amending the last sentence thereof to read as follows: "The Secretary of the Interior may utilize by agreement, with or without reimbursement, personnel, services, and facilities of other Federal agencies for the enforcement of this Act and any regulations made pursuant thereto."

SEC. 206. (a) Section 43(c) (2) of title 18, United States Code, is amended by striking out "authority" in the first sentence and inserting in lieu thereof the following: "authority, in addition to any other authority provided by law relating to search and seizure,".

(b) Section 3054 and 3112 of such title 18 are each amended by inserting immediately after "customs" in the first sentence thereof the following: ", in addition to any other authority provided by law,".

TITLE III—FISH AND WILDLIFE ACT

SEC. 301. (a) Section 7 of the Fish and Wildlife Act of 1956 (16 U.S.C. 742f) is amended—

(1) by striking out paragraphs (4) and (5), and inserting in lieu thereof the following:

"(4) take such steps as may be required for the development, advancement, management, conservation, and protection of fish and wildlife resources including, but not limited to, research, development of existing facilities, and acquisition by purchase or exchange of land and water, or interests therein.";

(2) by inserting "and" immediately after the semicolon at the end of paragraph (3); and

(3) by adding at the end thereof the following new subsections:

"(b) (1) In furtherance of the purposes of this Act, the Secretary of the Interior is authorized to accept any gifts, devises, or bequests of real and personal property, or proceeds therefrom, or interests therein, for the benefit of the United States Fish and Wildlife Service, in performing its activities and services. Such acceptance may be accomplished subject to the terms of restrictive or affirmative covenants, or conditions or servitudes, if such terms are deemed by the Secretary to be in accordance with law and compatible with the purpose for which acceptance is sought.

"(2) Any gifts and bequests of money and proceeds from the sales of other property received as gifts or bequests pursuant to this subsection shall be deposited in the Treasury and shall be disbursed upon order of the Secretary.

"(3) For the purpose of Federal income, estate, and gift taxes, property accepted under this subsection shall be considered as a gift or bequest to the United States.

"(c) (1) The Secretary of the Interior may recruit, train, and accept, without regard to the Civil Service classification laws, the services of individuals without compensation as volunteers for, or in aid of, programs conducted by the Secretary through the United States Fish and Wildlife Service.

"(2) The Secretary is authorized to provide for incidental expenses such as transportation, uniforms, lodging, and subsistence, of such volunteers.

"(3) Except as otherwise provided in this subsection, a volunteer shall not be deemed a Federal employee and shall not be subject to the provisions of law relating to Federal employment, including those relative to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

"(4) For the purpose of the tort claim provisions of title 28 of the United States Code, a volunteer under this subsection shall be considered a Federal employee.

"(5) For the purposes of subchapter I of chapter 81 of title 5 of the United States Code, relating to compensation to Federal employees for work injuries, volunteers under this subsection shall be deemed employees of the United States within the meaning of the term 'employees' as defined in section 8101 of title 5, United States Code, and the provisions of that subchapter shall apply.

"(6) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection."

TITLE IV—MIGRATORY BIRD CONSERVATION ACT

SEC. 401. Section 5 of the Migratory Bird Conservation Act (16 U.S.C. 715d) is amended to read as follows:

"SEC. 5. The Secretary of the Interior is authorized to purchase or rent such areas or interests therein as have been approved for purchase or rental by the Commission, and to acquire by gift or devise, for use as inviolate sanctuaries or other wildlife management purposes for migratory birds, areas which he shall determine to be suitable for such purposes, and to pay the purchase or rental price and expenses incident to the location, examination, and survey of such areas and the acquisition of title thereto, including options when deemed necessary by the Secretary of the Interior from moneys to be appropriated hereunder by Congress from time to time; except that no lands acquired, held, or used by the United States for military purposes shall be subject to any provisions of this Act."

TITLE V—NATIONAL WILDLIFE REFUGE SYSTEM ADMINISTRATION ACT OF 1966

SEC. 501. The first sentence of section 4(b) (3) of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd(b) (3)) is amended to read as follows:

"(3) to acquire lands or interests therein by exchange (A) for acquired lands or public lands, or for interests in acquired or public lands, under his jurisdiction which he finds to be suitable for disposition; or (B) for the right to remove, in accordance with such terms and conditions as the Secretary may prescribe, products from the acquired or public lands within the System."

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., October 30, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR CHAIRMAN SULLIVAN: This is in further response to your request for the Commission's views on H.R. 5523, a bill "To improve the administration of fish and wildlife programs, and for other purposes."

The only provision of this legislation of concern to the Commission is section 301(c) which authorizes the Secretary of the Interior to recruit, train and accept uncompensated services of volunteers to aid in programs conducted by the Secretary through the Fish and Wildlife Service. These volunteers would not be considered Federal employees except for tort claims under title 28 of the United States Code, and injury compensation under Subchapter I of chapter 81, title 5 of the United States Code.

We have no objection to the use of volunteers as provided in H.R. 5523 provided they are not used to replace regular employees. We suggest that such a proviso be included and further that, "without regard to the provisions of title 5, United States Code," be substituted for "without regard to the Civil Service classification laws" in section 301(c)(1) to provide a more complete exception to the civil service laws.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT E. HAMPTON,
Chairman.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., October 30, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR MADAM CHAIRMAN: This is in response to the request of your Committee for the views of this Department on H.R. 5523, a bill "To improve the administration of fish and wildlife programs, and for other purposes."

We recommend the enactment of H.R. 5523, if the bill is amended as herein described.

H.R. 5523 would amend various conservation provisions of Title 16 of the U.S. Code relating to management and protection of fish and wildlife resources. It would strengthen and clarify the current administrative and enforcement authority of the Department. Title I provided for the expansion of cooperative training and research programs among Federal, State, and private entities. Section 201 of Title II would define and broaden the elements of the Secretary's enforcement power, including the power to arrest and to carry firearms. The remaining sections of Title II would amend various acts to make explicit the power of the Secretary or his designees to enforce regulations issued pursuant to those acts. Title III provides for amendment to the Fish and Wildlife Act of 1956 (70 Stat. 1119, 16 U.S.C. 742-42d, 742e-42j) to enable the Secretary to accept donations of property or services on behalf of the Fish and Wildlife Service. Titles IV and V would make minor changes in the Migratory Bird Conservation Act (16 U.S.C. 715 *et seq.*) and the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd-68ee) respectively in order to clarify the Secretary's power with respect to purchasing, renting or exchanging lands or interests therein for wildlife purposes.

The Department is presently in the process of preparing a comprehensive law enforcement bill for all of its bureaus of which the Fish and Wildlife Service is one. We would prefer that the Congress defer action on Title II of H.R. 5523 in order to deal comprehensively with all of the Departments' law enforcement problems. Section 3019 of S. 1 also deals, in part, with the law enforcement problems addressed by this bill. However, we would not object to the enactment of H.R. 5523 if amended as recommended herein.

(1) Title I, section 101, of H.R. 5523 amends section 1 of the enabling Act for the Cooperative Fishery Unit and Cooperative Wildlife Research Unit program of the Fish and Wildlife Service. This is a cooperative program involving some 45 units throughout the country. Program objectives are to: (1) conduct research basic to the management of fish and wildlife resources, (2) facilitate the training of fish and wildlife personnel at the graduate level, (3) provide technical assistance to conservation agencies in fish and wildlife management programs, and (4) promote education in natural resources through demonstration, lectures and publications. The Act limits Federal participation in the units program to the assignment of scientific personnel, supply of equipment, and payment of incidental expenses. The amendments proposed in H.R. 5523 would clearly provide that operational funds for the units can be used with the same degree of flexibility as those funds provided by other cooperators in the program.

To more clearly reflect the purpose behind section 101(2), we recommend that that section be amended to read: "(2) by inserting immediately after 're-

spective units,' the following: 'to the provision of assistance (including reasonable financial compensation) for the work of researchers on fish and wildlife ecology and resource management projects funded under this subsection,'"

As amended, this section would allow the use of Federal unit funds for the support of researchers in fish and wildlife ecology and resource management projects. This amendment will not lead to an increase in present funding levels.

(2) Title II of H.R. 5523 establishes a uniform comprehensive law enforcement authority for Fish and Wildlife Service special agents. Section 201(a) provides basic authority for enforcement of all fish and wildlife programs. Its provisions relating to search, seizure and arrest fill a void in present separate authorizing statutes by clarifying an agent's enforcement authority to allow him to use all the powers presently permitted by law.

An important provision of section 201(a) is the authority for warrantless searches. Warrantless searches, under specified situations, are universally recognized by the Federal courts. In the past the Fish and Wildlife Service had operated on the assumption that its agents had implied authority to make the same warrantless searches as other Federal enforcement officers. However, in 1964 the United States Court of Appeals for the Tenth Circuit in *Aiuppa v. United States*, 338 F.2d 146, reversed a conviction for unlawful possession and transportation of over 500 migratory birds on the ground that Service agents lacked statutory authority to conduct a search without a warrant based on probable cause. The statutory provision in question is section 5 of the Migratory Bird Treaty Act (40 Stat. 756) which provides in this respect only that the agents "have authority, with a search warrant, to search any place." H.R. 5523 would rewrite section 5 of the Migratory Bird Treaty Act so as to exclude the enforcement authorities now enumerated in section 201(a) of Title III. Section 201(a)(4) succinctly deals with the *Aiuppa* decision, which continues to have considerable impact in the lower Federal courts. Section 201(a)(5) also authorizes the seizure of "evidentiary" items, as provided by law.

Over 50 years have passed since the Migratory Bird Treaty Act became law. Major changes in the methods and techniques of hunting migratory game birds have rendered obsolete authorities which were once effective. The modern violator is highly mobile, can easily destroy evidence or evade apprehension from Federal officers restricted by a warrant requirement. Most States have recognized the change that has taken place in hunting techniques and have provided their wildlife officers with authority to make inspections and reasonable warrantless searches. It is time the Federal Government provided its Fish and Wildlife Service special agents with similar authority. This is especially the case where Federal activity is grounded on treaty obligations, as is the situation with the entire migratory bird program, and by a recent convention, the endangered species program.

Another provision of section 201(a) is the express authority for Fish and Wildlife law enforcement officers to carry weapons for self-defense. Every hunter, stopped in the field, whether for a routine check or an arrest, carries a loaded firearm. Since passage of the Migratory Bird Treaty Act, five Fish and Wildlife law enforcement officers have been killed in the line of duty and over 200 have been assaulted. While many of these officers have long carried sidearms to protect themselves, statutory authority is needed to obviate problems with State and local gun control and registration requirements.

We recommend that section 201(a) of H.R. 5523 be amended to clarify that officers and employees authorized to enforce Federal fish and wildlife laws may enforce either all or some of the authorities in the Act as the Secretary deems appropriate. Accordingly, the first clause of section 201(a) should be amended to read as follows: "SEC. 201. (a) In addition to any other authority conferred by law, an officer or employee of the Department of the Interior who is designated by the Secretary of the Interior with law enforcement responsibilities to enforce any Federal law relating to fish and wildlife may, in the performance of his duties, exercise such of the following authorities as the Secretary may deem appropriate:"

We recommend that paragraph (3) (A) and (B) of section 201(a), providing for arrest without warrant, be modified. While the authority to arrest without warrant for "any offense against the United States", not just crimes relating to fish and wildlife, is highly desirable, the authority to initiate investigation should be limited. The language in section 201(a)(3)(A) and (B) could be interpreted to authorize an expansion of investigative powers. Section 201(a)

(3) (A) and (B) should be amended to read as follows: "(3) make an arrest without warrant (A) for any offense against the United States if he has reasonable grounds to believe that the person to be arrested is committing the offense in his presence or view, or (B) for any felony under the laws of the United States if he has reasonable grounds to believe that the person to be arrested has committed or is committing such felony, Provided That—this paragraph does not authorize any officer or employee of the Department of the Interior who is designated by the Secretary pursuant to section 201(a) to initiate investigations of violations which do not come within their purview;"

(3) Section 201(b) establishes a comprehensive program for fish and wildlife enforcement training, research and development. This program will coordinate State and Federal enforcement efforts through a common training and development program. We believe that State wildlife agencies are a national resource in skill and manpower essential to the effective execution of national fish and wildlife policies. This program would formally establish a close enforcement liaison with the State agencies. Under current Departmental plans, we anticipate that this program will not lead to an increase in present funding levels.

We recommend that section 201(c) be amended to read: "(c) There are authorized to be appropriated such funds as may be necessary to carry out the purposes of subsection (b) of this section, and the Secretary may require reimbursement from the States for expenditures required by subsections (b) (1) and (b) (3)."

We suggest a new subsection (d) be added to section 201 of H.R. 5523 to provide for cooperation with other Federal and State agencies in enforcement of Federal fish and wildlife laws. The proposed amendment would authorize the Secretary of the Interior to enter into agreements with other Federal and State agencies to obtain assistance and cooperation in the enforcement of fish and wildlife laws, and it would specify these statutes under various other Federal laws:

"(d) (1) Notwithstanding any other provision of law, the Secretary may utilize by agreement, with or without reimbursement, the personnel services and facilities of any other Federal or State agency to the extent he deems it necessary and appropriate for effective enforcement of any Federal laws administered by him relating to fish and wildlife. Except as otherwise provided in this subsection, persons so designated by the Secretary, who are not employees of another Federal agency, shall not be deemed a Federal employee and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, competitive examination, rates of compensation, unemployment compensation, and Federal employee benefits.

(A) For the purposes of the tort claim provisions of Title 28, persons designated pursuant to this subsection shall be considered investigative or law enforcement officers of the United States.

(B) To the extent specified by the Secretary, persons designated pursuant to this subsection may search, seize, arrest, and exercise any other law enforcement functions or authorities under Federal laws, relating to fish and wildlife, where such authorities are made applicable by this or any other law to employees, officers, or other persons designated or employed by the Secretary.

(C) Persons designated pursuant to this subsection shall be considered officers or employees of the Department of the Interior, within the meaning of sections 111 and 1114 of Title 18.

(D) Persons designated pursuant to this subsection may be considered eligible for compensation for work injuries under subchapter III, Chapter 81 of Title 5.

(d) (2) Nothing herein shall be construed to prohibit delegation of law enforcement authorities made prior to the date upon which agreements are entered into between the Secretary and the affected Federal or State agency pursuant to this Act."

The purpose of this recommended amendment is to clarify the authorities, rights, and obligations of the Federal Government, the individuals concerned, and the public at large, with regard to the actions of other Federal and State personnel when assisting in the enforcement of Federal conservation laws administered by the Secretary of the Interior. The amendment would authorize the Secretary to enter into agreements with other Federal and State agencies to obtain assistance and cooperation in such enforcement, and it would specify their status under various Federal programs.

The Secretary now administers numerous laws inconsistently providing for "cooperation with", or the designation of, other Federal or State personnel or agencies for enforcement of discrete programs, 16 U.S.C. §§709a, 742j-1(d), 715p, 718f, 718h, 852c, 852e, 852d(a), 1377(b) and 1540(e)(1), yet nowhere is the status of such personnel established for the purposes of such laws as the Federal Tort Claims Act, Federal assault and murder statutes, Federal employee benefit programs, and Federal statutes empowering Secretarial employees or designates to search, seize, arrest, or exercise other Federal law enforcement functions. Faced with similar issues regarding the volunteers in the parks and the Youth Conservation Corps, the Congress has authoritatively resolved these issues by statute (16 U.S.C. §§18g, 1703(a)(3)).

The protection afforded to those designated by the Secretary by this legislation is necessary to elicit the much-needed assistance of other Federal and State personnel. This legislation would protect the public from wrongful enforcement activity while clarifying the scope of authority of these Federal and State personnel in the scope of authority of these Federal and State personnel in the face of a large body of case law requiring clear specification of Federal law enforcement powers. The Secretary would have discretion to select the law enforcement powers or law administered by him which he determines appropriate for delegation to other Federal or State officer.

In addition we suggest a new subsection (e) to section 201 of the bill to provide the Secretary with authority to dispose of forfeited property as follows: "(e) Upon forfeiture, or waiver, of any wildlife, parts or products or other item to the United States, it shall be disposed of by the Secretary in such a manner as he deems appropriate."

(4) Sections 202 through 206 of Title II amend various statutes in order to make fish and wildlife law enforcement provisions uniform. Sections 202 through 206 of Title II may need to be amended further to incorporate the wording of our proposed amendment to the first clause of section 201(a).

(5) Title III of H.R. 5523 amending the Fish and Wildlife Act of 1956 expands section 7 of the Act by authorizing the Secretary to accept gifts and donations of real and personal property, or interests therein, as well as the purchase of interests in land and water. Under the current Act, land acquisition authority is limited to the purchased of refuge land. Rising land costs and increased public pressures to provide wildlife habitat as well as preservation of natural areas for current and future public enjoyment necessitates alternative methods of acquiring land. This bill would provide the authority to acquire easements, covenants and any other less than fee interest and accept donations in furtherance of the activities and services of the Fish and Wildlife Service.

Title III also authorizes the Secretary of the Interior to accept voluntary service in aid of the work of the Service. The National Park Service obtained similar authority to accept volunteer and uncompensated services and pay for certain incidental expenses associated therewith by enactment of the Volunteers in the National Park Act of 1969, P.L. 91-357 (84 Stat. 471). Identical authority was also provided to the Secretary of Agriculture by the Volunteers in the National Forest Act of 1972, P.L. 92-300 (86 Stat. 147). This provision of H.R. 5523 would provide opportunities for voluntary services in the fish and wildlife conservation programs of this Service. We recommend that section 301(c)(6) be amended to read: "(6) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection, not to exceed \$100,000."

(6) Title IV of the bill amends section 5 of the Migratory Bird Conservation Act of 1929 as amended by adding "or interests therein" following the word "areas" in the first sentence beginning "The Secretary of the Interior is authorized to purchase or rent such areas. . . ." This would clarify the Secretary's authority to purchase easements for the conservation of migratory birds under the Act. The current Act authorizes the Secretary to purchase or rent areas for migratory bird refuges which have been approved by the Migratory Bird Conservation Commission. This has been interpreted to mean the Secretary is authorized to purchase or rent only the fee simple title to these areas. There are situations where it may be desirable to purchase a partial interest, such as an easement, due to management needs or high land costs.

Title IV also deletes "at the price or prices fixed by said commission" in section 5 following "the purchase or rental by the Commission. . . ." It also adds

"or other wildlife management purposes for migratory birds" following "and to acquire by gift or devise, for use as inviolate sanctuaries. . . ." The deletion of "at the price or prices at which the Secretary of the Interior may purchase or rent said lands" is redundant since section 2 of this Act authorizes the commission to fix the price or prices at which the Secretary may purchase or rent said lands. The addition of "or other wildlife management purposes for migratory birds" would authorize the Secretary of the Interior to acquire, upon the Commission's approval, migratory bird habitat other than for inviolate sanctuary purposes. There may be situations where migratory bird habitat may be protected by easement at little or no cost if the owner may continue to hunt. This amendment would permit the acquisition of those rights when protection of the habitat is essential, but the sanctuary provision is not. This could prevent future conversion of habitat for real estate development. This would probably have most impact on hunting clubs and large estates that are now maintaining habitat at private expense, but are under continuous pressure for conversion.

In addition, there are a number of situations where proper management of migratory bird populations requires maximum flexibility to manipulate the various management tools available. A mandatory 60 percent closure is not always conducive to achieving this flexibility. The potential for large scale waterfowl mortality from communicable diseases such as Dutch duck plague (DVE) or other environmental catastrophes could be diminished by effectively reducing, when necessary, dense concentrations of waterfowl through control of hunting pressure. Hazing and other techniques are not always effective in reducing such concentration. Manipulation of hunting pressure could also be used to prevent large concentrations from forming, which often occurs when sanctuary is provided and other necessary requirements, such as food and open water, are present. Undesirable delays of traditional migration flows (short-stopping) could also be reduced by flexibility to open or close all or a portion of a refuge to migratory bird hunting.

In order to accomplish the intent of the amendment related to sanctuaries in section 401 of H.R. 5523, the National Wildlife Refuge System Administration Act (80 Stat. 928) as amended (16 U.S.C. 668dd(d)(1)) should also be amended. We therefore suggest the following language be added to Title V as a new section 502: "SEC. 502. Section 4(d)(1) of the National Wildlife Refuge System Administration Act (80 Stat. 928) as amended (16 U.S.C. 668dd(d)(1)) is further amended as follows: '(1) permit the use of any area within the System for any purpose including but not limited to hunting, fishing, public recreation and accommodations, and access whenever he determines that such uses are compatible with the major purposes for which such areas were established; and' ".

(7) Title V of H.R. 5523 amends section 4(b)(3) of the National Wildlife Refuge System Administration Act of 1966 by adding "or for interests in acquired or public lands" following "(A) for acquired lands or public lands. . . ." The National Wildlife Refuge System Administration Act is the authority for exchanging lands acquired for inclusion within the exchange of an easement for another easement or for exchange of other less than fee interests. Similar language is contained in H.R. 5608, a bill to extend the Wetlands Loan Act (16 U.S.C. 715k-3) and for other purposes, as it passed the House of Representatives in July, 1975.

There are situations where the acquisition of an easement or other partial interest in title may be adequate to protect habitat or accomplish other project objectives effectively at a lesser cost. Such easements can keep the land in compatible private use or production and maintain it on the local tax roll. The easement approach must be used with administrative discretion as it can also involve complex surveillance and enforcement problem.

(8) In addition, we would offer the following technical corrections: (1) page 5, line 7, add "16" before "U.S.C."; and (2) on page 8, line 12, it should be noted that the word "customs" is used twice in 18 U.S.C. 3054 and therefore the proposed addition may be ambiguous.

The need to improve the administration of fish and wildlife programs and the corresponding monetary savings coupled with increased efficiency is essential. We believe that the enactment of H.R. 5523 will provide the statutory basis for this improvement in the administration of fish and wildlife programs.

We have reviewed the reports of the Department of Justice and the Civil Service Commission on H.R. 5523 and we agree with the amendments suggested therein.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

JOHN KUL,
Assistant Secretary of the Interior.

DEPARTMENT OF JUSTICE,
Washington, D.C.

Hon. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR MADAM CHAIRMAN: The following are the views of the Department of Justice on H.R. 5523, a bill "To improve the administration of fish and wildlife programs, and for other purposes."

Title II of the bill contains several provisions to clarify and strengthen the basic authority for enforcement of all fish and wildlife laws. Section 201(a) (7), which authorizes those designated by the Secretary of the Interior to administer oaths, may limit the applicability of the perjury sanction contained in 18 U.S.C. 1621 because Section 201(a) (7) requires "false evidence or . . . false statement" whereas 18 U.S.C. 1621 requires only a statement given by one who "does not believe [it] to be true" regardless of whether in fact the statement is false. Therefore, we suggest that that part of Section 201(a) (7) following the first semicolon be deleted.

We note further that Section 201(a) (8) does not provide for the appropriate District of Columbia law enforcement agency to request and receive assistance from the Department of the Interior enforcement officers or employees. Therefore, we suggest that Section 201(a) (8) be amended by adding the words "the District of Columbia," following the words "assist any State."

With regard to the remainder of the bill we defer to the Department of the Interior.

The Office of Management and Budget has advised this Department that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

MICHAEL M. UHLMANN.

Mr. LEGGETT. Our first witness this morning is the distinguished Director of the U.S. Fish and Wildlife Service, Mr. Lynn Greenwalt.

Then we will have the Justice Department represented by Mr. Frank Taylor, Chief of the Government Regulations Section, Criminal Division.

Miss Cynthia Wilson, representing the Audubon Society, also is scheduled to testify.

The American Fur Merchants Association, represented by Mr. Joseph Poser, president, likewise, is scheduled to testify and hopefully we can finish by a few minutes before 12 o'clock, because I have to be on the floor at 12 o'clock to speak on a matter of some eminence and importance.

First, how much money this bill will cost?

Mr. EVERETT. That is a good question.

We would like for the Department of Interior to comment on that.

Mr. LEGGETT. Mr. Greenwalt, please proceed.

Your statement will be included in our record at this point.

[The statement referred to follows:]

STATEMENT OF LYNN A. GREENWALT, DIRECTOR, FISH AND WILDLIFE SERVICE,
DEPARTMENT OF THE INTERIOR

I appreciate this opportunity to appear here today to discuss H.R. 5523, a bill to improve the administration of various fish and wildlife programs. The Department is presently in the process of preparing a comprehensive law enforcement bill for all of its bureaus of which the Fish and Wildlife Service is one. We would prefer that the Congress defer action on Title II of H.R. 5523 in order to deal comprehensively with all of the Department's law enforcement problems. Section 3019 of S. 1 also deals, in part, with the law enforcement problems addressed by this bill. However, we would not object to the enactment of H.R. 5523 if amended as recommended herein.

With your permission, I will review the provisions of each section of the bill and its impact on existing fish and wildlife programs.

Title I of H.R. 5523 would amend the Fish and Wildlife Cooperative Units Act to allow the use of Federal cooperative research and training funds to support researchers in Fish and Wildlife Service sponsored research projects. The Cooperative Fishery Unit and Cooperative Wildlife Research Unit program currently consists of 45 units involving 28 participating universities throughout the country. The program conducts research into fish and wildlife resource management, facilitates the training of fish and wildlife personnel, provides technical assistance to conservation agencies, and promotes education in natural resources through demonstrations, lectures and publications. The existing Act, however, limits Federal participation to the assignment of scientific personnel, supply of equipment and payment of incidental expenses.

The proposed amendments would extend our participation in the program by allowing Fish and Wildlife Service base monies to be used more directly to perform research functions of specific benefit to us. This would put us on an even par with the other cooperators in the program. We feel that the amendments would have a strong and beneficial impact on the unit program. Both graduate students and research technicians could be used to perform needed research in fish and wildlife ecology and resource management.

The amendments would allow the Fish and Wildlife Service to be more flexible with its base monies and to be more involved with fish and wildlife research projects within its direct areas of concern. It would also improve our ability to coordinate the efforts of several units on research problems of regional or national significance. The Service's role as national coordinator of these programs would be enhanced.

A minor clarifying amendment to title I is contained in the Department's report on the bill.

Mr. Chairman, title II of H.R. 5523 establishes a much needed uniform comprehensive law enforcement authority for the Service. Our special agents are responsible for the enforcement of more than a dozen fish and wildlife statutes, each with differing enforcement authorities. This variety of authority provisions raises obvious problems for the agent who has to keep in mind the different scope of his authority for each different statute. In addition, there is considerable overlapping protection provided by some of these statutes. For example, the bald eagle—our national emblem—is protected by the Bald Eagle Act of 1940.

One subspecies of the bald eagle is also listed as an endangered species and therefore receives protection under the Endangered Species Act of 1973. Since the eagle is a migratory bird, the provisions of the Migratory Bird Treaty Act are also applicable. If an aircraft has been used illegally to take or harass a bald eagle, the airborne hunting provisions of the Fish and Wildlife Act of 1956 have been violated. Moreover, the Lacey Act provides additional protection to the eagle and all other wildlife moving in interstate or foreign commerce where State or other Federal laws are violated.

The point to this long example is that, with the exception of the Bald Eagle Act and the airborne hunting provisions, the enforcement authority is different under each of these statutes. If the evidence is adequate to show violations under each statute, we simply choose the statute with the strongest enforcement authorization. However, the penalty provisions of a statute we might be forced to choose to overcome an authority problem may not be appropriate to the case. If, as sometimes occurs, our evidence is stronger in one area and weaker in another, we may be forced to prosecute under a statute with a weaker authority

provision. For instance, if a warrantless search was involved and we are forced to rely on the Migratory Bird Treaty Act, the problem is apparent since warrantless searches are not provided for under that Act. No matter how the case turns out, however, there is no reason to continue this situation of a legal game of chance.

H.R. 5523 fills a void in present separate authorizing statutes by clarifying a fish and wildlife enforcement agent's authority to use all of the powers presently permitted by law. The provision in this title of the bill related to search, seizure and arrest, with or without a warrant, are standard Federal enforcement tools which should be uniformly available to agents enforcing fish and wildlife laws.

The explicit authority to search with or without a warrant or other process as provided by law is sorely needed by fish and wildlife enforcement agents. In the past the Service has operated under the assumption that its agents had implied authority to make the same warrantless searches as other Federal enforcement officers. The well known Aiuppa case of 1964 reversed a conviction for unlawful possession and transport of over 500 migratory birds on grounds that Service agents lacked statutory authority under the Migratory Bird Treaty Act to conduct a search without a warrant based on probable cause. Had the migratory birds in question been endangered species or eagles, the authority to search without a warrant would not have been in question and the case lost on a technicality. The Endangered Species Act and the Bald Eagle Act specifically provides for warrantless search. This is just one example of inconsistency in fish and wildlife laws which can be resolved by enactment of title II of H.R. 5523.

Another key provision in title II of the bill is the express authority for enforcement agents to carry weapons for self-defense. Since the 1920's five of our agents have been killed in the line of duty and over 200 have been assaulted. While our agents have long carried sidearms to protect themselves, statutory authority is needed to obviate problems with State and local gun control and registration requirements.

Mr. Chairman, in addition to the general enforcement authorities contained in the first section of title II, we recommend inclusion of a provision to allow disposal of forfeited or abandoned property. Numerous fish and wildlife laws provided for forfeiture of property illegally held but only patchwork authority for the disposition of such property. Forfeited property has become a real concern to us over the past decade. We estimate that we presently have something over a million dollars' worth of forfeited property in various forms of storage. We lack adequate storage facilities, especially for perishable products, and we lack specific authority to dispose of such forfeited property.

In some cases disposal of forfeited property under the surplus and excess property statutes administered by the General Services Administration is not appropriate. Under Federal surplus and excess property statutes, we may be compelled to sell the property at public auction or to allocate property excess to the programmatic needs of the Department to other agencies. After over a year of negotiations, the General Services Administration has advised us that the only solution they can see is legislation.

We need authority to dispose of this property when it cannot be devoted to official use and when allocation or sale would be contrary to law or sound public policy. The amendment we proposed would allow such property as appropriate to be loaned to public or private scientific institutions or individuals in order to promote scientific knowledge, research or to educate the public in the interests of conservation. Perishable edible goods could be donated to such institutions as orphanages, homes for the aged or prisons. Other property could be destroyed at the discretion of the Secretary or referred to the General Services Administration for public sale or other appropriate disposition under Federal surplus and excess property statutes when such action would be consistent with applicable law and policy.

We recommend a new subsection which would provide a framework for cooperation with other Federal and State agencies in enforcement of Federal fish and wildlife laws. There are presently numerous laws inconsistently providing for cooperation with other agency personnel for enforcement of discrete programs. While we have been utilizing such "deputies" for some 75 years under various statutes, our authority is neither uniform or clear. Nowhere is the status of such personnel established for purposes of such laws as the Federal

Tort Claims Act, Federal assault and murder statutes, or Federal employee benefit programs. Moreover, we do not have flexibility to select the enforcement powers or laws which are delegated to other personnel. Our proposed amendment will clarify these authorities and will help us to further professionalize the Federal fish and wildlife law enforcement services.

In addition, we recommend two clarifying changes in the law enforcement title of the bill. One such amendment to section 201(a) clarifies that officers and employees designated to enforce Federal fish and wildlife laws may enforce either all or some of the authorities provided. This amendment is intended to protect the public from wrongful enforcement activities while clarifying the scope of authority of those designated to enforce fish and wildlife laws.

The second amendment relates to the provision in paragraph (3)(A) and (B) of section 201(a) providing authority to arrest for "any offense against the United States", not just crimes relating to fish and wildlife. Such ancillary authority is desirable in the efficient performance of enforcement duties relative to fish and wildlife laws. However, the language in the bill could be interpreted as authorizing an expansion of investigative powers. Although it may be necessary from time to time in the performance of fish and wildlife duties to take initial actions under Federal laws ancillary to our mission, we do not intend to investigate bank robberies, car thefts or other Federal crimes unrelated to our work. For this reason we have suggested a proviso be added to paragraph (3) that will limit the initiation of investigations of violations which do not come within our purview.

Other minor amendments to this title are contained in the Department's report on the bill.

Section 301(a) of title III, title IV and title V of H.R. 5523 clarify or resolve a number of problems we have experienced in our land acquisition activities under the Fish and Wildlife Act of 1956, the Migratory Bird Conservation Act and the National Wildlife Refuge System Administration Act.

With regard to the Fish and Wildlife Act of 1956, section 7 limits our land acquisition authority to the purchase of refuge lands. Rising land costs and increased public pressure to preserve wildlife habitat and natural areas for current and future public enjoyment necessitate having alternative methods of acquiring land. The provision in title III of H.R. 5523 will allow us the option of acquiring easements and other less than fee interests in land for fish and wildlife purposes.

The amendment to the Migratory Bird Conservation Act will also clarify our authority to purchase easements for the conservation of migratory birds. As presently written, the Act authorizes the purchase or rental in fee simple title of areas for migratory bird refuges. There are situations where it would be desirable to acquire a partial interest such as an easement rather than fee title.

Nationwide, farm land prices have gone up nearly 50 percent in the past two years. Land acquisition dollars cannot stretch indefinitely. An important element of our anticipated acquisition program under these circumstances should be aimed at a least cost, habitat preservation program without intensive management.

High land costs can in some cases be avoided by the purchase of an easement. This would be particularly true where the management needs of the migratory bird resource does not require full protection such as can be achieved under fee title purchase. Easements can be useful when management objectives are achieved by merely retaining the status quo and when active management or development is unnecessary or not cost effective.

The amendment in title V of the bill would also allow more flexibility in our land acquisition activities. This amendment to the National Wildlife Refuge System Administration Act relates to our authority to exchange lands in the System. This provision will allow the exchange of an easement for another easement or other less than fee interest. Mr. Chairman, this provision is identical to that contained in H.R. 5608, the Wetlands Loan Act amendments, as passed the House in July.

H.R. 5523 also contains an amendment to the Migratory Bird Conservation Act which would allow the acquisition of habitat other than for inviolate sanctuary purposes. This amendment should solve two problems which often constrain our management of refuges. We are presently required to close all but 40 percent of a refuge to the taking of migratory birds at any one time.

While the provision of sanctuary for migratory birds is important, there are situations where management flexibility is desirable. Discretion to open or close all or a portion of a refuge could reduce the potential for large scale waterfowl mortality from communicable diseases such as Dutch duck plague and fowl cholera. These diseases can have catastrophic impact where dense concentrations of waterfowl occur. Hazing and other techniques are not always effective in reducing such concentrations. Manipulation of hunting pressure could be used to prevent or reduce such large concentrations of waterfowl which often occur when sanctuary is provided and other requirements, such as food and open water, are present. Abundance of food and open water can also cause delays in traditional migration flows of waterfowl. Shortstopping, as this is called, could be reduced or prevented if we could manipulate hunting pressures by opening and closing all or a portion of a refuge.

This amendment could facilitate acquisition of habitat by both fee and easement. There are situations where habitat is difficult to acquire because the owner, State Governor and others do not want the lands "locked up" as an inviolate sanctuary or taken off the tax rolls. In addition, with authority to purchase less than fee interest plus elimination of sanctuary requirements, we could take an easement and permit the owner to retain the hunting rights. This authority would probably have the most impact on hunting clubs and large estates that are now maintaining habitat at private expense but are under continuous pressures for conversion. The habitat would be preserved and the government would in many cases realize a saving in generally lower costs involved in easement acquisition.

The amendment to the Migratory Bird Conservation Act contained in title IV requires a conforming amendment to the National Wildlife Refuge System Administration Act. Appropriate language has been provided in the Department of the Interior's report on the bill.

H.R. 5523 contains authority for the Fish and Wildlife Service to accept gifts and donations of real and personal property as well as voluntary uncompensated personal services. Because of the growing awareness and concern over the need to conserve and enhance our resources, many individual citizens and groups have expressed a strong desire to donate their energies to environmental protection, outdoor recreation improvement and fish and wildlife conservation.

Volunteer work has always been a traditional value of American life. It has already contributed much toward the improvement of conditions in our cities, neighborhoods, parks and recreation areas. Volunteer workers representing all segments of our population are today working in the fields of health, education, cultural affairs and social work.

Unfortunately, in the past because of a lack of disability insurance coverage and the inability to provide simple amenities such as lunch and transportation, the Service has been forced to turn down hundreds of offers for volunteer service each year. The contributions of such individuals would be great. Their work would provide a needed supplement to our already overcommitted career work force and would also cut to further disseminate environmental awareness throughout the country. At the same time it would provide meaningful opportunities for dedicated individuals.

An estimated 1,000 workers could be utilized in a variety of programs in over 100 national wildlife refuges, fish hatcheries, and in our field offices. Some of the anticipated activities for the volunteers would be the presentation of slide programs and nature talks, wildlife population surveys, visitor use and attitude surveys, biological and technical data collection, and the preparation of fish and wildlife exhibits at refuge information centers. It is expected that the skills of these volunteers would be those which are often unavailable to the regular staff, such as special writing ability, photographic skill, and the ability to work with and stimulate young people. High school and college students, retired business and professional people, craftsmen and naturalists could all be utilized by the Service without competing with the jobs of career workers.

We recommend that an appropriation authorization of \$100,000 for three years be added to the volunteers provision of the bill.

The Department of Justice and the Civil Service Commission have recommended a number of clarifying changes in this bill which we support. I believe you have their reports.

Mr. Chairman, this concludes my prepared testimony. I would be pleased to answer any questions you might have.

STATEMENT OF HON. LYNN A. GREENWALT, DIRECTOR, U.S. FISH AND WILDLIFE SERVICE; ACCOMPANIED BY RICK PARSONS, SPECIAL AGENT IN CHARGE, REGULATIONS AND RULINGS, DIVISION OF LAW ENFORCEMENT; AND BEN SCHAEFFER, ASSISTANT CHIEF, DIVISION OF REALTY

Mr. GREENWALT. Thank you, Mr. Chairman.

First I would like to introduce my two associates.

To my extreme left is Mr. Ben Schaeffer, who is Assistant Chief, Division of Realty, and to my immediate left is Mr. Rick Parsons, of our Division of Law Enforcement.

In the interest of time, Mr. Chairman, I would like to highlight my statement.

As you have indicated, the bill on which I propose to testify has several titles, each of which is of a different nature and concerns different aspects of the Services program.

I should say to begin with that the Department of the Interior is presently in the process of preparing a comprehensive law enforcement bill for all of its bureaus, of which the Fish and Wildlife Service is but one.

We would prefer that the Congress defer action on title II of this bill in order to deal comprehensively with all the Department's law enforcement problems.

Section 3019 of S. 1 also deals, in part, with the law enforcement problems addressed by this bill.

However, we would not object to the enactment of H.R. 5523 if amended as recommended herein.

First of all, title I would amend the Fish and Wildlife Cooperatives Units Act to permit Unit funds to support graduate students and research technicians. This is a departure from the present situation in which the Fish and Wildlife Service provides the unit leader and his assistant along with their operating funds.

Our objective is to provide authority for the Secretary to utilize base funds appropriated to the Fish and Wildlife Service in the support of research conducted by the cooperative units.

I am sure the chairman and the committee are aware that the cooperative fish and wildlife units in the United States have a number of objectives, one which is to conduct basic ecological research and training of fish and wildlife biologists.

We would like to be able to enhance this activity by providing funding for specific research for which the units are particularly suited in order to further basic fish and wildlife programs.

Title II of the act is by far the most comprehensive and complicated one, and would establish a much needed uniform comprehensive law enforcement authority for the Service.

Mr. LEGGETT. Before you leave title I, what do you estimate the cost of implementing title I might be?

Mr. GREENWALT. Mr. Chairman, it would not substantially add to the costs borne by the Fish and Wildlife Service.

It would make it possible for us to use base funding which we get for a number of purposes to support research activities of cooperative units.

For example, we have funding to do basic research that is frequently made available to a cooperative unit, but this is only possible through a rather complicated contractual process through the universities which cosponsor the unit.

This amendment would make it possible for us to do this funding directly without the necessity of this rather complex and sometimes costly contract agreement with the university.

Mr. LEGGETT. Will we have your word that you would not be taking funds from the refuge program or the law enforcement program for this program?

Mr. GREENWALT. I should say that in some cases perhaps funding from the refuge program to solve refuge related problems might well be used in this connection.

Mr. LEGGETT. But, there would be no diversion?

Mr. GREENWALT. There would be no diversion, specifically, to support graduate students, for example, that are at a cooperative unit.

Among the funds that I would envision would be used most advantageously here are the special funds we get to do research related to energy development, which we now employ with co-op units among other entities, but which again require the use of a contract system that becomes rather cumbersome.

To return to title II, Mr. Chairman, one of the problems faced by the Fish and Wildlife Service for many years is the disparity of authority that exist in the several acts which we are required to enforce.

An example of the problem is that some acts grant the authority to conduct warrantless searches and to make arrests without a warrant, yet in other acts this authority is not specified, obviously creating a confusing situation. This could require the prosecuting attorney to select the act which is most appropriate to the search situation rather than the act which is most appropriate to the violation. If, for example, a warrantless search were undertaken, the Migratory Bird Treaty Act could not be employed in the prosecution of the violation because that act does not permit warrantless search.

One of the classic examples of the problem is the now famous *Aiuppa* case of 1964 in which a violator was encountered with more than 500 mourning doves in his possession, clearly an indication of a violation of the Migratory Bird Treaty Act.

In the process of making an apprehension, a search was made of the violator's vehicle. The court determined that the search was inconsistent with the search provision of the Migratory Bird Treaty Act, and the case was thrown out on a technicality.

What we would like to do is create a comprehensive authority which provides these basic law enforcement tools across the board, in order to avoid problems of inconsistent enforcement authority.

Mr. LEGGETT. This would conform the authority of your agents or make uniform the authority of your agents in all situations?

Mr. GREENWALT. Yes, sir.

Mr. LEGGETT. Now, currently do they carry firearms?

Mr. GREENWALT. The agents do carry firearms now on the premise of an implied authority to do so.

This has never been tested.

Mr. LEGGETT. Are they trained in the use of those firearms?

Mr. GREENWALT. Yes, sir.

We require that all officers in the Service be trained in the use of firearms.

Mr. LEGGETT. So, essentially what we are saying in this title is that, the basic authority that your agents have for some purposes, they could use that authority for all purposes within the jurisdiction of your Department.

Mr. GREENWALT. That is right.

And beyond that, Mr. Chairman, it would bring our authorities into conformity with the authorities for other Federal law enforcement officers.

Mr. LEGGETT. Does it extend that authority at all?

Mr. GREENWALT. It extends that authority to the degree that it would provide that a Federal officer authorized to enforce fish and wildlife laws could make arrests for violations of any Federal law, that violation occurring in his presence and view.

We think this is a proper way to enforce and administer Federal laws because of the possibility, for example, of encountering a drug-related violation during the course of a border examination for the importation of illicit migratory birds.

One of the analogies that was presented to me was of a Federal officer who encountered somebody assaulting a mailman. Although a Federal officer ought to be able to intervene to prevent such a circumstance, our officers lack the authority to do so.

Mr. LEGGETT. Now, how about if somebody is speeding down the road?

Mr. GREENWALT. In this instance, it would depend on whether or not the speeding was a violation of Federal law.

Mr. LEGGETT. If it is a military installation, then theoretically you would have authority; is that correct?

Mr. GREENWALT. Theoretically.

Mr. LEGGETT. Let me ask Mr. Parsons a question.

What of the authority to search a vehicle near a hunting area? Do you have to have reasonable grounds to open trunks and things like that or do you have that legislative authority at the present time?

Mr. PARSONS. The authority for searches without warrants is really case law authority.

The courts over the years have construed the Fourth Amendment, and there are a number of exceptions to the requirement for a warrant. It is my understanding that most of these exceptions center around the exigencies of the immediate situation, a number of which have since become standard.

If an officer has probable cause to believe that a vehicle that is moving contains evidence of a violation, he is authorized in most circumstances to stop and search that vehicle.

The question is whether he has probable cause to believe there is evidence of a violation.

Mr. LEGGETT. As I recall, there was the case that came down over the past year that restricted some of the authority to inspect vehicles.

Mr. PARSONS. I am not familiar right now with it.

Mr. LEGGETT. Is the representative from the Justice Department here?

Mr. TAYLOR. Yes, sir.

Mr. LEGGETT. What is the situation with respect to search of vehicles, as you understand it?

Mr. TAYLOR. Generally, well, anything that moves. The courts have been much more liberal in permitting searches without a warrant for the obvious reason that if the agent concerned had to leave and get a warrant, the vehicle would probably not be there when he got back.

Mr. LEGGETT. I understand that.

What kind of probable cause do you need to search a vehicle?

As an example: You are hunting on an island; you are driving in a line of cars—Do the fish and game wardens have authority under existing law to, say, stop every fifth car and expect to check for bag limits or things like that where it would appear that obviously there was hunting going on, but there is no other evidence of a violation of law?

Do you know?

Mr. TAYLOR. No, except to this extent.

We all recognize that State police officers who are enforcing traffic laws may have a right under appropriate circumstances to stop cars to make a check for licenses, for example.

Mr. LEGGETT. They are limited from going through the entire vehicle; are they not?

Mr. TAYLOR. That is right.

That does not mean that you could use that as an entrance into searching the trunk and that sort of thing.

For one to search without a warrant, it either should be incident to lawful arrest, or there should be in plain view contraband or evidence of a crime from which the officer could hardly turn away.

But, to stop on a road check the vehicles coming out of a hunting preserve and on that basis rummage through the trunk, I do not think they could do that.

Mr. LEGGETT. Of course, you could make that as a provision if it was a public shooting-ground.

You could reserve the right to do that.

As I understand, this is constitutional law that you are talking now, not general search and seizure.

I kind of wondered how you enforce the game and bag limits.

Mr. GREENWALT. For example, Mr. Chairman, let us assume the public hunting area is on a national wildlife refuge. The hunter can be asked to display his bag. In my experience the hunter who is asked to do so quickly brings it out and shows what he has.

For example, if you watched him and saw him retrieve more birds than he subsequently shows you, then you have a slightly different situation in which he can be asked to come up with the additional birds.

Mr. LEGGETT. Obviously, the point you make is a valid one. It can be a part of a condition for entering on and using the public hunting rig, that he be required to display his take, whatever that may be. I would wish that you provide for the committee an analysis of exactly what you can do and what you cannot do and what the current status of that law is.

Mr. GREENWALT. If I may make a general statement, I think anything we propose here would be obviously conditioned by the consti-

tutional constraints that are applied to any officer who may otherwise have an authority to make a warrantless arrest or warrantless search.

Mr. LEGGETT. What I am concerned about is the narcotics limitations that have been effected on a constitutional basis. They do affect the right to inspect.

Mr. GREENWALT. One of the provisions we propose insofar as the Fish and Wildlife Service is concerned is to clearly indicate that the officer does not have the authority to initiate an investigation into something that is not consistent with his fundamental authority and right, vis-a-vis fish and wildlife generally.

For example, the officer that encounters narcotics during the course of an examination of a motor vehicle would not be authorized to then begin an investigation of a narcotics case on his own volition. That is clearly outside the realm of our particular interest.

We are quite concerned that we make it abundantly clear it is not the intention of the Fish and Wildlife Service to investigate bank robberies or mail frauds that are not related to the fish and wildlife responsibility that we have.

Mr. LEGGETT. But you do have the authority under this legislation we are enacting here to arrest for any violation of Federal law—

Mr. GREENWALT. Yes.

Mr. LEGGETT [continuing]. That appears to be taking place in the presence of your agents that he recognizes as a violation.

Mr. GREENWALT. Yes, sir.

Mr. LEGGETT. To wit, possession, obvious possession, of illegal narcotics or whale oil or various kinds of things like that, you could take action?

Mr. GREENWALT. Yes, sir.

Mr. LEGGETT. That is title II?

Mr. GREENWALT. I think there is another point that should be made here relative to this concerning the disposal of forfeited property.

We feel, particularly after protracted negotiations with the General Services Administration, that it is important that there be specific authority for the Secretary to properly dispose of forfeited, abandoned, or waived property.

At present, the only avenue for disposal is through standard General Services Administration disposal procedures, which often necessitate sale and other inappropriate methods of disposal. We have an accumulation of this property at present that is estimated to be worth over \$1 million.

We would like to have the authority to make this available for scientific and educational purposes and to generally broaden the Secretary's disposal authority so that we do not continue an accumulation without a reasonable and prudent way of disposing of that accumulation.

Mr. LEGGETT. Do you get that out of circulation then?

Mr. GREENWALT. One of the objects of this approach would be to keep it out of circulation in the sense that it would no longer become a matter of the sale, much depending, of course, on the nature of the product.

Mr. LEGGETT. As an example, if you pick up some skins as an example of an endangered species, and I suspect you have some of those in your warehouses—

Mr. GREENWALT. Yes, sir.

Mr. LEGGETT [continuing]. How would you propose to dispose of those and to whom and for what?

Mr. GREENWALT. As a first effort, we would be interested in disposing of these in such a way that they could be used for scientific study at universities, schools, institutions of this kind.

In the absence of any other opportunity to dispose of the material, we would not present it for sale as a surplus item. Any skins of an endangered species, for example, would not be sold but in all probability would be destroyed if there were no other practical or useful purpose such skins could be put to.

Our experience has shown us that there is a considerable demand for these kinds of things in high schools, universities, and other various institutions that would like to have these as representations of the species from which they were taken.

Mr. LEGGETT. The purpose is limited in the act.

Mr. GREENWALT. They are not limited in the act to the degree that they can go only to universities or high schools or other nonprofit institutions.

Our proposed amendment would grant rather broad authority to the Secretary to include the destruction, if necessary, of forfeited or abandoned items.

Mr. LEGGETT. How are we going to keep the custodians of these warehouses from selling the merchandise, say, to their cousin?

Mr. GREENWALT. If sale was appropriate it would be accomplished in accordance with the General Service Administration's regulations. Such property could not be sold by an agent to his brother-in-law simply because under the regulation he lacks that authority.

Under our proposal he might be able to make it available to his brother-in-law if his brother-in-law were coincidentally a biology teacher in a local high school, but not to sell it outright to an acquaintance or relation.

Mr. LEGGETT. Where in the act do we encourage the utilization for the sale for scientific and educational purposes?

Mr. GREENWALT. It is in one of our proposed amendments. It is not in the original bill.

Mr. LEGGETT. It is one of your proposed amendments?

Mr. GREENWALT. Yes.

One of the things, Mr. Chairman, that is important is that a good deal of this material will be used for training purposes within the Service and among Federal agencies responsible for the administration of these acts.

Mr. LEGGETT. You are expected to train your agents to recognize a tiger skin?

Mr. GREENWALT. Right, or to train other law enforcement people who are also involved.

Mr. LEGGETT. All right.

Mr. GREENWALT. Another point under title II relates to our cooperation with other Federal and State agencies in the field of fish and wildlife law enforcement.

For almost three quarters of a century we have engaged in a program of using deputies, that is law enforcement officers of State agencies who are deputized to enforce Federal laws and regulations and in a sense become Federal officers.

Since the authority for this is unclear, we suggest that it would be appropriate in the bill to provide for deputies to make sure that they are properly covered under the Tort Claims Act, the Federal assault statute, and the Federal employee benefit programs.

In addition, we do not at present have the flexibility to select the enforcement powers or to limit them as they may be applied to an individual deputy. Our amendment would clarify these authorities and will help us further professionalize fish and wildlife law enforcement activity.

Mr. LEGGETT. Your proposed amendment is suggested on page 6.

Do you actually have the exact text of that amendment?

Mr. GREENWALT. Yes.

It is in the report, sir.

Mr. LEGGETT. It is in the report?

Mr. GREENWALT. The report from the Department has specific language for all the suggested modifications.

Mr. LEGGETT. All right.

Mr. GREENWALT. We have touched upon some of the points in title II.

Mr. LEGGETT. I do not mean to keep interrupting you.

If the formal amendment you have offered is not adequate to accomplish the objectives you have outlined on page 6 of your testimony, then would you promulgate regulations to specify that?

Mr. GREENWALT. Yes, sir, the amendments are adequate.

Mr. LEGGETT. When you say in such a manner as the Secretary deems appropriate, what you mean is public and private institutions, et cetera?

Mr. GREENWALT. Yes, sir.

Mr. LEGGETT. All right.

Mr. GREENWALT. To turn to another subject, that is to say a non-law enforcement subject, section 301(a) or title III, title IV and title V of H.R. 5523 qualify or resolve a number of problems we have experienced in our land acquisition program.

These are essentially, as related in your preamble, sir, having to do with specific authority to purchase or rent easements on lands.

Mr. LEGGETT. I think I pretty well understand that.

Mr. GREENWALT. One of the salient points that we would like to make is that an amendment to the Migratory Bird Conservation Act and others would allow us to conduct hunting programs on the entire area acquired under the provisions of these acts.

Said another way, the present act requires that no more than 40 percent of an area may be open to the taking of migratory birds, 60 percent must be closed or remain a sanctuary. Particularly in recent years we have found that our management flexibility of many of these areas, especially in the control of concentrations of birds and the movement of birds in their migration pattern, is considerably inhibited by the requirement that 60 percent remain closed.

What we are seeking by this amendment is the flexibility for using hunting as an activity that will permit the movement of birds and the avoidance of large concentration which is conducive to outbreaks of disease. The proposed amendment would enable us to more effectively manage the migratory birds as they use the land acquired for refuge purposes.

This bill also contains authority for the Fish and Wildlife Services to accept gifts and donations of real and personal property as well as voluntary uncompensated personal services.

This is a particularly important provision to us in that it would enable us to use volunteers.

During the last several years I have personally been approached by a number of people in organizations desiring to volunteer their services on national wildlife refuges and hatcheries for public use programs and other purposes supportive of our goals.

Mr. LEGGETT. Would those people be Federal employees for any purpose?

Mr. GREENWALT. They would be deemed Federal employees for purposes of compensation in the event of an accident.

We have always declined these offers because we currently lack the specific authority to use volunteers in our programs.

A volunteer program has already proven extremely successful in the National Park Service and the U.S. Forest Service.

There are a great many people, as I am sure you know, Mr. Chairman, who are anxious to lend their particular skills to some conservation purpose. We believe we could productively use the authority granted by this provision in order to employ volunteers.

Mr. LEGGETT. How many people do you currently have in your refuge program nationwide?

Mr. GREENWALT. Considering the permanent full-time employees there are about 800.

Mr. LEGGETT. 800?

Mr. GREENWALT. Yes.

Mr. LEGGETT. How many volunteers would you plan to acquire?

Mr. GREENWALT. This would be a variable number, Mr. Chairman.

We think that probably at least 2 or 300 could be profitably employed on the refuges, particularly in the conduct of public use programs such as guiding groups and manning visitors stations.

Mr. LEGGETT. These folks will be uncompensated?

Mr. GREENWALT. They will be uncompensated, but authorized to be covered by certain of the compensation acts that are necessary in order to protect them in the event of an accident.

Mr. LEGGETT. From what you said, it does not appear that there really is a substantial cost for any of these items in the bill.

Mr. GREENWALT. Not really.

I should say we estimated and have recommended appropriation authorization of about \$100,000 for the volunteers program.

I should also mention this would represent a new program, in terms of any degree of funding. The executive branch is under a Presidential moratorium on new spending.

However, I feel that the cost of this effort would be essentially minimal. There is very little expense involved in the utilization of volunteers.

Mr. LEGGETT. Well, hopefully we could in some of these very attractive areas like refuges, where we are hopelessly undermanned, use not only volunteers, but maybe get 200 interns like we get in Washington, and use them particularly in the summer.

Of course, with many colleges on the quarter system, students, I find, are almost available year round; particularly if they have an interest in biology, et cetera, they can get good on the job experience

and provide a good source of trained personnel for the Department.

Mr. GREENWALT. There is a tremendous reservoir of these people. There are retired people, students, a wide variety of people who have already personally expressed to me an interest in contributing their knowledge and abilities and I see a great potential for their assistance.

Mr. LEGGETT. I would suspect providing a modest compensation.

Mr. GREENWALT. We would contemplate such things as providing meals perhaps.

Mr. LEGGETT. I see.

You do provide for the uniforms, lodging, and subsistence.

Mr. GREENWALT. Where that is appropriate.

Mr. LEGGETT. All right.

Mr. GREENWALT. That is the highlighting of my statement, Mr. Chairman.

Mr. LEGGETT. I am sorry to have interrupted you. Mr. Forsythe.

Mr. FORSYTHE. Thank you, Mr. Chairman.

I do not believe I have any questions. It was a fine statement.

Mr. MANNINA. Mr. Chairman, I have several questions.

Mr. LEGGETT. Go ahead.

Mr. MANNINA. Thank you.

Mr. Greenwalt, can we discuss the bill title by title?

Mr. GREENWALT. Certainly.

Mr. MANNINA. On title I, with respect to the cooperative program and the moneys that you are talking about being provided: Are these for stipends for the students, or is this for assistance directly to the university for research programs?

Mr. GREENWALT. It provides a potential for both.

I would see the principal funds going toward the area of grants for the coop unit to conduct its research.

As you know, the co-op units are made up of a cooperative effort on the part of the university, the Service, and the State fish and game agency involved.

Mr. MANNINA. How much money is expended on that program at the present time?

Mr. GREENWALT. It is a very limited amount.

I can get you the precise amount for the record. It is something on the order of \$2 million, as I recall, entirely limited to salaries of the principals these services provide, and their immediate expenses.

[The following was received:]

Fish and Wildlife Cooperative Units Program Funding,¹ Fiscal Year 1976

Wildlife cooperative units:		Million
Federal	-----	\$1.235
State	-----	.340
University	-----	.750
Wildlife Management Institute	-----	.020
Total	-----	2.345
Fishery cooperative units:		
Federal	-----	1.515
State	-----	.352
University	-----	.844
Total	-----	2.711

¹ Does not include Federal, State or other research contract funds.

Mr. MANNINA. With respect to title II, is the authority you are asking for comparable to the authority which exists for other agencies?

Mr. GREENWALT. Yes, sir.

Mr. MANNINA. It is?

Mr. GREENWALT. Yes, sir.

Mr. MANNINA. You were talking for awhile about the

Mr. GREENWALT. Certainly.

Mr. MANNINA. On title I, with respect to the cooperative program: Are stipends for the students, or is this for assistance directly to the university for research programs?

Mr. GREENWALT. It would provide for researchers and graduate students doing research in fish and wildlife management and ecology.

As you know, the co-op units are made up of a cooperative effort on the part of the university, the Service, and the State fish and game agency involved.

Mr. MANNINA. How much money is expended on that program at the present time?

Mr. GREENWALT. It is a very limited amount.

I can get you the precise amount for the record. It is something on the order of \$2 million in Federal funds, as I recall, and Federal funds entirely limited to salaries of unit leaders and equipment costs.

Mr. MANNINA. With respect to title II, is the authority you are asking for comparable to the authority which exists for other agencies?

Mr. GREENWALT. Yes, sir.

Mr. MANNINA. It is?

Mr. GREENWALT. Yes, sir.

Mr. MANNINA. You were talking for awhile about the authority to search without a warrant. What are the limits on the authority to search without a warrant? In the case law, is there a point beyond where you cannot go?

Mr. GREENWALT. I will let Mr. Parsons respond to that.

Mr. PARSONS. There is no defined limit in the sense that a statute might define a limit on something.

But there are certain well-recognized limits that the FBI and the IRS agents and all other law enforcement agencies follow and observe.

There are also a number of well-known Supreme Court cases.

It is an area of the law that often changes, too.

The Court's basic outlook is that a warrant is required to protect the Fourth Amendment rights against unreasonable searches and seizures, but there are certain emergency situations which reasonably balance the public need for the law enforcement effort against the need of the individual citizen for protection from unreasonable searches.

These are questions that are presented from time to time to the courts at various levels.

We will provide for the record an analysis of the current status of the law in this area.

[The following was received:]

PRESENT STATE OF LAW OF SEARCH AND SEIZURE WITHOUT A WARRANT

The Fourth Amendment to the U.S. Constitution protects against "unreasonable" searches and seizures. A large body of case law has built up on the questions of what constitutes a search, and once it is determined that a search is taking place, what is a reasonable search. Basically, a search is any governmental investigative activity which invades a person's reasonable expectations of privacy. A seizure is any exercise of dominion or control of a thing.

Generally speaking, a search must be supported by probable cause and must be made pursuant to a valid warrant in order to be reasonable. However, in some situations, either or both of these requirements may be modified. There are several well known exceptions to the requirement for a warrant. These are enumerated briefly below:

1. SEARCH INCIDENT TO AN ARREST

In the course of a lawful arrest an officer may search the arrested person for contraband, fruits of the crime, instrumentalities of the crime and other evidence. This applies both to felonies and misdemeanors where the accused is lawfully taken into physical custody. Basically, a search incidental to an arrest is allowed to protect the arresting officer, to prevent escape or suicide, and to prevent the destruction of evidence.

2. CONSENT SEARCHES

A search made pursuant to valid consent may be made without a warrant and without probable cause. Consent which is given freely and voluntarily waives that person's Fourth Amendment right to be free from a search without a warrant.

3. SEARCH OF VEHICLES

Under certain circumstances an automobile may be searched without a warrant solely on the basis of probable cause to believe that the vehicle contains something subject to seizure. This doctrine is used primarily with an automobile stopped on a highway, and is justified by the sheer necessity of executing the search before the vehicle moves on. In addition, if the vehicle itself has been seized as evidence of a crime where it was used as the instrumentality, for instance, it would be subject to a later more careful examination.

4. EXCEPTIONAL SITUATIONS

There are limited situations where a search may be reasonable due to exigent circumstances. The most usual of these exceptional situations in which a search is authorized without the necessity of first obtaining a warrant is the stop and frisk situation. When an officer has detained a person in something short of an arrest, he is allowed to "frisk" the person in order to search him for weapons. This can be done on the basis of an objective judgment by the officer that the person may be armed and dangerous and that such activity is necessary to protect himself and others.

Mr. PARSONS. I might comment there is a recent case in the Maryland district, *United States v. Swann*, in which this question came up. This was discussed earlier in the *Aiuppa* case.

In the *Swann* case the Court made the statement that the constitutional safeguards, as interpreted by the court, are quite adequate to protect the people from unreasonable search and seizures. They saw no reason to interpret the Migratory Bird Treaty Act to say that our agents were not authorized to search without a warrant under any circumstances because the statute did not specifically say so.

So, I think that is an indication, at least on the Court's part that there are recognizable limits on the search without a warrant and that it is not questionable for a law enforcement agent generally to operate within those limits.

I stress again the point that was just referred to that all other Federal investigative agencies as well as State and local police, operate within those limits.

Mr. MANNINA. Could you also submit then for the record a summary of how this authority compares with other agencies?

You indicated it is comparable.

Would you codify that and submit it for the record?

It would be helpful.

Mr. PARSONS. It is simple in the fact that there is no other agency that I am aware of that has been limited by the case law in the way we have been limited under the Migratory Bird Treaty Act.

The authority I am talking of, search without a warrant, exists under most of our other statutes. Because it is not explicit it is one of the things we are seeking in this particular statute.

It is in this bill.

But, agencies have, through the case law, the authority to search without warrant within the limits set down by the case law.

Mr. MANNINA. Thank you.

Continuing on. You asked for authority to offer and pay rewards. Who is going to set the level of this reward that is offered?

Is the agent in the field going to or is it the regional director?

Mr. GREENWALT. Generally, we would have this done as a matter of general policy in guideline with the authority for the expenditure of these funds vested with a senior official, like a regional director. This would prevent the officer in the field from being placed under the burden of ascertaining on a case-by-case basis how much he can offer as a reward with respect to these matters.

I would envision it occurring in such a way that there would be limits set in terms of what the officer can offer on his own volition and obviously in terms of the need for calculability so that the funds are properly accounted for. In unusual cases authority would be vested in the regional director to exceed the limit authorized by the officer in the field and in extreme cases the director would be the final authority in terms of most unusual kinds of reward levels.

Mr. MANNINA. On page 2 of the bill, line 17, the language is roughly the same.

You want to have authority to arrest without a warrant for any offense, but then you go on in the next clause and ask for the same authority for any felony.

Would not the term "offense" incorporate the term "felony"?

Mr. PARSONS. Yes, it does.

The distinction that I laid out here is one that is recognized in the case law, as far as I could determine, since at least 1925.

The distinction is basically that there are two different tasks set out here.

When you are dealing with a felony, for instance, officers are authorized to arrest on the basis of what you would call speedy information.

In other words, they did not observe it themselves, but they had good probable cause to suspect that the person that they saw fleeing down the road just robbed the bank that he exited from.

When you are dealing with a misdemeanor that is not a serious crime and the test is stricter.

So, the stricter case could also apply for the felony.

The way it is worded is that whenever you are dealing with a crime called a misdemeanor or a petty offense, which is a lower type misdemeanor, the officer actually has to have seen the violation occurring in his presence or has to have had a sensory impression that the violation had been committed.

Mr. MANNINA. Would you have any objection to changing "offense" to read "misdemeanor"?

Mr. PARSONS. I would like to take that under consideration.

Through long practice, changing a word at the last minute is kind of a dangerous thing. We would like to take that under advisement.

Mr. MANNINA. You can submit your views on that.

[The following was received for the record:]

The Fish and Wildlife Service has no problem with changing the word "offense" to read "misdemeanor." However, we suggest that the order of (A) and (B) be reversed, since the felony is the major offense and should be listed first.

Mr. MANNINA. To continue on, you asked for authority to conduct a training program.

On page 4 of the bill, line 5, we talk about establishing and conducting a national training program for State fish and wildlife law enforcement personnel.

Then in clause 3 there you ask for local or regional training programs.

What is the distinction between a national training program and the regional and local training program for State or local personnel?

Mr. PARSONS. Well, the programs might serve different objectives.

Right now we have carried out what you might call local or regional training programs. In other words, we deputize all officers in a given area or a given State. When a new officer comes to work for that State he becomes a Federal deputy. He would be trained locally as to what the Federal laws were and what our policies were on enforcement at the national level.

There could be overall training programs, for instance, for the heads of the enforcement activity of the Fish and Wildlife Service and State fish and wildlife agencies as to how these agencies could interrelate and improve the enforcement of fish and wildlife laws generally.

Most State agencies have nothing to do with interstate transportation of wildlife, that being the Federal area. Yet I could see they could be of great help to us in investigating and other activities in relation to enforcement of interstate violations. But, they do not have either the background or the expertise or the overall view of the situation to deal with it as effectively as they might if we had training programs on this aspect of fish and wildlife law enforcement.

That is one possible distinction between the national training level program and the local level training program.

Mr. MANNINA. On page 6, you amend the Migratory Bird Treaty Act to provide that only a court may issue a search warrant.

The act as presently written says Commissioners may also issue search warrants.

Is this just a conforming change or the Commissioners are just not exercising their authority?

Mr. PARSONS. What line are you on?

Mr. MANNINA. I am looking at section 203.

Mr. PARSONS. The Commissioners have been out of existence for several years.

Mr. MANNINA. Thank you, I was unclear on that.

You discussed in title III accepting the services of volunteers. Can you elaborate on what you do if somebody wants to give you a gift?

Mr. SCHAEFFER. While we are able to accept gifts by other authorities, including authority in the National Wildlife Refuge Administration Act, there is no authority, as I understand it, to dispose of them or to utilize these gifts in other programs.

In other words, we may accept gifts of land for incorporation into the refuge system but this amendment goes further and allows us to dispose of such gifts and use the proceeds.

Mr. MANNINA. I see.

Thank you, Mr. Chairman.

Mr. LEGGETT. Thank you, Mr. Mannina.

Mr. De la Garza.

Mr. DE LA GARZA. No questions, Mr. Chairman.

Mr. LEGGETT. Very good.

Mr. Everett.

Mr. EVERETT. I have a couple of brief questions.

On the subject of gifts I notice that the proceeds therefrom would be deposited in the Treasury and later dispersed upon order of the Secretary, which is kind of a direct appropriation authority.

Have you given any consideration to depositing this money into the Migratory Bird Conservation Fund and letting it be used later upon the order of the Secretary?

Mr. GREENWALT. That is a possibility.

Mr. EVERETT. You might give some thought to that.

On page 2 of the bill, the way section 201 is written, this would be a freestanding authority.

I think you indicated earlier it would apply across the board to all of these programs with respect to your agents.

I notice in checking some of these authorities yesterday, that when you authorized enforcement of certain of these provisions you, in rewriting the existing statute, left out the enforcement permits that may be issued.

I am wondering if this is an oversight or if this is something covered in the bill.

If you do not know the answer, maybe you can supply that for the record later.

Mr. PARSONS. We will take a look at it and supply an answer for the record.

[The following was received for the record:]

ENFORCING A PERMIT REQUIREMENT

It is the judgment of the Fish and Wildlife Service that the language is quite sufficient to cover any activities undertaken in the course of enforcing a permit requirement. The enforcement of the permit itself is covered by the specific

designation of enforcement authority in each statute under which permits are authorized. H.R. 5523 specifies the authority of the enforcement officer, rather than those aspects of various statutes which he is designated to enforce.

Mr. EVERETT. I would like to know, and you can supply this for the record later also, the estimated cost of this legislation for the current fiscal year, as well as for the next 5 fiscal years, and I would like for you to break the cost down on a title-by-title basis.

[The following was received for the record:]

FUNDING

No new funding would be required by enactment of Titles I, II, IV and V of H.R. 5523 for the first fiscal year or the succeeding five fiscal years. The volunteers provision of Title III is expected to involve a minimal of funds. An authorization of \$100,000 is anticipated to adequately provide for a volunteer program.

Mr. EVERETT. Thank you, Mr. Chairman.

Mr. LEGGETT. Thank you very much.

If both of you could remain while we hear some of these other witnesses, it would be helpful to us.

Our next witness is Mr. Frank Taylor, chief, Government regulations section, criminal division, Department of Justice.

Mr. Taylor, we have your statement and, as I understand it, the Justice Department is commenting only on title II of the bill and in that respect you recommended that we include "the District of Columbia" following the words "assist any State" as one instance and in another instance you point out the need to conform section 201(a)(7) to the actual changing language of title XVIII, section 1621, where if the defendant makes a statement, which may be true or false, it is immaterial, but if he makes it not believing it to be true, then he is subject to the sanctions of 1621; is that correct?

STATEMENT OF FRANK TAYLOR, CHIEF, GOVERNMENT REGULATIONS SECTION, CRIMINAL DIVISION, DEPARTMENT OF JUSTICE

Mr. TAYLOR. Yes, Mr. Chairman.

Mr. LEGGETT. I think those are good suggestions.

I think we understand those.

I do not think you have to amplify those unless you want to.

Mr. TAYLOR. No, Mr. Chairman.

I thought I might briefly offer some help on a couple of questions that were asked.

Mr. LEGGETT. Very good.

Mr. TAYLOR. The question was asked about comparabilities, would that law enforcement authority conferred under title II of the act be comparable to that already conferred to other law enforcement agents, and it might be helpful, I think, if one were to refer to title 18 of the United States Code, those provisions which do confer powers on various investigative agencies.

For example, section 3052 deals with the powers of the Federal Bureau of Investigation.

Section 3053 deals with the powers of marshals and deputies.

Section 3056 deals with Secret Service powers, et cetera.

Generally, if one looks at those provisos, he will find that they do provide, and this is common language, that they may carry firearms and make arrests without warrants for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States if they have reasonable grounds to believe that the person to be arrested has committed or is committing such felony.

Now, that language is very similar to what we find in 201(a)(3), subparts (A) and (B).

In answer to the question of the gentleman, Mr. Mannina, about perhaps changing "offense" to "misdemeanor" because there does appear to be an overlap, I can just suggest that this kind of language with its overlap is commonly found in the statutes, including those to which I have just cited you and you will find similar language in S. 1, the new proposed revision to the Criminal Code, where on pages 210 through, well, at least 215, and these would be subchapter B, law enforcement authority sections 3011 through 3019, again, language very similar to what is in the bill we are discussing today is to be found.

For example, in section 3019 of S. 1, in dealing with the Department of the Interior, it would say: Subject to the direction of the Secretary of the Interior, an officer or employee of the Department of the Interior charged with law enforcement responsibilities by the Secretary of the Interior may:

(a) Carry a firearm.

(b) Execute an order, warrant, or subpoena, or other process issued under the authority of the United States for arrest, search, or seizure, or production of evidence.

(c) Make an arrest without a warrant for an offense committed in his presence, or for a felony committed outside of his presence, if he has reasonable grounds to believe that the person to be arrested has committed or is committing a felony.

Mr. LEGGETT. What would be the difference if you substituted "misdemeanor" for "offense"?

Mr. TAYLOR. I do not know if it would make any difference. If the offense is not committed in his presence, but he has reasonable grounds to believe that the offense has been committed, the arrest power is only confined to the serious offense of a felony.

So, really, there is an overlap in that part (a) would reach both misdemeanors and felonies and part (b) only felonies, but apparently this kind of an overlap has caused no problems and is commonly used.

So, my suggestion would be to leave well enough alone.

So, I think that those provisions which I cited will provide comparability and you can see that this kind of language is not novel and is really tracking in a very substantial way language which already exists.

Mr. LEGGETT. Very good.

Mr. TAYLOR. The only problem would be this business of search and seizure without a warrant. The reasons have been explained in the *Aiuppa* case, because of the peculiar language in the Migratory Bird Act where, after giving the power to execute a warrant, it goes on to say: And may search with a warrant.

The court then said this implied that one may not search without a warrant. If that language had not been in there, I do not think the problem would have existed.

So, to overcome it Interior is suggesting that they have language which says essentially that you may search and seize with or without a warrant as provided by law.

Similar language does exist in a number of the wildlife bills. The Endangered Species Act is one. The Bald Eagle Act is another.

It is common to find language which says that the agent may search with or without a warrant as authorized by law.

That is the language usually found and this is just to make it clear that they may search with a warrant, obviously—

Mr. LEGGETT. As authorized by law.

Mr. TAYLOR [continuing]. And they may search without a warrant under those circumstances where the law would authorize such a search, the case law.

Mr. LEGGETT. Okay. Very good. I think we understand that and I think it should be cleared up.

I suspect we really had not had the legislative intent that the judge, unfortunately, read into that case, but he did take our word, which I guess we are bound by. Any questions?

Mr. EVERETT. One question. Mr. Taylor, you mentioned that the authority of section 201 implied that you could search with or without a warrant. I wish you would take a look at the section to see if the "with" is in there. You do not have to do it now. I cannot find where there is authority to search with a warrant in 201. It may be in there.

Mr. TAYLOR. It differed somewhat from the language which is found in the Endangered Species Act, and in the Bald Eagle Act because it says in part 201(a)(2) to execute and serve search warrants—well, that is obviously the power to search with a warrant.

Then when you go down below that it says "search without warrant or other process any person, place, or conveyance as provided by law".

Mr. EVERETT. So, paragraph 2 takes care of with a warrant?

Mr. TAYLOR. Yes, but the Endangered Species Act, the Bald Eagle Act, and other wildlife acts, despite the provision like paragraph (2), have used language somewhat different from what we find in this bill and have essentially gone on to say search with or without a warrant or any other process any person, place, or conveyance as authorized by law.

Why Interior changed that to the extent that they have in this case, I do not know. I would have been inclined to use the exact same language that you will find in existing acts, although I do not think the change should cause any problem.

So, again, and I think it is always wise: if you have language already on the books which does essentially what you are trying to do here, I would use that language.

I would use "authorized by law" instead of "provided by law" simply because it is already in acts.

Mr. EVERETT. Thank you, Mr. Chairman.

Mr. LEGGETT. Thank you very much.

Next we have Cynthia Wilson with the Audubon Society.

You have a very excellent one-page statement. Your statement is in the record.

[The statement referred to follows:]

STATEMENT OF CYNTHIA E. WILSON, WASHINGTON REPRESENTATIVE, NATIONAL AUDUBON SOCIETY

Thank you for the opportunity to comment on this important bill, H.R. 5523. As you know, the National Audubon Society has a long-time interest in the effective administration of fish and wildlife programs, and we strongly support this bill.

We are pleased that you are holding hearings on this much-needed bill, which incorporates many technical changes in the various laws relating to fish and wildlife. In general, these changes will help the Fish and Wildlife Service more efficiently carry out its responsibilities and give the Service more flexibility.

Of particular importance is Title II, which brings together and clarifies existing law enforcement authority. At present, Special Agents of the Service have been handicapped by technicalities in the law which cloud their authority to enforce the laws. The bill clarifies the authority of special agents to carry firearms, to search without a warrant and to arrest without a warrant under specified circumstances.

As this Subcommittee knows, the task of the enforcement division is enormous, and it is woefully understaffed, so it is essential that the efforts of the agents are not frustrated by oversights in the law.

The other provisions of HR 5523 are also important and will make it possible for the service to purchase lands for less than fee, exchange easements, and to utilize volunteers as is being successfully done by the National Park Service and the Forest Service.

We urge the Committee to report this bill promptly, and we thank you for this opportunity to comment on it.

STATEMENT OF CYNTHIA E. WILSON, WASHINGTON
REPRESENTATIVE, NATIONAL AUDUBON SOCIETY

Ms. WILSON. Thank you, Mr. Chairman.

I am Cynthia E. Wilson, Washington representative of the National Audubon Society. If I may, since my statement is in the record, I will just make a few off-the-cuff remarks.

Mr. LEGGETT. Yes.

Ms. WILSON. As we said, we strongly support this bill and urge its passage. We, of course, have not seen Interior's actual amendments yet. We would like to look at them.

Mr. LEGGETT. I hope you would and give us your views on it.

Ms. WILSON. We will do that later.

In general, I would like to say that we have a great deal of respect for the enforcement branch of the Fish and Wildlife Service.

Our own sanctuary and research people work with them.

We know they are dedicated public servants and they have a formidable task. The confusion under present law just makes that job more difficult.

Of course, as you know, Mr. Chairman, another big problem is shortage of funds and personnel.

I know that you have been working to try to help out on that, too.

The agents have to deal with some very tough customers in their line of work and we think they need all the help they can get both in terms of clear legal authority and also funding, and also all the other backup.

I noticed in the testimony of the Department, it was suggested that action be deferred until the department-wide law enforcement bill is ready.

I hope the committee would not do this.

Mr. LEGGETT. We are going to mark this bill up.

Ms. WILSON. Good.

It occurs to me that may never happen because of jurisdictional problems and everything else that goes with it.

We are delighted to hear you say that you are going to mark it up and I will stop right there and not take anymore of your time.

Mr. LEGGETT. Any questions?

[No response.]

Mr. LEGGETT. Thank you very much.

Ms. WILSON. Thank you, Mr. Chairman.

Mr. LEGGETT. Our final witness today, hopefully whom we can conclude with or who can conclude with the committee in the next 10 minutes, will be Mr. Joseph Poser of the American Fur Merchants Association.

Mr. Poser, it is very nice to have you before our committee.

We have your statement, which is of some seven pages, which will be included in our record at this point, as though fully delivered.

If you want to emphasize portions of that, that would be helpful.

You can use your 10 minutes anyway you want.

But, I have to get to the floor at 12 noon.

[The statement referred to follows:]

STATEMENT OF JOSEPH POSER, PRESIDENT, AMERICAN FUR MERCHANTS' ASSOCIATION, INC.

Mr. Chairman, members of the Subcommittee: My name is Joseph Poser. I am President of the American Fur Merchants' Association, an organization which represents the majority of fur dealers and brokers in the U.S. Our members are in frequent contact with enforcement agents of the Fish & Wildlife Service. We feel that the H.R. 5523 hearings provide an opportunity for Congress to focus attention on problems relating to enforcement and then to formulate legislation which will bring about improvement in the practices of FWS.

It is our belief that H.R. 5523 does not go far enough in addressing some of the problems our members are having with FWS's enforcement of certain wildlife programs. We come here today with two major problems which we think are highly germane to several of the provisions of H.R. 5523. These problems concern (1) the lack of training and education about furs, of FWS personnel who monitor shipments of furs and (2) the lack of adequate procedural safeguards with respect to seizures of furs made by FWS agents in the course of carrying out their responsibilities in the administration of the Endangered Species Act, Marine Mammal Protection Act, and the Lacey Act. We urge this Committee to amend H.R. 5523 in certain areas and, in its Report, to suggest to FWS the adoption of regulations which will rectify enforcement problems which have arisen with frequency. Mr. Chairman, I will be specific:

EDUCATION ON FURS NEEDED FOR ENFORCEMENT PERSONNEL

Section 101(2), Title I and Section 201(b), Title II of H.R. 5523 provide funds for training graduate students in wildlife management and permit the Interior Department to assist in the training of federal and state officials in the enforcement of fish and wildlife laws. We urge that you make it clear, either by amendment of the Act, or by strong legislative history set out in this Committee's Report, that such training include training in relation to furs and the fur trade. This is necessary in order that improper seizures based on incorrect identification of furs will be kept to a minimum and so that seized furs, as well as furs the shipment of which is delayed by FWS agents, will be given proper care

when in government custody or under government control. As to delayed shipments or seized furs, it is vital that the FWS agent involved be able to recognize skins which have varying stages of susceptibility to rapid spoilage. Such educational programs would undoubtedly develop greater sensitivity to the industry's problems which flow out of administration of wildlife programs. We submit that without better training of FWS personnel in these matters, Sections 201(a)(2), (3), (4) and (5) of H.R. 5523, which give FWS enforcement personnel greater powers to make arrests, searches, and seizures, may well be used by overly zealous FWS agents to harass and needlessly inflict damage on members of the fur industry.

At present the fur industry is being subjected by inadequately trained FWS enforcement personnel to unreasonable and unnecessary delays of shipments and consequent risks of severe losses. Because of a lack of knowledge of furs on the part of FWS personnel, and, I must add, because of an attitude which can only be described as "guilty until proven innocent," lawful shipments of furs have been seized without reasonable cause. Furthermore, the FWS enforcement chief for the New York area has, within the last few weeks, sent letters to all airlines which ship furs. These letters instruct that all fur shipments are to be embargoed until cleared by the FWS. What this means is that all fur shipments are now suspect, with or without probable or reasonable cause for such suspicion. This action jeopardizes our ability to use the airlines for we are informed that some airlines do not want to risk the flight delays and costs resulting from uncleared valuable cargo which remains in their custody at government demand for extended periods of time.

In one case recently an FWS agent refused to release a shipment even after he admitted that it was a lawful shipment. Release was not made until after the perishable furskins were threatened with spoilage through exposure to summer heat. The owner was not allowed to move the shipment into cold storage even after the FWS personnel had refused to do so. This kind of unfair treatment can be alleviated by better training, and by enacting more specific enforcement standards. That brings me to our second recommendation.

SPECIFIC SEIZURE PROCEDURES NEEDED

Section 201(a)(5) of H.R. 5523 provides FWS enforcement officials with the authority to "seize without warrant or other process any evidentiary item as provided by law * * *." The section by itself provides no safeguards for the protection of seized merchandise. Nor does it require the Secretary of the Interior to promulgate regulations to provide for such safeguards. We believe that this section of the bill should be amended to either provide for such safeguards itself, or to direct the Secretary to so provide. We might mention also that neither the Endangered Species Act, the Marine Mammal Protection Act, nor the Lacey Act, nor any regulations issued thereunder, provide adequate safeguard measures with respect to seizures.

Listed below are our specific recommendations which we feel would insure adequate safeguards.

A. Notice of seizure within 48 hours

Section 12.11 of CFR Title 50 requires the Director of FWS to give notice to the owner or consignee "as soon as practicable following his seizure" of wildlife or furs. We submit that "as soon as practicable" needs a specific outside limit of no longer than 48 hours. Spoilage frequently begins if any more time than that elapses. Personal service of the notice, or immediate telephonic or telegraphic notice followed up by confirmation letter, is needed.

Unfortunately, "as soon as practicable" usually means no time notification of seizure is given at all. The shipper too often finds out about seizure only indirectly from his forwarding agent. We recommend prompt and certain notification of seizures to the owner, the consignee and all other parties known by FWS from the packaging or accompanying documents to be concerned with the shipment. The notice should be required within 48 hours of the seizure. In addition, notice of withholding by FWS of the release of a shipment for more than 48 hours from delivery of a shipment to a carrier should be required. The withholding of the release of a shipment constitutes for all practical purposes a temporary seizure and should be dealt with as such in the law and regulations.

B. Determination within 72 hours as to reasonable cause for seizures

Raw furskins begin to spoil in a matter of hours in hot weather and without carefully controlled temperature levels. Every seizure and every delay in clear-

ance of furskins bring risks of serious damage to the skins. The normal shipment of furskins is of substantial value, but brings only low commissions or margins to be brokers and dealers.

We urge that this Committee either amend H.R. 5523 or direct FWS to issue regulations to provide that owners and consignees of furs and other perishable commodities seized under fish and wildlife laws be entitled to a hearing before a Federal Court or Magistrate, or an Administrative Law Judge within 72 hours after seizure or clearance delay. In the hearing FWS should have the burden of establishing reasonable cause for seizure or clearance delay *and* that the seized merchandise was properly stored, pursuant to regulations such as are proposed in C below.

C. Establishment of standards for storage of seized skins and other perishable commodities

FWS seizures and delays of more than a few hours in the clearance of raw furskins and other perishable commodities should not be permitted under the law or regulations except under conditions which protect against damage to the goods. There is presently no way we can recover from damage done to merchandise except by suit in the Court of Claims. And I assure you, Mr. Chairman, that few of our individual members have the resources permitting such costly and lengthy suits. Therefore, we urge that H.R. 5523 be amended to require the Secretary to promulgate specific standards of storage protection to which every warehouse used by FWS to store seized furs and other perishable commodities would be required to adhere. The standards would primarily address the problem of spoilage and provide for proper refrigeration. The regulations should be promulgated only after consultation with interested parties and in accordance with the Administrative Procedure Act.

D. Establishment of industry advisory committee

We think that an Advisory Committee should be established, consisting of representatives from the fur industry and other industries affected by FWS seizures, to advise as to proper standards for warehouse storage of differing kinds of furskins and other perishable commodities. In addition, the Advisory Committee should be given a broad mandate to advise as to other features of FWS enforcement procedures.

E. Establishment of bonding procedures to release seized shipments

The bonding of shipments seized pursuant to the Endangered Species Act, the Marine Mammal Protection Act, and the Lacey Act is already provided for in regulations at 50 CFR 12.1 *et seq.* However, neither these regulations nor H.R. 5523 establish or suggest the conditions of the bond necessary to effect the release of seized furskins or other commodities; nor do they provide any guidance as to the conditions for the eventual release of the bond itself. H.R. 5523 should be amended to either provide for bonding procedures in the law or in the regulations. The law or regulations should specifically provide that the bond is to be released immediately upon (1) the failure of FWS to bring civil or criminal proceedings within a specified time limit, (2) a finding of not guilty in proceedings commenced incident to seizure, (3) the dismissal of such proceedings once commenced or (4) a finding of an administrative law judge that a reasonable basis no longer exists for requiring a bond.

The law and regulations should also be amended to provide that when the decision in a civil penalty proceeding brought incident to the seizure of goods has become final, the securities pledged as a bond are not to be applied by FWS to the payment of any civil penalty assessed against the respondent without his consent.

One member of our industry was accused by FWS not long ago of violating the Lacey Act. The skins involved were seized, poorly stored and, as a result, badly damaged. FWS permitted the accused to post \$5,000 in securities as security under a bond to effect the release of the skins in the damaged condition. Later when the civil penalty proceeding terminated in a not guilty decision by the administrative law judge who heard the case, it took weeks of indecision on the part of the government before release of the bond could be effected. Such delays would be eliminated by spelling out in an amendment implemented by regulations by FWS, the rules for the eventual release of bonds filed to effect the release of seized merchandise.

That concludes my comments and recommendations. I would be glad to answer any questions you may have. I appreciate the opportunity of placing our views on the record in these hearings.

STATEMENT OF JOSEPH POSER, PRESIDENT, AMERICAN
FUR MANUFACTURERS ASSOCIATION

Mr. POSER. Thank you.

I prefer to read my statement in case there are any questions that you or other members of the committee have that can be answered as I read it.

Mr. LEGGETT. Go ahead.

Mr. POSER. It is our belief that H.R. 5523 does not go far enough in addressing some of the problems our members are having with the fish and wildlife's enforcement of certain wildlife programs. We come here today with two major problems which we think are highly germane to several of the provisions of H.R. 5523. These problems concern (1) the lack of training and education about furs, of the Service personnel who monitor shipments of furs and (2) the lack of adequate procedural safeguards with respect to seizures of furs made by Service agents in the course of carrying out their responsibilities in the administration of the Endangered Species Act, Marine Mammal Protection Act, and the Lacey Act.

We urge this committee to amend H.R. 5523 in certain areas and, in its report, to suggest to Wildlife Service the adoption of regulations which will rectify enforcement problems which have arisen with frequency.

Mr. Chairman, I will be specific.

On the education on furs needed for enforcement personnel: Section 101(2), title I and section 2001(b), title II of 5523 provide funds for training graduate students in wildlife management and permit the Interior Department to assist in the training of Federal and State officials in the enforcement of fish and wildlife laws.

We urge that you make it clear, either by amendment of the act, or by strong legislative history set out in this committee's report, that such training include training in relation to furs and the fur trade. This is necessary in order that improper seizures based on incorrect identification of furs will be kept to a minimum and so that seized furs, as well as furs the shipment of which is delayed by Service agents will be given proper care when in government custody or under government control.

Mr. LEGGETT. Would you object to a provision like that, Mr. Greenwalt?

Mr. GREENWALT. No, sir.

I would not.

Mr. LEGGETT. All right.

Go ahead.

Mr. POSER. As to delayed shipments or seized furs, it is vital that the Service agent involved be able to recognize skins which have varying stages of susceptibility to rapid spoilage, and such educational programs would undoubtedly develop greater sensitivity to the industry's problems which flow out of administration of wildlife programs. We submit that without better training of Service personnel in these matters, sections 2001(a) (2), (3), (4) and (5) of H.R. 5523, which give Service enforcement personnel greater powers to make arrests, searches, and seizures, may well be used by overly zealous Service

agents to harass and needlessly inflict damage on members of the fur industry.

Mr. LEGGETT. Is your association interested in cooperating with the Department in this educational program?

Mr. POSER. Mr. Chairman, we have often stated in the past also to this committee and to the local agents, regional agents, that we are more than ready.

We are very anxious to cooperate in every way possible.

Mr. LEGGETT. Very good.

Mr. POSER. The unfortunate thing has been that in spite of these offers we have really not been asked, we have not had any offers of cooperation.

Mr. LEGGETT. Well, this certainly ought to be a dialogue, I should suspect, all around the country, so that we can get a better understanding as to what we are talking about.

I am sure our people can stand to be educated with respect to some of these sophisticated types of things.

Mr. POSER. At present the fur industry is being subjected by inadequately trained Service enforcement personnel to unreasonable and unnecessary delays of shipments and consequent risks of severe losses. Because of a lack of knowledge of furs on the part of Service personnel, and, I must add, because of an attitude which can only be described as "guilty until proven innocent," lawful shipments of furs have been seized without reasonable cause.

Furthermore, the Service enforcement chief for the New York area has, within the last few weeks, sent letters to all airlines which ship furs. These letters instruct that all fur shipments are to be embargoed until cleared by the Service.

What this means is that all fur shipments are now suspect, with or without probably or reasonable cause for such suspicion. This action jeopardizes our ability to use the airlines for we are informed that some airlines do not want to risk the flight delays and costs resulting from uncleared valuable cargo which remains in their custody at government demand for extended periods of time.

In one case recently a Service agent refused to release a shipment even after he admitted that it was a lawful shipment. Release was not made until after the perishable furskins were threatened with spoilage through exposure to summer heat.

The owner was not allowed to move the shipment into cold storage even after the Service personnel had refused to do so. This kind of unfair treatment can be alleviated by better training, and by enacting more specific enforcement standards. That brings me to our second recommendation.

Section 201(a) (5) of H.R. 5523 provides FWS enforcement officials with the authority to "seize without warrant or other process any evidentiary item as provided by law * * *".

The section by itself provides no safeguards for the protection of seized merchandise. Nor does it require the Secretary of the Interior to promulgate regulations to provide for such safeguards. We believe that this section of the bill should be amended to either provide for such safeguards itself, or to direct the Secretary to so provide.

We might mention also that neither the Endangered Species Act, the Marine Mammal Protection Act, nor the Lacey Act, nor any regulations issued thereunder, provide adequate safeguard measures with respect to seizures.

Following is a list of our specific recommendations which we feel would insure adequate safeguards.

I will summarize them.

A notice of seizure within 48 hours.

Determination within 72 hours as to reasonable cause for seizures.

Establishment of standards for storage of seized skins and other perishable commodities.

Establishment of Industry Advisory Committee.

I think this would be a good key to the whole thing, if you have cooperation through a committee of that kind.

Establishment of bonding procedures to release seized shipments.

That about summarizes our suggestions.

Mr. LEGGETT. I think most of your recommendations are reasonable.

I am going to ask Mr. Greenwalt to comment on your statement and we will have that in our record, and perhaps most of the items you are talking about really can be resolved without legislation, and by just consultation and communication.

Mr. POSER. That would be most welcome, Mr. Chairman.

Mr. LEGGETT. Certainly, if you were importing tiger skins we are going to drop the boom on you.

But, it was not the intent of the Endangered Species Act to draw any aspersions or conclusions whatsoever with respect to illegal skins.

There are a lot of people that love them and appreciate them, and I can't say that is truly unfortunate because they are expensive.

But, anyway, that is our situation.

I do not think that these industries should be treated other than as an honorable and distinguished industry and hopefully if we can establish some cooperative programs, we can better enforce the law so that we know really what we are enforcing and what we are allowing to be important.

So, we will be in touch with you.

Mr. POSER. Thank you, Mr. Chairman.

Mr. LEGGETT. Gentlemen, any questions?

[No response.]

Mr. LEGGETT. Very well.

The meeting is adjourned.

[The following was submitted for the record:]

STATEMENT OF THE NATIONAL AUDUBON SOCIETY

The National Audubon Society, one of America's oldest and largest conservation organizations, welcomes this opportunity to support the purposes of H.R. 5523, a bill to improve the administration of fish and wildlife programs in a variety of different areas. The proposed legislation, in fact long overdue, is most timely and we pledge to do our part by informing our 330 chapters about its importance.

Through the decades, no organization or group of citizens has supported the Fish and Wildlife Service in its programs to conserve our wildlife resources and enforce strong laws in favor of wildlife conservation more than the National Audubon Society and its members. Unfortunately, we have become increasingly aware of the fact that Fish and Wildlife Service enforcement agents

do not have the authority to see that such laws are enforced and international wildlife treaties are upheld.

The importance of this authority cannot be overemphasized. With increased illegal traffic in endangered and threatened species becoming a serious daily occurrence and with abundant hunting pressures on protected populations on the rise, it is fair to say that the law enforcement operations of the Fish and Wildlife Service are conducted at less than an optimum level. Needless to say, this is due in large part to severe budgetary cutbacks, drastic understaffing in the area of enforcement and insufficient enforcement authority.

We believe that H.R. 5523 is the legislative mechanism that can begin to correct these serious deficiencies. By clearly defining the special authority of the enforcement agent to arrest offenders without warrant, by the payment of rewards to informers in order to secure information, and through the appropriation of funds for the education of state enforcement officers, ever increasing wildlife violations can be abated.

NATIONAL AUDUBON SOCIETY,
Washington, D.C., November 10, 1975.

Congressman ROBERT LEGGETT,
Chairman, Subcommittee on Fisheries and Wildlife, House Merchant Marine Committee, Longworth Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to your request at the hearings on H.R. 5523, we have reviewed the amendments suggested by the Department of Interior.

We oppose the amendment proposed by the Department which would permit opening up all of a Refuge to migratory bird hunting. We recognize that in emergency situations, such as disease outbreaks, it might be helpful to open an entire refuge to hunting. However, we believe it would be better to accomplish this by a further provision, such as, "Provided further that in the case of an emergency situation involving wildlife disease or a threat to human health, . . ." This authority may already be available to the Secretary, in which case such a provision is unnecessary.

We believe that to make the opening of an entire refuge completely discretionary would lead to great pressure being put on the FWS to open all of some refuges. Once one refuge is completely open, there could be a clamor for opening up others, ad infinitum. Thus, we strongly oppose the Department's amendment.

We have no objections to the other amendments. Thank you for considering our views.

Sincerely,

CYNTHIA E. WILSON,
Washington Representative.

[Whereupon, at 11:59 a.m., the Subcommittee on Fisheries and Wildlife Conservation and the Environment adjourned.]

FISHERIES MARKETING

MONDAY, NOVEMBER 10, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FISHERIES AND WILDLIFE
CONSERVATION AND THE ENVIRONMENT OF THE
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:08 a.m., in room 1334 Longworth Office Building, Hon. John D. Dingell presiding.

Mr. DINGELL. The subcommittee will come to order.

This morning the subcommittee will hold hearings on legislation designed to provide additional assistance for consumer education and market development programs for our U.S. fishing industry.

The bills to be heard today are H.R. 6981, by our good friend Mr. Sikes; and identical bills, H.R. 8645, by Mr. Fascell; and H.R. 9249, by Mr. Montgomery. Also to be heard is a similar bill, H.R. 6084, by Mr. Fuqua.

I might point out at this time that under present law—the Saltonstall-Kennedy Act—the Secretary of Commerce receives the equivalent of 30 percent of the funds collected under the customs laws on fisheries products imported into the United States. The Secretary uses these funds for the purpose of promoting the free flow of domestically produced fishery products, developing and increasing markets for fishery products of domestic origin, and conducting research.

The legislation to be heard today would result in the Secretary of Commerce receiving the remaining 70 percent of the import duties collected on fisheries products.

The additional funds would be earmarked as follows: 25 percent for consumer education programs; 25 percent for market development programs, with not more than 15 percent of this amount to be used for research; and 50 percent for direct purchasing of fisheries products when there is a surplus of certain fisheries products in the market.

The bills and departmental reports will appear in the record at this point.

[The bills and departmental reports follow:]

[H.R. 6084, 94th Cong., 1st Sess.]

A BILL To provide additional financial assistance for consumer education and market development programs pertaining to United States fisheries

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, in addition to any other annual accruals to the fund established by section 2(a) of the Acts of August 11, 1939 (53 Stat. 1412, 15 U.S.C. 713c-3(a)),

there is authorized to be appropriated to such fund for each fiscal year occurring after June 30, 1975, an amount equal to 70 per centum of the gross receipts from duties collected under the customs laws on fishery products (including fish, shellfish, mollusks, crustaceans, aquatic plants and animals, and any products thereof during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year. In implementing the provisions of this Act on the part of the Secretary of Commerce, and its designated fisheries agency, the National Marine Fisheries Service, it is the intent of Congress that the funds provided in this Act shall be used for the following purposes:

A. CONSUMER EDUCATION.—For purposes of carrying out consumer educational activities under this Act, 25 per centum of the funds derived shall be used to conduct continuing consumer education programs. Such programs shall be designed to provide consumers with information on the handling, purchasing, and preparation of fish and shellfish products. Particular emphasis shall be placed on the important role of fish and shellfish products in the American diet. A total of one hundred professional home economists is authorized for this purpose.

B. MARKET DEVELOPMENT.—To promote the free flow of domestically produced fishery products into normal trade channels, 25 per centum of the funds derived shall be used for this purpose. A total of one hundred marketing professionals is authorized for this purpose. It is further stipulated that a maximum of 15 per centum of market development funds shall be used for market research, with the remainder to be used for market development activity.

C. PURCHASES.—The intent of Congress is that 50 per centum of the funds appropriated under this Act shall be placed in a special reserve for the direct purchasing of fish and shellfish products when it is determined that a market glut exists and which deters the free flow of fishery products into normal trade channels. Any segment of the United States commercial fishing industry may formally request direct purchasing by the Secretary of Commerce. If there is a determination by the Secretary of Commerce that direct purchasing is in the best interests of the fishing industry, the general economy, and consumers, an amount of funds determined by the Secretary of Commerce shall be transferred to the Secretary of Agriculture for the direct purchase of designated fish and/or shellfish products. The transfer of funds shall include an appropriate amount for administering the purchases. This amount shall be jointly determined by the Secretary of Commerce and the Secretary of Agriculture. Products purchased shall be used in the various food distribution programs administered by the Secretary of Agriculture. The intent of this part of the Act is to avoid unnecessary duplication among Government agencies. The Secretary of Commerce and/or his designee is expected, however, to provide all necessary technical assistance to the Secretary of Agriculture to effectively carry out this part of the Act.

[H.R. 6981, H.R. 8645, and H.R. 9249, 94th Cong., 1st Sess.]

BILLS To provide additional financial assistance for consumer education and market development programs pertaining to United States fisheries

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law, in addition to any other annual accruals to the fund established by section 2(a) of the Act of August 11, 1939 (53 Stat. 1412, 15 U.S.C. 713c-3(a)), there is authorized to be appropriated to the Department of the Interior for each fiscal year beginning after June 30, 1975, an amount equal to 70 per centum of the gross receipts from duties collected under the customs laws on fishery products (including fish, shellfish, mollusks, crustaceans, aquatic plants, and animals, and any products thereof, including processed and manufactured products) during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year. Such funds shall be maintained in a separate fund, except as provided in paragraph (3) of section 2, and expended for the purpose specified in, and in accordance with, such section.

SEC. 2. The Secretary of Commerce (hereinafter in this Act referred to as the "Secretary") shall, through his designated fisheries agency, the National Marine Fisheries Service, utilize the funds provided by the first section of this Act for the following purposes:

(1) The Secretary shall allocate 25 per centum of the funds derived pursuant to the first section of this Act to establish and to conduct continuing consumer

education programs. Such programs shall be designed to provide consumers with information on the handling, purchasing, and preparation of fish and shellfish products. Particular emphasis shall be placed on the important role of fish and shellfish products in the American diet. The Secretary is authorized to select, appoint, and employ a total of not more than one hundred professional home economists to conduct such program.

(2) The Secretary shall allocate not more than 25 per centum of the funds derived pursuant to the first section of this Act for the purpose of promoting the free flow of domestically processed fishery products into normal channels of commerce. To accomplish this purpose the Secretary is authorized to select, appoint, and employ a total of not more than one hundred marketing professionals. It is further stipulated that not more than 15 per centum of the funds available for the purposes of this subsection shall be used for market research, and that any remainder shall be used for market development activity.

(3) There shall be deposited in the Treasury of the United States in a separate fund 50 per centum of the funds derived pursuant to the first section of this Act for use as a special purchasing reserve. Upon a determination by the Secretary of Commerce that there exists a market surplus of fish and shellfish products, and that the best interest of the fishing industry, of the general economy, and of consumers require that such surplus be alleviated or removed, he may direct the withdrawal of such amounts from such separate fund as he determines, after consultation with the Secretary of Agriculture, to be necessary for the direct purchase of designated fish or shellfish products. Such withdrawal may include an appropriate amount to cover the administrative cost of such purchases. All fish and shellfish products purchased pursuant to this subsection shall be transferred to the Department of Agriculture for distribution in the various food programs administered by the Secretary of Agriculture. The Secretary of Commerce or his designee shall provide to the Secretary of Agriculture such information, technical assistance, and services as may be necessary to carry out the provisions of this paragraph.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., November 6, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives,
Washington, D.C.

DEAR MADAM CHAIRMAN: We appreciate this opportunity to respond to your request for a report on H.R. 6084 and H.R. 6981, similar bills "To provide additional financial assistance for consumer education and market development programs pertaining to United States fisheries."

This Department recommends against enactment of these proposed bills.

The proposed legislation would authorize an annual appropriation to the Department of Commerce of an amount equal to 70 percent of the gross customs receipts collected on fishery products. Fifty percent of the funds would be allocated for consumer education, market development and market research. The other 50 percent of the funds would be placed in a special reserve for transfer to the Secretary of Agriculture for the direct purchase of designated fish and shellfish products for use in various food distribution programs administered by the Secretary of Agriculture.

Under Section 32 of the Act of August 24, 1935, each fiscal year in amount equal to 30 percent of the gross customs receipts collected in the preceding calendar year is made available to the Secretary of Agriculture for specified agricultural purposes. Under the Act of August 11, 1939, (15 U.S.C. 713c-2, 713c-3), the Secretary of Agriculture is then required to transfer to the Secretary of Commerce an amount equal to 30 percent of such receipts from the duties collected on fishery products. The transfer of Section 32 funds now amounts to about \$8 million annually. Based on the current transfer of approximately \$8 million annually plus an appropriation equal to 70 percent of the gross customs receipts from fishery products duties, a total of approximately \$26.6 million would be available to carry out consumer education and market development programs for fish and fishery products.

Currently, the Department purchases foods for distribution to domestic food assistance programs, including child feeding programs, nutrition programs for the elderly funded under title VII of the Older Americans Act of 1965, and needy families on a few Indian reservations. (As a result of P.L. 93-86,

enacted August 10, 1983, all political subdivisions of the country which distributed federally-donated foods to needy families were required to transfer to the Food Stamp Program by June 30, 1974, unless it could be shown that this would be impracticable in a given area.) Therefore, while fish items might be acceptable in the coastal areas of the country, we doubt they would be preferred, nationally, in relation to other foods by school children, who comprise the largest recipient group. Because nutrition programs for the elderly under title VII are often widely dispersed and serve relatively few recipients, providing fish items to these outlets would present formidable logistical difficulties. Moreover, Indian reservations, besides being located in remote areas, often lack refrigeration facilities. For these reasons we are unable to support H.R. 6084 and H.R. 6981.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

DEPARTMENT OF COMMERCE,
Washington, D.C., November 10, 1975.

Hon. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives,
Washington, D.C.

DEAR MADAM CHAIRMAN: This is in response to your request for views of this Department with respect to H.R. 6981, a bill "To provide additional financial assistance for consumer education and market development programs pertaining to United States fisheries."

This bill would have the effect of increasing the funding available for Department of Commerce expenditure on fishery programs from 30 percent under the existing Saltonstall-Kennedy Act (S-K), to 100 percent of the gross receipts from duties collected under customs laws on fishery products imported to the United States. Under this bill, the additional 70 percent of the duties made available would be used as follows: 25 percent of the increased funds for consumer education activities; 25 percent of the increased funds for market development programs, including up to 15 percent of these market development funds for market research; and 50 percent of the increased funds for direct purchasing of fish and shellfish products when market gluts exist. Products acquired from these direct purchases would be for use in the various food distribution programs administered by the Secretary of Agriculture.

Both Government and industry are anticipating, with considerable certainty, that the outcome of the Law of the Sea negotiations will result, either through international action or domestic legislation, in a 200-mile economic zone for fisheries. In this zone, each coastal nation will be able to exercise considerable control over the use of the fisheries resources. It is estimated that the establishment of this zone will eventually make available to the domestic industry approximately 8 billion pounds of fish which are currently being harvested by foreign fleets. Also, there exists an additional 4 billion pounds of underutilized species that could be brought under economic production and with the assured access to the resource provided by extended jurisdiction. With regard to this situation, a recent report to Congress by the Comptroller General of the United States recommends that positive action be taken by the National Marine Fisheries Service to develop underutilized fishery resources to their potential.

To develop the underutilized fishery resources to their potential will require certain activities on the part of the industry and NMFS in several areas, including: (1) resource assessment work to provide a basis for deciding which resources offer a potential for commercial development; (2) exploratory fishing research, involving gear development, testing, and demonstration that provides specific information on target species which have been identified for fisheries development; (3) product and processing research aimed at full utilization of traditional species and latent species having potential demand; (4) marketing services and trade and consumer education to assist in the introduction of new species and products into domestic and foreign markets; (5) economic analysis, including market research to provide a basis for decisions throughout the fisheries development process, including the evaluation of investment alternatives,

the establishment of fisheries development priorities, and the assessment of risks affecting investments made by the industry. In pursuing these activities, it is anticipated that cooperative programs between the industry and Government will be developed with the industry assuming the lead responsibility for implementation.

We understand that the Chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the Merchant Marine and Fisheries Committee has asked the General Accounting Office to prepare a staff paper for his use that, among other things, will identify the types of actions and programs that may be needed to enhance the capability of the domestic fishing industry to operate under an extended jurisdiction regime. The paper will also indicate the costs and benefits of such actions and programs.

The Department opposes H.R. 6981 since it appears that this bill represents a piecemeal solution, addressing only one of a number of problems facing the United States fishing industry. We believe that a more effective course would be to have GAO carry out the study Mr. Leggett is requesting and then pursue appropriate legislative remedies.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

KARL E. BAKKE,
General Counsel.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., November 6, 1975.

HON. LEONOR K. SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives,
Washington, D.C.

DEAR MADAM CHAIRMAN: Reference is made to your requests for the views of this Department on H.R. 6084 and H.R. 6981, both bills, "To provide additional financial assistance for consumer education and market development programs pertaining to United States fisheries."

Section 2(a) of the Act of August 11, 1939, as amended, provides that an amount equal to 30 per centum of the gross receipts from customs duties collected on fishery products shall be transferred from moneys made available to the Secretary of Agriculture for administrative expenses under chapter 26 of title 7 U.S.C., relating to agricultural adjustment, to a separate fund used by the Secretary of the Interior to promote the free flow of domestically produced fishery products. H.R. 6084 would authorize to be appropriated to the fund and H.R. 6981 would authorize to be appropriated to the Department of the Interior an amount equal to 70 per centum of the gross receipts from duties collected under the Customs laws on fishery products (including fish, shellfish, mollusks, crustaceans, aquatic plants and animals, and any products thereof). The funds appropriated would be used for consumer education, market development, and for direct purchases of fish and shellfish products when the United States market is adversely affected.

The Department has no independent knowledge of a need to provide more moneys for the promotion of fishery products. If an increase is required, we believe that the amount authorized to be appropriated should be based on a determination of the objectives of the program which cannot be met under current funding levels. There is no relationship between the amounts necessary to carry out the programs described in the bills and the amounts obtained from customs duties on fishery products which the bills would authorize to be appropriated for the purpose. Fluctuations in the appropriations ceilings which would result from enactment of this legislation could hinder long-term planning for these programs.

In view of the foregoing, the Department is opposed to H.R. 6084 and H.R. 6981.

The Department has been advised by the Office of Management and Budget that there is no objection from the standpoint of the Administration's program to the submission of this report to your Committee.

Sincerely yours,

RICHARD R. ALBRECHT,
General Counsel.

Mr. DINGELL. Our first witness this morning is a very good friend of the present occupant of the chair, my good friend and colleague, the Hon. Robert L. F. Sikes, a Member of Congress from Florida.

Mr. Sikes, we are privileged to have you with us this morning, and we are most happy to receive your statement.

STATEMENT OF HON. ROBERT L. F. SIKES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. SIKES. Thank you very much, Mr. Chairman and members of the committee.

I consider it a particular privilege to appear before this distinguished subcommittee. I know of your very good work throughout the years, and I applaud this work. I appreciate your particular interest in the problems of the commercial fisheries segment of the economy.

I am very privileged to appear when my good friend Mr. Dingell is presiding. There is no man in Congress who has contributed more to sound conservation, has fought more effectively for the improvement of wildlife resources in America than you have, Mr. Dingell.

Mr. DINGELL. I thank you for those kind words, but it is my recollection that you and I have been intimately associated together in those undertakings that involved you and your leadership, and Mr. Breaux and Mr. Forsythe, and the other members of this subcommittee.

I am very pleased and privileged that a member of your ability and responsibility in this institution would take time to be with us to discuss this matter.

Mr. SIKES. We are associated together in this program, Mr. Dingell, but I am proud to acknowledge your leadership.

Mr. DINGELL. We work together. Bob, it is a privilege to have you here.

Mr. SIKES. I have with me also today, and who will testify later, Mr. Robert P. Jones, executive director of the Southeastern Fisheries Association, who is a very well-known citizen of my State and for whose work in this cause I am very appreciative.

I am glad to have the opportunity of appearing before your distinguished committee today in support of H.R. 6981, a bill to provide additional financial assistance for consumer education and market development programs pertaining to U.S. fisheries.

As all of you on this important committee know, and as my 35 years of service in the Congress reflects, I am a fiscal conservative. I appear before you today, therefore, not to present a spending plan, but rather to support an investment plan for the U.S. commercial fishing industry.

Mr. Chairman, as you and the members of this committee know, there was a virtual collapse in the marketplace for seafoods in 1974. Practically every segment of the commercial fishing industry was adversely affected, resulting in the loss of many millions of dollars by those engaged in the production, processing and marketing of seafoods. This further resulted in many persons being unemployed, particularly in the processing segment of this important industry, and through decreased fishing activity in the harvesting.

The shrimp fishing industry, which yielded over \$372 million to U.S. commercial fishermen in 1973, was the first segment to be affected. As late as November 1973, the shrimp industry was possibly the most prosperous commercial fishery in the entire world. Three months later, conditions in this fishery could best be described as "chaotic."

First, there was a dramatic increase in all costs. In succeeding months, every major fishery in the United States was adversely affected both by higher costs and by a decline in the demand for seafoods. Those engaged in salmon, tuna, king crab, snow crab—to name a few—lost many millions of dollars. The situation was further aggravated by a glut of foreign seafood on the American market.

H.R. 6981 calls for appropriations of approximately \$20 million annually "to provide additional financial assistance for consumer education and market development programs pertaining to U.S. fisheries." Funds so provided are expected to benefit the U.S. commercial fishing industry through expansion of markets for fishery products. And, I stress that the course of these funds are intended to be from *ad valorem* duties on fishing duties. Therefore, the American taxpayer is not being asked to pay the investment costs. Rather, foreign countries, in effect, will be paying a small sum to share in our domestic fishing markets.

This bill is not a cure-all, but it is one needed step. As an example of the benefits that this country can expect from this investment in the future of our fisheries, I would cite the benefits already realized from the emergency marketing program that currently is underway.

Last November, we convinced the Office of Management and Budget to release \$1 million from S-K reserves to the National Marine Fisheries Service for emergency marketing assistance to the commercial fishing industry.

In the best American tradition, industry, several State agencies—including my home State of Florida—and the National Marine Fisheries Service worked together to launch a nationwide marketing program for seafoods.

Bearing in mind that the funds were not released until November, a very successful marketing program was initiated during the holiday season. This program, in which only a small part of the \$1 million was used, resulted in dramatically reducing shrimp cold storage holdings. During the fourth quarter of 1974 shrimp consumption increased nearly 20 million pounds over the fourth quarter of 1973.

This meant that shrimp fishermen could continue to catch shrimp; it enabled the processors to reemploy many hundreds of workers whose employment earlier had been terminated; and it generated an additional \$15 to \$20 million for shrimp fishermen in the southeast and on the Pacific coast, as well as generating additional income to those engaged in the processing, distribution and marketing of shrimp.

Although this program has been underway for slightly less than 1 year, industry people from many sections of the country state that this program has been extremely effective in stimulating consumption of many seafood items, such as tuna, salmon, king crab, snow crab, oysters, catfish, mullet, Spanish mackerel, king mackerel, and others.

This past June, over 300 seafood businessmen and fishermen attended the convention of the Southeastern Fisheries Association in St. Petersburg, Florida. I had a chance to discuss their problems with many of them. Without exception, they stated they could and would produce more seafood if profitable markets existed.

During July 29-31, the commercial fishing industry held a National Fisheries Policy Conference in this Nation's Capital. This committee passed the following resolution:

Whereas the National Fisheries Policy Conference (NFPC) believes that the Congress can take certain actions now to revitalize the commercial fishing industry that will be of assistance to both industry and the consumer; and

Whereas, the United States per capita consumption of edible fishery products during the past 25 years has ranged from a low of 10.2 pounds to a high of 12.7 pounds; and

Whereas limited knowledge by the consumer on the important role of seafoods in a healthy diet has been a basic factor retarding the growth of the domestic fishing industry; and

Whereas there has been a substantial decline in the demand for seafoods during the past 18 months resulting in the worst economic situation for the commercial fishing industry in this this Century; and

Whereas there is need for an expanded consumer education and markets development program to be undertaken by the National Marine Fisheries Service now and an even greater need will exist under extended fisheries jurisdiction, Therefore be it

Resolved, That the members of the National Fisheries Policy Conference urge the House of Representatives to take action on H.R. 6981 introduced by Representative Robert Sikes on May 14, 1975, which would provide financial assistance for consumer education and market development pertaining to the U.S. fisheries; and be it further

Resolved, That the Senate introduce a companion bill for consideration and passage.

This resolution was passed unanimously. In attendance at this conference were the executives of the following fishery trade associations: American Shrimp Cannery Association, American Tunaboat Association, Association of Pacific Fisheries, Atlantic Offshore Fish and Lobster Association, Boston Fisheries Association, Louisiana Shrimp Association, Maryland Watermen's Association, National Cannery Association, National Federation of Fishermen, National Meal and Oil Association, National Fisheries Institute, National Ocean Industries Association, National Shrimp Congress, New England Fisheries Steering Committee, Shellfish Institute of North America, Southeastern Fisheries Association, Inc., Texas Shrimp Association, Tuna Research Foundation, Virginia Seafood Council and Western Fish Boat Owners Association.

Mr. Chairman, aside from world peace, the two most critical issues facing the world for the remainder of this century have to do with producing an adequate supply of reasonably priced energy and a sufficient amount of food to feed a hungry world.

I am advised that about 20 percent of the world's fishery resources are within 200 miles of our North Atlantic Continent. I respectfully submit, therefore, that passage of H.R. 6981 will be an important step forward in helping this country to realize the economic benefits from its abundant and renewable fishery resources.

With this bill and other needed measures, we can, again, become a great fishing power—producing food from the sea for America's dinner tables and, at the same time, producing a surplus for exports and reversing a deplorable situation where we imported, in 1974, nearly \$1.7 billion worth of seafoods and exported less than \$265 million worth of seafoods during this same year.

Mr. Chairman, I recognize that every member of this important committee is well aware of the current plight of our domestic fishing industry, as well as the potential benefits that would accrue if we, again, can become a "great fishing power."

If we are to develop our fishery resources to their full potential—for present and future generations—we absolutely must develop and expand the markets that are required before production of food from the sea, the inland rivers, and lakes and ponds from this great Nation can be increased.

H.R. 6981 will provide the stimulus for a joint industry-Government effort to accomplish this important national goal of establishing the United States as a world fishing power.

Again, Mr. Chairman, thank you for giving me this opportunity of appearing before your committee today in support of this legislation. I sincerely hope that you will favorably report the measure at an early date.

Mr. Chairman, I certainly hope you will report the measure. There are experts from the fishing industry, and from Government here, who also are looking forward to an opportunity to testify on this bill, as you well know.

Mr. DINGELL. Mr. Sikes, the committee thanks you for your most helpful statement.

Mr. SIKES. Thank you, Mr. Chairman.

Mr. DINGELL. It is always a privilege to see my old friend, a very able and respected member of this body, before the subcommittee.

The Chair recognizes Mr. Forsythe.

Mr. FORSYTHE. Thank you, Mr. Chairman.

It is a pleasure to have you in the Chair this morning.

Mr. DINGELL. I am delighted to be here.

Mr. FORSYTHE. I am delighted to have you here, Mr. Sikes. I thank you for your very helpful statement.

I have no questions, Mr. Chairman.

Mr. DINGELL. Mr. de la Garza?

Mr. DE LA GARZA. No questions.

Mr. DINGELL. Mr. Breaux?

Mr. BREAUX. I have no questions, Mr. Chairman.

I just want to welcome you back to the chair. I wish you would spend a little more time on this committee, and a little less time on that other committee back over there.

Bob. I think we all know the problem in this industry, and we are all trying to find a solution.

Mr. SIKES. Let me thank you for your leadership in trying to help solve those problems. I know how active and effective you have been.

Mr. BREAUX. Thank you, Mr. Chairman.

Mr. SIKES. Thank you very much, gentlemen.

Mr. DINGELL. We will hear from another member, Mr. Fascell of Florida.

STATEMENT OF HON. DANTE FASCELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. FASCELL. Mr. Chairman and members of the subcommittee, I am glad to have this opportunity to state my support for H.R. 8645, legislation to provide additional financial assistance for consumer

education and market development programs pertaining to U.S. fisheries.

The central purpose of this bill is to put our fisheries on a par with agricultural products insofar as governmental support of consumer and marketing programs are concerned. While the adoption of this measure would not provide support for fisheries equal to that enjoyed by agriculture, it would establish a small program that would be immensely beneficial to our fisheries.

We know that fish and fish products are among the most healthful and nutritious foods. They are low in fat content but high in vitamins and minerals. Also, our waters are rich with a plentiful supply of this valuable resource.

By any objective measure, fish should rank high in the diet of Americans—and it is true that our national consumption of fish is impressive. Yet, the proportion of fish is far less than it might be. I believe this stems at least in part from the lack of an adequate consumer education and marketing program.

One of the problems we face is that many people simply do not know how to cook seafood. This is understandable, since there are some 7,500 agricultural home economists teaching how to prepare and use agricultural products. This compares with only four home economists employed nationwide by the National Marine Fisheries Service.

H.R. 8645, which I am sponsoring, would authorize the employment of 100 professional home economists by the Commerce Department as part of a continuing consumer education program. These home economists would provide consumers with information on the handling, purchasing, and preparation of fish and shellfish products.

The bill also provides funds for promoting the free flow of domestically processed fishery products into normal channels of commerce. To accomplish this, the Secretary of Commerce would be authorized to employ up to 100 professional marketers. The emphasis would be on market development activity, rather than research.

Funds for these programs would be authorized in an amount equal to 70 percent of the gross receipts from duties collected under customs laws on fishery products. One-quarter of such funds would be allocated to the consumer education program, and one-quarter to the marketing program.

The remaining 50 percent of the funds would be placed in a special purchasing reserve for use by the Secretary of Commerce in the direct purchase of designated fish or shellfish products in the event of a market surplus in such fish or shellfish products. The Secretary would first determine the existence of a surplus, and find that the best interest of the fishing industry, the general economy, and of consumers require the alleviation or removal of the surplus. All fish and shellfish products purchased under this provision would be transferred to the Department of Agriculture for distribution in the various food programs of the Department.

It is estimated that about \$20 million would be made available for the greatly expanded consumer education and market development programs under this legislation. I believe this would help elevate seafood to its rightful place as a main component of the American diet.

Presently, the Federal Government provides a variety of programs to assist agriculture, including price support and the purchase of surplus products in addition to a massive consumer education program. It seems to me that the least we should do to provide similar recognition to our fishery industry is to enact this legislation.

I urge the subcommittee to approve the bill. Thank you.

Mr. DINGELL. Thank you.

Our next witness is Mr. Jack Gehringer, Deputy Director, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, U.S. Department of Commerce.

Mr. Gehringer, it is a pleasure to have you back before the committee.

Identify yourself and your associates for the purpose of the record, and we will be pleased to receive your statement.

STATEMENT OF JACK W. GEHRINGER, DEPUTY DIRECTOR, NATIONAL MARINE FISHERIES SERVICE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE, ACCOMPANIED BY HERBERT BLATT, ESQ., OFFICE OF GENERAL COUNSEL, AND JACK T. BRAWNER, CHIEF, INDUSTRY AND MARKETING SERVICES, NMFS/NOAA, DEPARTMENT OF COMMERCE

Mr. GEHRINGER. Thank you, Mr. Chairman.

I am Jack Gehringer, Deputy Director of the National Marine Fisheries Service. I have with me, on my right, Mr. Herbert Blatt, Office of General Counsel of NOAA. On my left, I have Mr. Jack T. Brawner, Chief of the Industry and Marketing Services Division of the National Marine Fisheries Service, located at 3300 Whitehaven Street N.W., Washington, D.C.

Mr. DINGELL. Gentlemen, you are all welcome.

Mr. Gehringer, you may consider yourself recognized for purposes of presenting your statement.

Mr. GEHRINGER. Mr. Chairman and members of the subcommittee, thank you for this opportunity to appear before the committee to express our views about H.R. 6981.

This bill would have the effect of increasing the funding available for the Department of Commerce expenditure on fishery programs under the existing Saltonstall-Kennedy Act—S-K—from 30 percent to 100 percent of the gross receipts from duties collected on imported fishery products.

The provisions of H.R. 6981 would restrict the use of the proposed increased funds to certain consumer education and market development programs and to direct purchases of fish and shellfish products when market gluts exist.

Both industry and Government are anticipating, with considerable certainty, that the outcome of the Law of the Sea negotiations will result in a 200-mile economic zone for fisheries. In this zone, each coastal nation will be able to exercise considerable control over the use of the fisheries resources.

It is estimated that the establishment of this zone will eventually make available to the domestic industry approximately 8 billion

pounds of fish which are currently being harvested by foreign fleets.

There also exists an additional 4 billion pounds of underutilized species that could be brought under economic production with the access to the resource controlled by the United States by virtue of extended jurisdiction. A recent report to the Congress by the Comptroller General of the United States recommends that positive action be taken by the National Marine Fisheries Service to develop underutilized fishery resources to their potential.

To develop the underutilized fishery resources to their potential will require certain activities on the part of the industry and NMFS in several areas, including: (1) Resource assessment work; (2) Exploratory fishing research; (3) Product and processing research; (4) Marketing services and consumer and trade education; and (5) Economic analysis including market research.

In pursuing these activities, it is anticipated that cooperative programs between the industry and Government will be developed with the industry assuming the lead responsibility for implementation.

Further, Mr. Chairman, we understand that you have asked the General Accounting Office to prepare a staff paper that will identify the types of actions and programs that may be needed to enhance the capability of the domestic fishing industry to operate under an extended jurisdiction regime.

Mr. Chairman, the Department opposes H.R. 6981 since it appears that this bill represents a piecemeal solution, addressing only one of the number of problems facing the U.S. fishing industry. We believe that a more effective course would be to have GAO carry out the study which you, Mr. Chairman, are requesting, and then pursue appropriate legislative remedies.

Mr. Chairman, this concludes my prepared testimony. I shall be happy to answer any questions you or members of the committee may have at this time.

Mr. DINGELL. A most helpful statement.

The Chair recognizes Mr. Forsythe.

Mr. FORSYTHE. Thank you, Mr. Chairman.

Welcome, Mr. Gehringer, once again to the subcommittee.

There are just a few things I would like to ask you to expand on.

What fisheries other than shrimp are in surplus at this point in time?

Mr. GEHRINGER. If I may, I would like to have that question answered by our senior marketing man, Mr. Brawner.

Mr. BRAWNER. Yes. At the current time there are surpluses of tuna, that is canned tuna, snow crab, and king crab.

Of course, there are problems with some fresh seafood, and oysters in particular.

Mr. FORSYTHE. Would you have some amendments that you would suggest to the bill, recognizing that you do have a policy position, but should Congress decide that it wants to move regardless, we want all the help we can get.

Would you have some other ideas that you could suggest to this bill?

Mr. GEHRINGER. We would be happy to work with the Committee in addressing specific changes that might be helpful.

I do not have those to present at this time, but we would be happy to work with the committee.

Mr. FORSYTHE. Mr. Chairman, I hope you would ask our staff to work with their people if it is the decision of the committee to move forward.

Mr. DINGELL. That would be most helpful, and the Chair will request the staff to do that, although knowing Mr. Everett, I do not think it is really necessary.

I also have the same remarks with regard to your able assistant, Mr. Forsythe, Mr. George Mannina.

Mr. FORSYTHE. What fisheries other than shrimp is the EMP program focusing on?

Mr. GEHRINGER. I will defer again to Mr. Brawner.

Mr. BRAWNER. I am sorry, Mr. Forsythe, but I did not quite get your question.

Mr. FORSYTHE. The focus of the emergency program which was initiated last year, which was originally aimed primarily shrimp, what other species are included in the EMP effort?

Mr. BRAWNER. There were a variety of species, Mr. Forsythe.

This included shrimp for the Pacific Northwest, snow crab, king crab, tuna, canned salmon, Spanish mackerel, king mackerel, oysters, and flounder.

There were about 18 species that were involved in this emergency marketing program. There was also catfish.

Mr. FORSYTHE. It was Mr. Sikes' statement, that apparently there was a substantial measure of success.

Would you agree?

Mr. GEHRINGER. Yes, sir.

Mr. FORSYTHE. What other programs do you have under the marketing program in addition to the ones you just mentioned?

Mr. BRAWNER. We have three specific programs—(1) export marketing program; (2) general consumer education program—this, of course, is a program to alleviate supply and demand imbalance; and (3) market development programs for underutilized species.

Mr. FORSYTHE. Thank you, Mr. Brawner.

Thank you very much, Mr. Chairman.

Mr. DINGELL. Thank you, Mr. Forsythe.

Mr. de la Garza is recognized.

Mr. DE LA GARZA. Thank you, Mr. Chairman.

Since the Department objects to the bill, and you say it is piecemeal, Mr. Gehringer, you say that we should continue with the GAO study that the Chairman has requested, or is requesting or that is going on now, do you have any other suggestions as to how not to attack it piecemeal?

Mr. GEHRINGER. Mr. de la Garza, I think that the mechanism of the review being called for by the Chairman we will address the several issues and arrive at a better and more encompassing program to assist the industry through this review and report by the General Accounting Office.

Mr. DE LA GARZA. What makes you think you might have a better solution after the GAO studies it?

Mr. GEHRINGER. The purpose of the review is to obtain information from all sources, and to develop an overall program which does not now exist in that form.

We do have, with respect to national plans for marine fisheries, a general overview of what is needed.

The Eastland resolution is addressing a further refinement of some of the material, and we would expect all of these would come together in a more uniform and beneficial overall program.

Mr. DE LA GARZA. The Eastland resolution says we have a problem.

Mr. GEHRINGER. Yes, sir; we do.

Mr. DE LA GARZA. Do something about it. That is all.

Mr. GEHRINGER. Yes, sir. Well, we have a survey that is going on at the present time.

Mr. DE LA GARZA. We passed it here also. Everybody knows we have a problem.

Let me run something by you. This is sort of a refinement to basically what is the marketing order.

Do you have any objection to shrimp, or limited to shrimp being given a marketing order under the agriculture marketing order legislation?

Mr. GEHRINGER. If I may confer with my counsel for a moment, sir.

Mr. DE LA GARZA. Yes, surely.

Mr. GEHRINGER. I would like to defer this to the Department of Agriculture, if I may.

Mr. DE LA GARZA. Thank you, Mr. Chairman.

Mr. DINGELL. Mr. Everett?

Mr. EVERETT. Thank you, Mr. Chairman.

Mr. Gehringer, I wish you would provide for the record the amount of the funds that have been collected under the Saltonstall-Kennedy Act for the last 5 years, on an annual basis, so we can have some idea of what we are talking about.

Do you know what that would average out to be over the past 5 years?

Mr. GEHRINGER. I have some figures here.

The amount ranges from \$7.5 million, \$10 million.

Mr. EVERETT. How much are we talking about with respect to the additional 70 percent that would be authorized to be assigned to the Secretary of Commerce?

Mr. GEHRINGER. As I understand it, this would be approximately \$20 million.

Mr. EVERETT. \$20 million?

Mr. GEHRINGER. This is 30 percent of the total figure.

Mr. EVERETT. All right, sir, can you provide those charts?

Mr. GEHRINGER. Be pleased to provide them.

Mr. EVERETT. Do you read the bill as requiring this additional 70 percent to be treated under the separate formula provided by the legislation as opposed to the way the present 30 percent is being utilized?

Mr. GEHRINGER. Yes.

Mr. EVERETT. In other words, this separate formula requiring 25 percent to be and for education, 25 percent for marketing, and 50 percent for marketing of surplus products only to the 70 percent;

funds that would be coming in, and the other 30 percent would be used as now authorized under the present law?

Mr. GEHRINGER. That is my understanding.

Mr. EVERETT. Under the present law you are authorized to transfer, or the Secretary of Commerce is, to transfer back to the Secretary of Agriculture up to \$1.5 million to be used for purposes of acquiring surplus products for private relief channels, and through Federal and State agencies.

Has the Secretary of Commerce ever utilized this authority transferring money back to the Secretary of Agriculture to accomplish these purposes?

Mr. GEHRINGER. To the best of my knowledge, no.

Mr. EVERETT. Never has?

Mr. GEHRINGER. No.

Mr. EVERETT. Can you advise the committee how much, if any, the Secretary of Agriculture has utilized under their authority in acquiring these fisheries products under the Agriculture Marketing Act?

I suppose I could wait and ask the Agriculture Department witness that question, but are you aware of any such preferences by the Agriculture Department?

Mr. GEHRINGER. I personally do not have the information. I would like to defer to Agriculture.

Mr. EVERETT. Would you also please help me with one other problem I have?

Mr. GEHRINGER. If I can.

Mr. EVERETT. I know that under the existing law, section I that I just referred to, you can transfer \$1.5 million to Agriculture to be used for the purchase of surplus products.

Also, under the Agricultural Adjustment Act there is authority for them, I believe, to use \$1.5 million, if I am not mistaken, for the same purposes.

I was wondering if this is a duplication, or what, in regards to the moneys to be used for the purchase of surplus fishery products?

Mr. GEHRINGER. I missed the middle point of your question, Mr. Everett. I missed the specific question.

Mr. EVERETT. It appears that there is a reference to \$1.5 million in two places in the act, 15 United States Code 714(c) (2) and also 15 United States Code 713(c) (3) (D).

I am just wondering if the \$1.5 million figure I referred to are for the same program that is going forward.

Mr. GEHRINGER. Yes, sir.

Mr. EVERETT. Well, that clears that up.

Could you tell us if there is any balance in the Saltonstall-Kennedy fund at this time, or has it been utilized?

Also, what has been authorized to be utilized?

In other words, you get an appropriation every year, and I think we discovered last year there was about \$2.8 million in there which was not being used to help alleviate the shrimp problem.

Is there a balance?

Mr. GEHRINGER. There is approximately \$2,321,047 in the reserve.

Mr. EVERETT. And do you have plans to utilize that money in fiscal 1975, or fiscal 1976?

Mr. GEHRINGER. The specific plans with respect to 1976 I do not have before me at the present time.

Mr. EVERETT. With respect to the central western Pacific research program, you have an authorization there for \$3 million for a 3-year study. Is there any plan to utilize any of Saltonstall-Kennedy money for that particular program?

Mr. GEHRINGER. Yes. It is my understanding that we may have plans to use a portion of the reserve for the specific study.

Mr. EVERETT. With respect to that particular act, have you ever requested any of the \$3 million authorized to be appropriated under that act to be appropriated as designated by the act?

Mr. GEHRINGER. To the best of my knowledge, no.

Mr. EVERETT. You have not requested that?

Mr. GEHRINGER. That is correct.

Mr. EVERETT. Has Commerce used any other funds, that is, matching funds, to carry out its responsibilities under that act?

Mr. GEHRINGER. Yes, we have used some Saltonstall-Kennedy funds for some of the research.

Mr. EVERETT. Why are you taking the route of using the Saltonstall-Kennedy funds, rather than going before the Appropriations Committee and requesting funds that were specifically authorized for that particular program?

Mr. GEHRINGER. To the best of my knowledge, and I will be pleased to correct the record if I am mistaken, those funds are available, and rather than seek additional funds, we proposed to use these Saltonstall-Kennedy funds.

Mr. EVERETT. They are also available to carry out the purposes of the Saltonstall-Kennedy Act?

Mr. GEHRINGER. Yes, sir; but that, of course, is one of the purposes of the Saltonstall-Kennedy Act, to carry out the fisheries development.

Mr. EVERETT. Yes, but one of the primary reasons for passing that particular act was to give you a particular authorization for carrying out that particular program. And here, I feel like you have borrowed from "Peter to pay Paul," shorting the fund with respect to the Saltonstall-Kennedy program.

Mr. GEHRINGER. Mr. Everett, I would be pleased to furnish for the record a more complete explanation than I have offered you here.

Mr. EVERETT. I would like to know, if you have ever requested of OMB, when you sent your annual budget request to them, whether you requested funds under the Central Western Pacific Fisheries Act, and whether OMB honored your request, or not, for each year since the program has been in effect.

Mr. GEHRINGER. I will be happy to furnish that.

Mr. EVERETT. They are all the questions I have, Mr. Chairman.

Thank you.

Mr. DINGELL. Mr. Gehringer, as I recall it, one of the major problems that you have in terms of fishery resources in this country is a decline in population of U.S. fisheries stocks.

Am I correct?

Mr. GEHRINGER. One of the problems is decline of traditional fisheries stocks; yes, sir.

Mr. DINGELL. As I recall it, one of the major areas of dependency of American fisheries stocks is the coastal wetlands and marshes, the inshore habitat, which served as the nursery and spawning areas for American fisheries.

Am I correct on that?

Mr. GEHRINGER. The coastal marshes are exceedingly important for the full development of a great number of our commercial and recreational fisheries; yes, sir.

Mr. DINGELL. Now, it is my recollection that the coastal wetlands has been declining in quality, in quantity, at a frightening pace over the last few years.

Am I also correct in that?

Mr. GEHRINGER. They have been declining.

Mr. DINGELL. As a matter of fact, I recall Connecticut has about 5 percent of its original coastal marsh remaining. I suspect that is the case in most of the Eastern States, am I correct?

Mr. GEHRINGER. I am not knowledgeable of the specifics, but you are correct in the decrease.

Mr. DINGELL. Then, we passed the Coastal Zone Management Act, the legislation that would provide grants to the States for preserving and protecting those habitats.

We passed also a number of pieces of legislation to set up marine sanctuaries, and similar things over the years, but it is my recollection, and my observation, that these have accomplished very little in terms of retarding the decline in areas, both in terms of quantity and quality, which are particularly important to the offshore fisheries.

Am I correct about that?

Mr. GEHRINGER. I think there has been a decrease. It is my understanding that the rate of loss has slowed down, and that the mechanisms that are being provided, and have been provided are beginning to be more effective in reducing this loss.

Mr. DINGELL. Now, could you tell us the amount of money which is being expended for purposes of acquiring these nursery areas, spawning areas, and that sort of thing, which are particularly important to shrimp, American shad, herring, and the different onshore fisheries?

Mr. GEHRINGER. I am not aware of the figures, but I will be happy to provide it.

Mr. DINGELL. It would be useful if you would give it to the committee.

The figures that I read as being available under the Saltonstall-Kennedy Act is about \$20 million a year, from the statements given this morning.

Am I correct in that?

Mr. GEHRINGER. No. The amount of dollars available to us for Saltonstall-Kennedy at the present time are roughly \$8 million to \$10 million.

Mr. DINGELL. \$8 million to \$10 million? That constitutes 30 percent.

Mr. GEHRINGER. You are right, 30 percent.

Mr. DINGELL. The balance of the 70 percent would be in the order of \$20 million, and that goes to the Department of Agriculture.

Mr. GEHRINGER. I am not sure where that goes.

I know they receive an amount equal to 30 percent of the gross receipts collected under customs laws for all imports from the Treasury, and they then turn over to us an amount equal to 30 percent of the gross receipts from customs duties on fisheries products.

Mr. DINGELL. The balance then goes to the Department of Agriculture. I am informed they are somewhat gifted in the expenditure of funds.

Mr. GEHRINGER. The amount of dollars that go to the Department of Agriculture, is 30 percent of all customs duties and not 100 percent.

Mr. DINGELL. It is 70 percent, and you get 30 percent.

I do not want to quarrel about the figure, but if you had that \$20 million for acquisition of habitat, in 2 years, or 10 years you could do a pretty good job of setting aside some of the lands that are necessary to preserve the inshore fisheries, and particularly for things like shrimp, and that sort of thing.

Am I correct in that assumption?

Mr. GEHRINGER. I am not sure we have the authority to expend funds for that particular purpose.

Mr. DINGELL. Were you to be given that authority, based upon this funding, you could do something to help our fishery resources.

Mr. GEHRINGER. Our shrimp resources and most of the commercial species are dependent upon the inshore habitat that you speak of.

Mr. DINGELL. That is precisely the point I am making.

Mr. GEHRINGER. That is correct.

Mr. DINGELL. Now, if you had this level of funding on an annual basis, you might be able to preserve and enhance your inshore fisheries, am I correct?

Mr. GEHRINGER. We would presume that these dollars would be available for activities under the coastal zone program with grants to the States to provide for acquisition of such estuarine sanctuaries.

Mr. DINGELL. Are there any studies inside your Agency which would be of use in evaluating this kind of proposal?

Mr. GEHRINGER. The coastal zone management responsibility lies within NOAA, and they are addressing that particular issue as one of several proposals.

Mr. DINGELL. How are we going to fund this?

Mr. GEHRINGER. I am reminded the Coastal Zone Act does provide for funding to assist coastal States in acquiring areas as sanctuaries.

Mr. DINGELL. There has been no funding of it, has there?

Mr. GEHRINGER. Well, I understand there has been \$1 million made available now.

Mr. DINGELL. Over what period of years?

Mr. GEHRINGER. This is since the program has been in existence, this is 2 to 3 years.

Mr. DINGELL. And how much for the other parts of the program that you are aware of?

Mr. GEHRINGER. I am not aware. I can furnish that, if you like.

Mr. DINGELL. It would be useful if you did.

I am not critical of you folks down there. I happen to be aware that the problem lies in the hands in the Bureau of the Budget than in your hands.

Mr. GEHRINGER. If I may introduce one point, Mr. Dingell.

With respect to the funding from the duty on all imported products, of the 100 percent that comes into the Treasury, it is my understanding that 30 percent of that is transferred to the Department of Agriculture.

They, in turn, transfer to the Department of Commerce, an amount equal to 30 percent of the duties collected on fisheries products and the Department of Agriculture does not receive the full 100 percent of the duty from all imported products.

Mr. DINGELL. They get 70 percent, and you get 30 percent.

Mr. GEHRINGER. My understanding is they get 30 percent, which they transfer to us.

Mr. DINGELL. Where does the other go?

Mr. GEHRINGER. To the General Treasury.

Mr. DINGELL. So it is 30 percent agriculture, 30 percent for you, and 40 percent to the General Treasury.

Mr. GEHRINGER. It is 30 percent to Agriculture for all products of which they then transfer to us directly 30 percent of the amount collected on fisheries products.

Mr. DINGELL. The 70 percent remains in the General Treasury?

Mr. GEHRINGER. Yes, sir.

Mr. DINGELL. I see.

Are there further questions?

Gentlemen, we thank you.

Our next witness is Mr. Donald Wilkinson, Administrator, Agricultural Marketing Service, U.S. Department of Agriculture.

We thank you, Mr. Wilkinson, for being present with us.

Identify yourself and your associates for purposes of the record.

STATEMENT OF DONALD E. WILKINSON, ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY JIM GREER, DEPUTY DIRECTOR, FOOD DISTRIBUTION DIVISION, FOOD AND NUTRITION SERVICE; AND HENRY UHLER, AGRICULTURAL MARKETING SERVICE

Mr. WILKINSON. Thank you, Mr. Chairman.

With me is Mr. Jim Greer, Deputy Director of the Food Distribution Division, Food and Nutrition Service of the U.S. Department of Agriculture, and Mr. Henry Uhler, Agricultural Marketing Service of the U.S. Department of Agriculture.

We thank you for the opportunity to appear before your committee today to present the Department's views on H.R. 6084 and H.R. 6981, similar bills to provide additional financial assistance for consumer education and market development programs pertaining to U.S. fisheries.

The Department opposes enactment of these proposed bills.

The proposed legislation would authorize an annual appropriation of an amount equal to 70 percent of the gross customs receipts collected on fishery products. Fifty percent of the funds would be allocated for consumer education, market development and market research. The other 50 percent of the funds would be placed in a special

reserve for the direct purchase of designated fish and shellfish products for use in various food distribution programs administered by the Secretary of Agriculture.

My comments will be directed to this section of the proposed legislation which if enacted the Department of Agriculture will have a direct responsibility for—the purchase and distribution program.

Under section 32 of the act of August 24, 1935, each fiscal year an amount equal to 30 percent of the gross customs receipts collected in the preceding calendar year is made available to the Secretary of Agriculture for specified agricultural purposes.

Under the act of August 11, 1939 [15 U.S.C. 713c-2, 713c-3], the Secretary of Agriculture is then required to transfer to the Secretary of Commerce from such funds an amount equal to 30 percent of the gross receipts from duties collected on fishery products. The transfer of section 32 funds now amounts to about \$8 million annually.

Based on the current transfer of approximately \$8 million annually plus an appropriation equal to 70 percent of the gross customs receipts from fishery products duties, a total of approximately \$26.6 million would be available to carry out consumer education, market development and purchase programs for fish and fishery products.

Currently, the Department purchases foods for distribution to domestic food assistance programs, including child feeding programs, nutrition programs for the elderly funded under title VII of the Older Americans Act of 1965, and needy families on a few Indian reservations.

As a result of Public Law 93-86, enacted August 10, 1973, all political subdivisions of the country which distributed federally donated foods to needy families were required to transfer to the food stamp program by June 30, 1974, unless it could be shown that this would be impracticable in a given area.

The Department would not be adverse to the inclusion of donated fish and fishery products in the school lunch program. However, before consideration is given to the inclusion of specific items for donation they must first meet certain criteria.

For example, the local school authorities consult annually with State school lunch agencies in developing a list of preferred foods for possible purchase. This list is then submitted to the Department. Fish and fishery products have never been included among those items requested for purchase by the Department.

Also to be considered is whether or not the product can be standardized for national distribution. While fish items, especially shellfish items, might be acceptable in the coastal areas of the country, we doubt that they would be preferred nationally in relation to other foods by schoolchildren. Processed fishery products, such as canned tuna, or salmon would probably be more acceptable on a national scale than certain shellfish.

Another factor to be considered is the ratio of the Department's purchase program to that purchased at the local level—that ratio is about 1 to 4. The bulk of fish and fishery products is now bought by the schools at the local level exclusively.

The Department believes it is preferable for fish and fishery products to be purchased by schools at the local level, so as to accommodate the taste preferences of schoolchildren.

Nutrition programs for the elderly under title VII are often widely dispersed and serve relatively few recipients, and providing fish items to these outlets—should schools not elect to receive donated fish items—would present formidable logistical difficulties.

Indian reservations, besides being located in remote areas, and often lacking refrigeration facilities, would not offer a significant outlet for fish items because of the small number of recipients—about 70,000 nationwide.

For these reasons we are unable to support H.R. 6084 and H.R. 6981.

Mr. Chairman, this concludes my statement. I will be glad to respond to any questions the committee may have.

Mr. DINGELL. We thank you for your testimony, and appreciate your presence, and assistance of your colleagues.

The Chair will recognize Mr. Forsythe.

Mr. FORSYTHE. Thank you, Mr. Chairman.

Thank you, Mr. Wilkinson.

I gather from your statement, that because we are dealing in fish and shellfish products, that it really does not fit the food distribution program. However, there certainly should be no bar to processed food in this program.

Is there not a great need to increase the demand for these fishery products through the whole establishment that you do have?

Mr. WILKINSON. I think we have indicated, Mr. Forsythe, that processed fishery products, such as canned tuna and canned salmon, would probably be more acceptable, and at that point we concur on a national scale.

As far as the promotion of the commodities at the school level, and the local levels, I would remind you the Department of Agriculture does not have the responsibility there. That would be the Commerce Department in the market development, the marketing process.

We respond to the requests of the school officials, whom I hope, and presume, will be reflecting their desires. To date, they have not reflected a desire for fish or fishery products.

Mr. FORSYTHE. While I agree that Commerce should have been promoting these things, I have a haunting idea that a lot of this would be developing parallel operations with one part selling fish, and you selling agricultural products, and that they somehow ought to get this put together so that we are truly getting a total balance in our food distribution system.

You well may say that it is his job, but somehow we have to get across that line and develop a cooperative program.

Mr. WILKINSON. I concur with you, sir. I do not think we want to see one agency pitting itself against another.

Maybe I can rephrase the Department of Agriculture's concern: It is now our policy, and directed as recently as a year or two ago by you gentlemen, to move away from the purchase of commodities in the national school lunch program, in the nutrition programs, and welfare programs, tending toward, of course, the food stamp emphasis.

I am indicating then that the remaining programs would be most difficult for us to handle—fish products, because of the small group

of people that are involved, the elderly, Indians, and others in that grouping.

Mr. FORSYTHE. Of course, I am really trying to get back to creating consumer demand, creating it through our schools and through all of the institutions that we are supporting in one way or another. If the National Marine Fisheries Service could man an extension of the Home Economic Service, it could do wonders for the whole field of fish, as well as promoting some of the other things they are doing. However, I believe a cooperative Commerce-Agriculture program may offer the best solution.

I know that I am cutting across all kinds of lines, but it seems to me that these are some of the areas that perhaps, after reviewing the GAO study, we may do better in.

Mr. WILKINSON. Would it be helpful, Mr. Forsythe, if Mr. Greer of the Food and Nutrition Service would indicate the communication they normally have with the school officials?

Mr. FORSYTHE. It would be helpful.

Mr. GREER. Thank you, sir.

We have a form which we send out each year to the school lunch officials, and there are approximately 87,000 schools we do business with.

This goes out with their list of preferences of food desired for us to purchase to the extent possible. On the form, we list certain items we know to be traditional, that they always want, then we leave space for them to comment, and tell us the other items that they prefer.

We have not, to date, received an indication that they would prefer a fish item.

Mr. FORSYTHE. Has there been a fishery product on the list of suggestions?

Mr. GREER. Not to my knowledge; no, sir.

Mr. FORSYTHE. I guess that is all.

Thank you very much.

Thank you, Mr. Chairman.

Mr. DINGELL. Thank you very much, Ed.

The Chair recognizes Mr. Pritchard.

Mr. PRITCHARD. I do not have a great number of questions, Mr. Chairman.

I think I share the same concern that you feel. There is so much leverage and so much muscle exerted by the traditional wheat, beef, and other very large interests in the agricultural community that there is a momentum built up that goes around in circles, and fish cannot quite get into the circle. I do not know that we ought to point fingers or try to blame anyone, but we want to get the door open so we can get into this surplus or fish. The nutritional value of fish is so high but it just seems that somehow we cannot break through.

I realize that in the past in many parts of the country, fish has been overlooked by consumers. Ever since World War II, however, I think that fish has grown to become a national food product. Taking the uses of tuna fish, salmon, fish sticks, and all the other products, it is a little hard for me to believe that they cannot break into the circle and be used in these very large school lunch programs. I cannot understand why fish should not have a percentage of the opportunity.

We also know that eating habits, started at an early age, continue through life. We have seen this in the rolls that we have introduced in the Philippines and Japan. They are now using wheat.

Here we keep banging, and we do not seem to hit anybody. There is nobody really at fault, but this thing just keeps going round and round, and the fishery products cannot seem to achieve a greater demand.

What would you do if you were in our shoes?

If you agree it is a good idea that fish be more used, where would you look?

Mr. WILKINSON. I would look at food programs that other groups have followed. I think this is what you are saying.

Someone does get to the school lunch officials, and does promote the commodity, and in many cases if you are talking about the grains, or the wheat, they are right there in that community. They have a headstart. They have been accepted by the youngsters, and by the purchasing officials.

I am also aware of the fact that many of these organizations have, in many cases, for a long time, had their own very expensive market development programs; for example, the Great Plains wheat, the American Meat Institute, and many others. A great part of their effort has been directed toward the school people, first in the nutritional educational study, and this is bound to have some value when it comes to the purchase area.

The Department of Agriculture, in its normal purchase program, has never gotten involved in trying to promote the purchase at a local level. It will follow the request of the school officials.

Mr. Pritchard, I would go to the industry.

Mr. PRITCHARD. I have no other questions.

Mr. OBERSTAR [presiding]. Mr. Emery?

Mr. EMERY. I have no questions at this time.

Thank you very much.

Mr. OBERSTAR. Does counsel have questions?

Mr. MANNINA. Mr. Wilkinson, can you indicate now for the record the volume and type of fishery products which are currently distributed pursuant to the various authorities of the Department of Agriculture?

Mr. WILKINSON. May I refer to Mr. Greer again of the Food and Nutrition Service?

The question is are there any being distributed, to your knowledge, at this time.

Mr. GREER. There are none, to my knowledge, at this time.

Mr. MANNINA. Absolutely none being distributed?

Mr. GREER. Being distributed by the Department of Agriculture?

Mr. MANNINA. Yes.

Mr. GREER. Not to my knowledge.

Mr. OBERSTAR. Mr. Forsythe?

Mr. FORSYTHE. Is there a matter of law involved in that you are not authorized to purchase any fish products whatsoever?

Mr. WILKINSON. No, there is no law. It is basically again the fact that we have just not had the requests, Mr. Forsythe.

Mr. FORSYTHE. Thank you.

Mr. OBERSTAR. Mr. Everett?

Mr. EVERETT. Mr. Wilkinson, I wonder if you could help explain what the law is, particularly with respect to 7 U.S.C. 612(c) which, I guess, is your basic authority to transfer 30 percent of the gross receipts collected by the Customs Service to your Department?

Mr. WILKINSON. Yes, sir.

We start first with section 32, funding, under the act of 1935, and if you will remember, this is the act which transfers to the Secretary of Agriculture 30 percent of the gross customs receipts collected in the preceding calendar year.

This includes all of the food commodities. And then, subsequently in 1939, the act you refer to requires the transfer of 30 percent of the gross receipts of the fishery product duties from Agriculture to Commerce.

This, then, is the program under which we are now functioning. As we receive section 32 funds, those moneys coming from fishery products are then transferred to the Department of Commerce.

Mr. EVERETT. Now, that is kind of a washout with respect to the 30 percent that Commerce gets, which is also 300 percent of what you collect from fishery import duties, is that correct?

I know you get 30 percent on other things as well. But, of the 30 percent on fishery import duties, that is all just assigned to the Commerce Department?

Mr. WILKINSON. That is all assigned to Commerce; yes, sir.

Mr. EVERETT. Can you briefly explain what those funds are used for that you get under the act that you referred to?

Mr. WILKINSON. Yes, I would be pleased to do that.

You are speaking now of those funds that are not transferred to the Commerce Department which do come from section 32 funding?

Mr. EVERETT. I am interested particularly in the Act as it relates to fishery products.

Mr. WILKINSON. We would have no funding left then for fisheries products.

Mr. EVERETT. You have no authority?

Mr. WILKINSON. No. All funds are transferred to Commerce.

Mr. EVERETT. How much do you collect under this section 32 per year?

Mr. WILKINSON. We would collect an amount equal to \$8 million.

Mr. EVERETT. I am talking about your total under section 32 where you get 30 percent of all gross receipts.

Mr. WILKINSON. I understand your question. Let me check and see.

It is approximately \$1 billion under section 32 funding.

Mr. EVERETT. Of that moment, roughly \$7 million or \$8 million is transferred to Agriculture for fishery purposes.

I was under the impression you had the right to include fishery products as perishable, non-basic agricultural commodities in regards to some sort of a purchase program.

Is any such authority in the agriculture program?

Mr. WILKINSON. The authority has been there.

Mr. Greer?

Mr. GREER. I believe we always had the authority to my knowledge, but the demand for the utilization of fish or fishery products has not been, to my knowledge.

Mr. EVERETT. You have had the authority but there is no demand, you say, from the public?

Mr. GREER. That is right.

Mr. EVERETT. Does the public realize these fishery products would be available to them along with the other type of products that have been requested from you?

Mr. GREER. I cannot give you an answer to that right now because I am not sure to what extent they are aware.

Mr. EVERETT. Since no one has ever requested fishery products, I am wondering if they are aware that they are available.

I wish you would submit to the committee the type of request that goes out that would indicate what is included in your offer for the purchase of products under the school lunch program.

Mr. WILKINSON. We will be pleased to supply that to the committee, including the type of information the Food and Nutrition Service makes available.

[The following was received for the record:]

U.S. DEPARTMENT OF AGRICULTURE,
FOOD AND NUTRITION SERVICE,
Washington, D.C., November 20, 1975.

Mr. NED P. EVERETT,
Counsel, Subcommittee on Fisheries and Wildlife Conservation and the Environment, Longworth House Office Building, Washington, D.C.

DEAR MR. EVERETT: In response to your request, we enclose a copy of our Section 6 food preference form by means of which schools indicate to us, through channels, which foods they most prefer.

You will note that, while fish is not specifically listed, we have made provision on the form for schools to indicate other preferences. The most recent survey, Spring of 1975, disclosed that only two States expressed any interest in fish.

If we can be of further service, please let us know.

Sincerely yours,

JUAN DEL CASTILLO,
Director, Food Distribution Division.

Enclosure.

Previous edition obsolete

FORM FNS-35
(3-75)U.S. DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE

FOOD PREFERENCE REPORT

(School Lunch Purchases Under Section 6)
FNS(CN) Instr. 794-11

FORM APPROVED OMB NO. 40-R3668

REPORT FOR FISCAL YEAR

STATE

19

INSTRUCTIONS: Please submit an original and one copy to the FNS Regional Office not later than May 15.

Place an "X" beside the six most preferred food items in each of the three columns. Use the space at the bottom, or the reverse, to list additional items you wish to have considered, as well as any comments relative to grade, quality, package, or can size and acceptability of individual products. Begin comments with name of product.

(All items listed below are canned unless otherwise specified.)

"X" SIX ONLY	1 PROTEIN FOODS	"X" SIX ONLY	2 FRUITS	"X" SIX ONLY	3 VEGETABLES
	Beans, Dry, Packaged		Applesauce		Beans, Green
	Beef, Frozen Ground		Apple Slices		Beans, Green, Frozen
	Beef, Natural Juice		Apricots, Whole Peeled		Corn
	Cheese, Natural Bulk		Apricots, Unpeeled Halves		Corn, Frozen
	Cheese, Processed Loaves		Fruit Cocktail		Peas, Green
	Chicken, Frozen		Grapefruit Sections		Peas, Green, Frozen
	Frankfurters, Frozen		Orange Juice, Conc., Frozen		Potatoes, French Fr., Frozen
	Peanut Butter		Peaches, Halves		Potatoes, Dehy., Packaged
	Pork, Natural Juices		Peaches, Sliced/Diced		Sweet Potatoes, Syrup, Pack
	Poultry, Boned		Pears, Halves		Tomatoes, Peeled
	Turkeys, Frozen		Pears, Qtrs., Sliced/Diced		Tomato Paste/Puree
	Turkey Rolls, Frozen		Pineapple, Tidbits/Crushed		Vegetables, Mixed Frozen
			Prunes, Dried, Pitted		
			Raisins, Dried, Packaged		

Preferences are not binding on the U.S. Department of Agriculture; and, while the Food and Nutrition Service will include these in its planning, distribution may be made of these food items or others so that the requirements of current laws will be met.

COMMENTS: (Your comments are important, they will help us serve you better.)

DATE

SIGNATURE OF SCHOOL LUNCH DIRECTOR

Mr. EVERETT. With respect to the \$1.5 million that the Secretary of Commerce is authorized to retransfer back to you, to your knowledge this never has been done?

Mr. WILKINSON. This, to the best of our knowledge, has never been transferred back.

Mr. EVERETT. I get the impression from reading your statement that you are primarily opposed to the provision in the bill that has to do with the acquisition of surplus products.

You do not mention the 25 percent for consumer education and 25 percent for marketing. You seem to be concerned about the purchase of surplus products only.

Mr. WILKINSON. That is correct, because our responsibility, as we would deem it, would be exclusively directed toward food distribution.

Mr. EVERETT. Well, if that 50 percent formula was taken out and those funds used for some other purpose, would you still object to the legislation?

Mr. WILKINSON. The Department of Agriculture then, sir, as I would understand it, would have no involvement and, I presume, would have no objection.

Mr. EVERETT. You are not objecting to the concept of using the 70 percent that is now going to the Treasury and being utilized under the legislation for some other purpose?

Mr. WILKINSON. Our objection is referring strictly to the purchase program and the distribution program.

Mr. EVERETT. They are all the questions I have, Mr. Oberstar.

Mr. OBERSTAR. Thank you, Mr. Everett.

The Department of Agriculture does operate consumer education and market development and market research programs. Could you describe those just very briefly as to what they accomplish and why they are in place?

Mr. WILKINSON. Yes, I would do it briefly, because there are quite a few of them.

Mr. Oberstar, they are made possible through two or three different methods. One is the industry checkoff programs and one that you are familiar with now being considered by the gentlemen is the beef research development.

The other would be eggs. And there are others as well. These programs provide enabling legislation to producer groups, to conduct referendums to determine whether there will be a deduction from their own revenue, from their own funding to finance market development.

Mr. OBERSTAR. Why were those programs initiated?

Mr. WILKINSON. We presume they were initiated by the effected industry producers to expand the market for their commodities.

Mr. OBERSTAR. And you agree there was a need to expand the market in those areas?

Mr. WILKINSON. I personally do believe that at various times there has been a need to bring improved understanding and consumer education to the recipients of the commodities.

Mr. OBERSTAR. Do you believe there is a need to expand the market in fish and fishery products?

Mr. WILKINSON. I would respond by indicating that this is a question that, in all cases, the affected producers should answer, not a governmental official. And in the case of the ones I have referred to.

Mr. OBERSTAR. Do you not have an opinion on that?

Mr. WILKINSON. I am one involved in marketing that does believe producer groups can, by improved information to the consuming public, enhance the market for their commodities.

Mr. OBERSTAR. Do you believe the fish market or the market for fishery products is at its limit, or do you believe there is room for growth and that it ought to be an obligation of the Federal Government to participate in making that growth possible?

Mr. WILKINSON. I would go back to Mr. Pritchard's comment.

I think that there are many people who do not fully appreciate the merits of our different fishery products. I think the fishing industry, therefore, has to face up to its obligation.

Mr. OBERSTAR. Well, I think that after weeks of testimony we have had on a variety of legislation, it is obvious to me that the fishery sector of the economy is certainly interested in explaining their sector, and they certainly do not think they are at the limit, and they would like to see some governmental participation.

That is why they are, at least in principle, supporting this legislation.

I think that the Department of Agriculture ought to take a look at this legislation in a different light and exercise some independent judgment.

I realize that it is difficult to do with OMB looking over your shoulder, but you ought to look at what the industry is interested in and help the committee somewhat.

At page 3 of your testimony, you say fish and fishery products have not been included among the school lunch program items requested by local authorities. Why Not?

Mr. WILKINSON. I think, again, because apparently they are not either desired by the children, who are supposedly being served by the school lunch officials at the local level, or there is greater desire for other competitive food products.

Mr. OBERSTAR. Well, they have to pay for that out of 100 percent local funds, do they not?

Mr. WILKINSON. Yes, if they are purchased.

Mr. OBERSTAR. So that is a pretty good incentive for them not to ask for that to be included.

Mr. WILKINSON. I think Mr. Greer should respond to that particular comment which is 100 percent funding versus Federal funding.

Mr. GREER. I am not sure I understood your question.

Mr. OBERSTAR. Well, if the school lunch director in my hometown of Chisholm, Minn., has to pay 100 percent local funds for the school, that is a pretty good incentive for that person not to request fish on the school lunch program.

Mr. GREER. Well, I think the Department of Agriculture pays a substantial amount to the school lunch program in reimbursement moneys.

Mr. OBERSTAR. But not for fish.

Mr. GREER. Whatever the school lunch people desire to buy, and they can buy fish if they want.

Mr. OBERSTAR. I understood Mr. Wilkinson to say fish would not be covered by the 100 percent.

Mr. GREER. I am not sure I understand your question.

Mr. WILKINSON. No, fish could be purchased under the Federal program, but fish has never been requested. That is what we are indicating here.

Mr. OBERSTAR. We are back where I started. Why not?

The question is, is the matter of Federal funding a factor?

Mr. WILKINSON. Mr. Greer, do you understand the question?

Mr. GREER. I think perhaps on the part of the U.S. Department of Agriculture, purchasing fish is one thing as opposed to the amount of money the school lunch program receives from the Department of Agriculture. The schools are entitled to purchase anything they desire, and that the schoolchildren like.

We donate approximately 20 percent of the total food used in the school lunch program for schoolchildren.

Mr. OBERSTAR. You do not donate any fish?

Mr. GREER. No.

Mr. OBERSTAR. And if fish is not donated, then it is not likely for the school lunch administrator to include fish on their menu.

Mr. GREER. Oh, yes, I would imagine they do include fish, but they purchase it themselves locally because they purchase the other 80 percent of the food being used in the food lunch program.

Schools have not asked us, to my knowledge, to buy fish for their programs.

Mr. OBERSTAR. We are back to where I started, and that is if they have to buy locally, it is going to be 100 percent local funding, no Federal support. And they are likely to be discouraged from that.

Mr. WILKINSON. But they are buying fish locally, sir. They are buying fish, is that not correct, Mr. Greer?

Mr. GREER. Yes.

Mr. WILKINSON. They are buying fish at the local level, and we advocate this. But they have not asked it from the Federal distribution program—from the 20 percent.

Mr. OBERSTAR. If this legislation were to be enacted, and you had a fund to support fish and fishery products in school programs, you might be urging school administrators to include tuna on their menus because it is high in protein, one of the highest protein foods, no carbohydrates, in fact, and is low in fat. It might be a very good item to include on a school lunch menu once or twice a week.

Mr. WILKINSON. As I think I have indicated earlier, we do not necessarily encourage school administrators to include any particular commodity.

Mr. OBERSTAR. Would we be talking about consumer education and market development programs, that that might be included within that?

Mr. WILKINSON. Our program, as we understand it, would be restricted to the purchase and distribution aspect.

If the Commerce Department, through their efforts, developed a demand at the local community level and it was reflected through the purchase requests, then we would respond if we had this authority.

Mr. OBERSTAR. That covers all the questions I have.

Thank you very much.

Mr. DINGELL [presiding]. Our next witness is Mr. Lee Weddig, executive director, National Fisheries Institute, Inc.

**STATEMENT OF ROBERT P. JONES, EXECUTIVE DIRECTOR,
SOUTHEASTERN FISHERIES ASSOCIATION**

Mr. JONES. Mr. Chairman, Mr. Weddig has not arrived yet, and he asked me to request you to proceed with me as your next witness.

Mr. DINGELL. We will defer until such a later time as he arrives.

We will now hear from Mr. Robert P. Jones, executive director, Southeastern Fisheries Association. Mr. Jones, identify yourself for the record, and we will be most pleased to receive your statement.

Mr. JONES. Thank you, Mr. Chairman.

Mr. Chairman, it is a long time since I have had the privilege of testifying before you.

I am Bob Jones, and I hold the position of executive director of the Southeastern Fisheries Association. This is a five-State regional fishery trade association encompassing the States of North Carolina, South Carolina, Georgia, Florida, and Alabama.

Southeastern has 350 members who employ approximately 12,000 people. My members either produce directly or purchase seafoods from approximately 6,000 fishermen. Southeastern also makes up a part of SAOTA, which is an international shrimp trade association. We also belong to NFI—the largest fishery trade association in the country.

I briefly mention these points to stress that I am testifying on behalf of a significant part of the U.S. commercial fishing industry.

H.R. 6981 was introduced in the House of Representatives by the Hon. Robert Sikes of Florida at the specific request of the board of directors of Southeastern. And I might add that Congressman Sikes was recognized as "Man of the Year" by Southeastern this past June at our annual convention because of the assistance he provided our industry in its "darkest hour."

As you gentlemen know, the entire commercial fishing industry experienced the worst economic catastrophe last year than at any time in the history of this great country. And although conditions are improving, they remain bad. Another severe economic reversal right now would wipe out at least half of our shrimp fleet.

Because passage of this bill is so important to the entire commercial fishing industry, there are a number of points I wish to make today.

To begin with, I honestly believe that I am more familiar with the marketing activities of the National Marine Fisheries Service than any man outside of government.

In the southeast we have had, since 1964, a joint industry-States-NMFS marketing program where—in the best of "American tradition"—we have worked together to expand our markets for seafoods. We have shared in the planning, execution, and the costs of marketing programs that have been enormously effective.

Currently the NMFS spends less than \$1 million for marketing. And although the total budget of NMFS exceeds \$60 million, just

about any industry man in the southeast will testify that marketing is by far the most effective program of this Federal Agency.

I will briefly enumerate some of the results of this program so that you can better understand why we support this program so strongly and request that it be properly funded. I will be brief but I do hope that my statements will stimulate some questions.

Mullet was not mentioned as a commodity that could stand a great deal of promotion. Mullet is a species in our part of the country that can be 10 times more in production than is currently produced, but we have no place to sell it, do not have the technology to can it and distribute it.

Our mullet industry has been depressed for more than 2 decades. Thanks to NMFS marketing activities, industry has made money in this fishery for the past 3 years. Production increased from 30.8 million pounds in 1971 to 32.8 million pounds in 1972; 33.4 million pounds in 1973, and 35.2 million pounds last year. Fishermen received \$2.6 million for their catch in 1971 and over \$4 million for their catch in 1974.

As a direct result of NMFS efforts, industry has exported over \$1 million worth of roe mullet and mullet roe to Japan, Taiwan and France each year for the past 3 years. Domestic consumption of mullet also has increased as a result of their efforts.

Spanish mackerel. The NMFS and Florida marketing staffs have been of invaluable assistance to industry in expanding markets for Spanish mackerel. They also were responsible for introducing the first filleting machines in the southeast. These two factors have created a very prosperous Spanish mackerel fishery that continues to grow.

When this program was started in 1964, industry was producing less than 6 million pounds per year. Last year, production was nearly 11 million pounds.

Shrimp. The NMFS marketing staff has provided enormous assistance to our shrimp industry on many occasions. We went into 1974 with nearly 90 million pounds of shrimp in the freezers. With a small budget and a small staff, the NMFS assisted industry in a nationwide marketing effort on shrimp.

Today, shrimp cold storage holdings are less than 50 million pounds—48.5 million pounds on July 31. However, in 1974, industry lost literally millions of dollars.

Had we had a strong NMFS marketing program as H.R. 6981 calls for, this situation could have been avoided. And I would stress that this probably is the most valuable fishery in the world. Shrimp account for between 20 and 25 percent of the value of all U.S. landings of seafoods. In the Gulf and south Atlantic alone, we have nearly 10,000 shrimp boats that in 1974 received over \$155 million for their catch. I might add that shrimp fishermen in this area received over \$199 million for their catch in 1973. I further would point out that landings from this area in 1974 were over 5 million pounds greater—212.6 million pounds versus 207.1 million pounds—yet fishermen received about \$44 million less for their catch.

I know that everyone is familiar with what we call "Black Friday," which is the edict by the Pope that relaxed the Friday meat-eating rule.

Mr. OBERSTAR. Are you suggesting that the American Meat Institute had a better lobbying effort in Rome than the fishery industry?

Mr. JONES. I would say they were a little closer to the man than we were. I thought we had it made because I think there were three commercial fishermen among the first Apostles.

One of the best examples of the effectiveness of the NMFS marketing program has to do with "Black Friday." When the Pope issued the papal edict which relaxed Friday meat abstinence rules for Roman Catholics in November of 1966, there was a worldwide decline in the demand for seafoods in 1967. That year, U.S. production declined by about 400 million pounds, and landings values declined from \$472 million to \$440 million.

In the southeast, the value of landings increased from \$149.7 million to \$152.4 million—an all-time record at that time. Our industry attributes this phenomenal success to the joint industry-States-NMFS marketing program in the southeast.

Emergency marketing program. As I alluded to earlier, the EMP has been responsible for keeping hundreds of businessmen from going broke during the past year. A special effect on shrimp, for example, drastically reduced cold storage holdings.

Because of a recovery in the marketplace, we currently are employing several thousand workers in shrimp processing plants that otherwise would be on welfare rolls. I estimate that, in 1974, at least 3,000 workers in shrimp processing plants had to be "laid off." They are back working, thanks to the release of the \$1 million by OMB. And this program has been of enormous assistance to the salmon, tuna, king crab, snow crab, oyster, mackerel, catfish, mullet, and many other fisheries throughout the country.

Of course, that in itself opens up a lot of questions on how we are going to catch the fish and who is going to eat it. But there will be a need for an intense marketing effort.

It appears that Congress soon will establish a 200-mile limit. If this happens and we gain access to the additional 8 billion pounds of fish now being harvested by foreign fleets, we certainly are going to need additional markets for our products.

The best example I can use to justify the need for Congress to pass H.R. 6981 is to compare Government marketing support for agricultural programs versus a lack of support for fishery marketing programs.

In addition to the many subsidy and price support programs, agriculture is blessed with an extensive cooperative extension service. In this system there are about 7,500 agricultural home demonstration agents who teach homemakers how to purchase and prepare agricultural food products. The NMFS has only four—I repeat four—fisheries home demonstration agents.

I have heard many people criticize certain parts of government programs for agriculture. We certainly do not. We can only marvel over the fact that about 3 million farmworkers produce enough food to feed about 225 million Americans and still enable the United States to export over \$20 billion worth of agricultural products each year.

H.R. 6981 would provide the same type of support for fisheries—at a much more modest level.

Mr. Chairman, I believe you already have received resolutions passed by the National Fisheries Policy Conference at its meeting here in Washington, D.C. this past July. At this conference, which was represented by practically every major fishery trade association in the country, a resolution endorsing H.R. 6981 was passed unanimously. I believe this reflects total industry support for this bill.

I would bring to the attention of this committee that H.R. 6981 is carefully worded. We asked Hon. Congressman Sikes to do so for a very important reason, and that is to make sure that the intent of Congress is very clear as to the purpose of this important bill.

In 1954, the late President John F. Kennedy, then Senator from Massachusetts, cosponsored a bill popularly known as the Saltonstall-Kennedy bill—the very bill that H.R. 6981 would amend. The original intent of this bill was to provide marketing assistance to the commercial fishing industry.

This bill was signed into law by the late President Eisenhower. Unfortunately, the Government bureaucrats in the NMFS have not carried out the original intent of a bill that had bipartisan support in both the House and Senate and signed into law by a Republican President. We do not wish for this to happen again.

In conclusion, I submit that we can become the No. 1 fishing nation in the entire world. To do so will require action on the part of Congress to create a favorable environment under which the U.S. commercial fishing industry can prosper.

Currently, we are having to compete with subsidized countries all over the world—many of them supported substantially with U.S. tax dollars. When the fuel crisis created chaos throughout the world fishing community last year, our neighbor to the north, Canada, immediately provided an additional \$85 million in subsidies to its fishing industry.

I would like to leave with the committee the July 5 issue of "The National Provisioner" as documentation of Canadian Government activities, that begins on page 38.

Mr. DINGELL. Without objection, that will be received by the staff for review with regard to its appropriateness for insertion in our record.

[The document was placed in the files of the subcommittee.]

Mr. JONES. Our Government provided our industry with \$1 million for the emergency marketing program. And this program has proved conclusively that the passage of H.R. 6981 will be a wise investment in our fisheries. Our fisheries, in turn, can make substantial economic contributions to our country, and it will better assure a continuing and increasing supply of high quality and reasonably priced protein food for this country.

Again, I am just not appreciative—I am grateful—for the opportunity to appear before this distinguished committee. If time allows and the Chairman will permit, I will be pleased to respond to any questions from the chairman or committee members.

Thank you very much.

Mr. DINGELL. Thank you very much, Mr. Jones.

Mr. Oberstar?

Mr. OBERSTAR. Thank you, Mr. Chairman.

Following up on your comments on page 2, Mr. Jones, what is a very helpful and informative statement, I might add what is the

value of landing in the Southeast in 1974 or the most recent year of record as compared to 1967?

Mr. JONES. I would have to get the figures out of my book. Can I do that?

Could I ask one of the Government people who has just testified to come up and assist me in finding it in the book?

Mr. OBERSTAR. Certainly.

Mr. JONES. Would you repeat the question?

Mr. OBERSTAR. Compare the value of landings in the Southeast, as you state in your last paragraph on page 2, landings in 1967 to the most recent year of record.

Mr. JONES. They have all increased. I do not know about the percentages. I would have to compute it.

We could provide that to staff.

Mr. DINGELL. Without objection, that will be inserted in the record at this point.

[The following was received for the record:]

SOUTHEASTERN FISHERIES ASSOCIATION, INC.,
Tallahassee, Fla., December 2, 1975.

Hon. JAMES L. OBERSTAR,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN OBERSTAR: The questions you asked at the recent hearings on H.R. 6981 reflected to me an intense interest in the welfare of our domestic fishing industry and I am appreciative.

I wish to further respond to a specific question you asked of me regarding increases in value of fishery landings in the Southeast Region. You will recall that I made the statement that the landings value in the Southeast Region increased in 1967 whereas the landings declined nationally as a result of the relaxation of Friday meat abstinence rules by the Pope. The question you asked, as I understood it, was that using 1967 as a base, what has happened to landings values in the Southeast since that time.

As the attached table indicates, the value of landings in the Southeast Region has increased each and every year through 1973. As I indicated in my testimony, we took a shellacking in 1974. The shrimp industry was hard hit throughout 1974 whereas many fisheries did not feel the impact until the latter part of 1974 and on into 1975.

In my view you made the most important point in the entire hearings when you recommended—and Chairman Dingell agreed—that the legislative council should get together with NMFS officials and modify the bill so that it will be satisfactory to the Administration. We will appreciate your following up on this point.

I detected also that there may be a desire on the part of the Committee to await the outcome of a number of studies before taking any Congressional action on individual legislation. I have reference, of course, to the development of the National Fisheries Plan by the National Marine Fisheries Service, the studies being conducted under the auspices of the "Eastland Resolution" and the GAO study being conducted at the request of the Honorable Congressman Leggett.

I agree that these studies are of the utmost importance in coming to grips with the many diverse problems and opportunities of the domestic commercial fishing industry. In the final analysis, however, all of these studies should reflect recognition that maintenance and expansion of markets are essential to the maintenance and expansion of a strong domestic commercial fishing industry. Therefore, H.R. 6981, as may be modified by meetings between your council and NMFS representatives, represents action that the Congress can take now to assist industry. And, I can't visualize this action conflicting with later legislation that the Congress might enact.

Again, we in industry appreciate your demonstrated interest in our problems.

Sincerely yours,

BOB JONES,
Executive Director.

A COMPARISON OF U.S. AND SOUTHEAST REGION FISHERY LANDINGS VOLUME AND VALUE, 1966 TO 1974

[Millions of pounds and millions of dollars]

	Rest of U.S.		Southeast Region		Total	
	Volume	Value	Volume	Value	Volume	Value
1966.....	2,802	\$322	1,564	\$150	4,366	\$472
1967.....	2,521	288	1,534	152	4,055	440
1968.....	2,532	325	1,628	172	4,160	497
1969.....	2,404	338	1,933	189	4,337	527
1970.....	2,939	417	1,978	196	4,917	613
1971.....	2,663	410	2,355	241	5,018	651
1972.....	2,932	479	1,874	269	4,806	748
1973.....	2,943	582	1,789	325	4,732	907
1974.....	2,868	610	2,072	289	4,940	899

Mr. JONES. It has increased, Mr. Oberstar.

Mr. OBERSTAR. Fine.

I think it would be helpful to have that information since you use that year as a benchmark of growth as an all-time record high.

It would be helpful to know what has happened in the years since then.

Mr. JONES. Yes, sir.

Mr. OBERSTAR. You point out, on page 1 of your statement, that the National Marine Fisheries Service spends less than \$1 million for marketing of the total \$60 million budget.

Why so low and what are they doing with the other \$59 million?

Mr. JONES. It has always been a matter of priority within the service, even before it was the National Marine Fishery Service, on how the funds were disbursed. And I think the people making the decision on the disbursal of funds held marketing as a low priority item.

I think the Saltonstall-Kennedy Act, when it was set up, on the first page of the actual amendment itself which I have here, calls for the funds to be used to promote the free flow of domestically produced fishery products and increase markets for fishery products, and also to provide an extension service.

Mr. Oberstar, these things have never been done to the level at which I think Congress intended.

That is a fight that industry has been having with the service for many years. There is \$800,000 spent for marketing out of the \$60 million budget.

Mr. OBERSTAR. How is that marketing conducted?

Is it done by radio, TV, newspaper ads or advice to the industry? In what form is that conducted?

Mr. JONES. All of those items that you mentioned plus personal contacts with newspapers to try to educate the food editor on the amount of seafood that is available and what form it is available in and what price it could be available for.

Mr. Brawner, who heads up the emergency marketing program, could give you a much better definition than I on exactly how the program operates.

Mr. OBERSTAR. Could you do that?

Mr. BRAWNER. The first point I would make is that we do not spend any money on paid advertising. It is basically a consumer education program.

For example, we provide newspaper food editors with fact sheets, recipes, food photographs that teach the consumer how to purchase and prepare seafood.

We work directly with the food chain merchandisers, the restaurant chain executives, to have them increase their promotion of seafoods.

We have four home economists who make public appearances on TV, but no paid advertising.

Mr. OBERSTAR. Well, that is the kind of information that I think is most useful and most valuable to the industry and to the consumer, a factual, straightforward informational service, telling them what is the food value of various kinds of fishery products and how to use them, what menu ideas to include in their daily preparations.

Consumers appreciate that kind of thing instead of one brand name over another brand name.

With that kind of help, I think this legislation looks to increase that kind of professional and responsible information.

USDA does that on a wide range of agricultural commodities, does it not?

Mr. JONES. Seventy-five hundred home demonstration agents.

Mr. OBERSTAR. Yes, they could not even tell us why they will not ask for fish to be included in the school lunch program. I do not understand that.

One other question, Mr. Jones. Could you tell me what kind of marketing, market development or market research work you would like to see the Federal Government undertake?

Mr. JONES. I would like to see a totally expanded version of what they are doing now.

We have no objection to the way they are handling the program. We think the guidelines that have been put forth by Congress are guidelines that we can live with; in other words, how the money is spent but there is just such a limited number of human beings that can do the work.

Mr. OBERSTAR. How much of a program dollarwise to phrase it more accurately, what budget would you suggest for an adequate program?

Mr. JONES. About \$8 million per year for this portion of the Marketing and Extension Service.

I do believe that \$8 million would do it.

Mr. OBERSTAR. And without having to raise any more money, this legislation would accomplish what you are seeking to do without having to raise any more money, taking a little more out of what we have coming in, is that right?

Mr. JONES. That is right.

Mr. OBERSTAR. Thank you, Mr. Chairman.

Mr. DINGELL. Mr. Forsythe?

Mr. FORSYTHE. Thank you, Mr. Chairman.

Thank you very much for your testimony, Mr. Jones.

I recognize your desire on this question of increasing the number of demonstration agents. You say you have only four whereas Agriculture has 7,500.

We just ought to get on their backs and maybe our agents should be working to sell to those 7,500 in the other areas where we could really put forth this nutritional education.

This is really the foundation of where we want to go. We need it. I wonder if you were thinking in that area.

Mr. JONES. I think we should work very closely with them.

We have had a problem in our industry on coming together and being united on any issue.

I think this is mostly our fault that Agriculture has not taken an interest in fisheries because probably we have not gone to them and asked them and find out just what exactly they could do for the industry as a whole.

We have been too busy fighting amongst ourselves on any number of issues. I think this is probably one of the first ones that we have been able to throw out in a nationwide meeting and have unanimous support.

What flabbergasted us was the support was unanimous from all sectors of the country.

A lot of blame has to fall on us and not with Congress or the Department itself.

Mr. FORSYTHE. Certainly the potential is there and as we move to the 200-mile zone I think the interest of this committee is to develop the utilization of these fisheries.

If we look at the worldwide food situation all of these have got to go toward health care and feeding the hungry but it is really how to make it pay off on the dock when we land it because that is where the payoff is.

Mr. JONES. Yes, sir.

Mr. FORSYTHE. It would seem to me that it may be unnecessary to duplicate the existing demonstration extension service that we have within the Department of Agriculture, as you know, they are hunting for viable projects to keep them in business.

In fact they are taking the 4-H Clubs into the urban areas because they do not have enough farmers out there.

It seems to me all of this ties together.

Mr. JONES. It does.

Mr. FORSYTHE. Thank you very much.

Thank you, Mr. Chairman.

Mr. DINGELL. Thank you, Mr. Forsythe.

Mr. Everett?

Mr. EVERETT. Thank you, Mr. Chairman. I just have one question.

Mr. Jones, I do not know whether it was asked of you or not, but could you indicate whether you are familiar with the Agriculture program with respect to their soliciting requests for products to be purchased under the school lunch program?

Do you have any comment to make on what the Agriculture witness said?

Mr. JONES. No, I am not familiar with it now but I will be familiar with it starting next week.

We are going to find out what has to be done, why it has not been done and see what has been done on the local levels.

Next week I am going to get educated.

Mr. EVERETT. Thank you, Mr. Jones.

Mr. JONES. Mr. Dingell, could I make a statement on a statement you made, sir?

Mr. DINGELL. If you have something to add, you can make a brief comment.

Mr. JONES. You asked Mr. Gehringer about the purchase of wetlands and has any money been used for this purpose.

I just want to bring to your attention that in Florida, through a bond issue about a year and a half ago we voted to spend \$240 million on the purchase of environmentally endangered lands and they are moving along real well and have bought thousands of acres.

Mr. DINGELL. Your State has been most provident in this area and I commend you for it.

Mr. JONES. Thank you very much.

Mr. DINGELL. Our next witness is Mr. Hugh O'Rourke, executive secretary and vice president of the Northeast Fisheries Steering Commission of the Boston Fisheries Association.

Mr. O'Rourke, we are pleased to have you with us. Identify yourself fully for the purposes of the record and we will be pleased to hear your statement.

**STATEMENT OF HUGH O'ROURKE, EXECUTIVE SECRETARY OF THE
BOSTON FISHERIES ASSOCIATION AND VICE PRESIDENT OF THE
NEW ENGLAND FISHERIES STEERING COMMITTEE**

Mr. O'ROURKE. Thank you, Mr. Chairman.

Mr. Chairman, my name is Hugh O'Rourke, executive secretary of the Boston Fisheries Association and vice president of the New England Fisheries Steering Committee. I appreciate the opportunity to appear before the committee on Merchant Marine and Fisheries requesting favorable consideration and passage of H.R. 6981 to provide additional financial assistance for consumer education and market development programs pertaining to U.S. fisheries.

Today, plans are being formulated to celebrate the 200th anniversary of the birth of our Nation, 1776-1976. In 1620 our pilgrim fathers landed on the Massachusetts shore with no means of financial support. They turned to the sea for sustenance and income. They discovered that by salting cod, an industry was born that provided them with an income, either by bartering for supplies or direct payment. A plaque placed on a stone in Stage Fort Park in Gloucester, Mass., reads:

Fishing—America's First Industry.

On this site in 1623 a company of fishermen and farmers from Dorchester England under the direction of Rev. John White founded the Massachusetts Bay Colony.

From that time the fisheries the oldest industry in the Commonwealth have been uninterruptedly pursued from this port.

Here in 1625 Governor Roger Conant by wise diplomacy averted bloodshed between contending factions, one led by Miles Standish of Plymouth, the other by Capt. Hewes.

A notable exemplification of arbitration in the beginnings of New England.

It is interesting to note that 156 years before our country was founded in 1776 that fishing was one of America's most important industries.

Members of the Merchant Marine and Fisheries Committee are well aware of the sad economic outlook that members of the New England fishing industry have experienced over the past 10 years.

This burden was created by overfishing practices of better than 18 foreign nations fishing the Georges Bank area, the traditional and historical fishing grounds of the New England fisherman. Due to lack of product, scarcely can he meet his operating expenses. To cite an example, in 1961 landings at the Boston fish pier totaled 115 million pounds. In the past 3 years, landings have averaged approximately 25 million pounds.

The decline of 100 million pounds has reduced the fishing fleet from 60 vessels in the early 1960's to approximately 15 boats today. Obviously, employment has dropped, processing plants have closed their doors and the consumer has been unable to enjoy the delicacies from the Georges Bank area.

In my presentation before the International Trade Commission at the J. F. Kennedy Building in Boston on April 3, 1975, I stated that the unique position of America's first industry has now slipped to an ignominious low.

According to the fisheries statistics of 1974, imports were valued at approximately \$2 billion of which 75 percent was edible product while exports amounted to approximately \$369.

During the past 10 years import duties on groundfish or cooked product—fish blocks—had been subject to reduction in tariffs because of the heavy influx of import fisheries products to the United States. As an example, the United States purchases approximately \$500 million worth from Canada, whereas Canada imports \$60 million worth of American seafood, primarily shrimp.

It is interesting to note that when a glut of blockfish resulted from overproduction, Canada bolstered their industry with a \$20 million subsidy in 1973. In 1974, Canada again came to the rescue of their industry by granting a \$50 million subsidy.

We in New England are well aware of these subsidies because of our proximity to Canada which permits over-the-road supply of fish being sold directly to marketing places in New England at a lower cost to the customer that formerly had their needs supplied by New England ports.

With the reduction of approximately one-half of the available product from Georges Banks, with the decrease in tariffs, with the tremendous increase in imports, the survival of the United States as a competitor in world fisheries is indeed today questionable. We in New England believe that our salvation rests in the rehabilitation of Georges Banks, under the 200-mile limit, so that we again can reestablish our position as a formidable supplier of seafoods.

Today we are discussing the Saltonstall-Kennedy bill S. 2802 which was enacted in 1954 for the primary intent of providing aid to the American fishermen because of the crushing effect of foreign imports.

It is interesting to note the farsightedness of the then Senators Kennedy and Saltonstall who apparently realized in 1954 that imports were on the increase.

When S. 2802 was passed, imports were approximately 30 percent of the fish consumed in the United States. As mentioned previously, it is now approximately 75 percent. It was the intent of the Saltonstall-Kennedy bill that duties accrued from imports would be made available to the industry under U.S. Government administration for development, research, and marketing. With imports today valued at ap-

proximately \$2 billion and duties averaging 3 percent, it would appear that better than \$30 million per year is realized from duties.

The New England fishing industry advocates a complete and proper use of the tariffs realized from the Saltonstall-Kennedy bill so that they may be applied for maximum benefit. It is interesting to note that reviewing the verbal and written testimony, Congressman Robert F. Sikes on April 8, 1954, favored the passage of S. 2802. On March 23, 1973, members of the New England Steering Committee appeared before the New England Congressional Caucus citing the burdensome problems experienced by the fisheries and the need for cooperative effort by the government and the industry in developing fishing methods to catch the under utilized species found off our coast.

Dr. Robert White, Administrator of NOAA, approved funding of the New England fisheries development program which embarked on a 3-year project involving research, production, processing and marketing of the underutilized species. This program which has been underway the past 18 months has been most productive.

The committee visualizes an extraordinary return of the Government's investment by opening up new markets. The deployment of fishing vessels working exclusively on the underutilized species, thereby reducing the fishing effort on groundfish. This cooperative fishing industry and Government participation could well be applied to the implementation of H.R. 6981 by the utilization of the Saltonstall-Kennedy funds to build greater consumer interest in our native fisheries products.

Serving as Vice Chairman of the National Marine Fisheries Service emergency marketing program, I have observed the value of promoting seafood on a nationwide basis which already indicates new consumer enthusiasm for American seafood. Following the precepts of the Saltonstall-Kennedy bill, funding of a nationwide marketing program is in order. I believe that the U.S. fishing industry should achieve the same status as the Department of Agriculture who receives constant support from the U.S. Government. It is about time that fishing as an industry strive to recover its former position in the world fishing marketplace and be able to supply its own product.

We can anticipate a reduction in cost to the consumer that will provide him with a highly nutritious food that is so necessary to our existence today.

May I also add that in May 1973, Senator Edward M. Kennedy advocated that 100 percent of the fish import duties be returned to the fishing industry for marketing purposes as reported in the Congressional Record, February 6, 1973.

Mr. Chairman, reviewing testimony of S. 2802 on April 1, 1954, it is strikingly similar to the testimony being offered here today.

A list of witnesses at the April 1954 hearings moved on to other endeavors. One was Governor Sargent of Massachusetts. The other was Thomas Fulham, to mention a few.

If they were here today, for the most part, they again could repeat their 1954 testimony as if this was 21 years ago.

President Kennedy's statement, S. 2802 on page 38, referred to the use of import duties that should be returned to the fisheries.

He also pointed out that the defense offered by the Department of Agriculture did not necessarily hold water purely because their refer-

ence was merely one of technical rather than an actual, practical approach.

Thank you, Mr. Chairman.

Mr. DINGELL. Thank you very much, Mr. O'Rourke.

The Committee is grateful to you for your helpful statement.

Mr. Oberstar is recognized.

Mr. OBERSTAR. Thank you, Mr. Chairman. This is a very useful and informative presentation.

Mr. O'Rourke, you mention on page 4 of your testimony that you in New England believe your salvation rests in the rehabilitation of Georges Banks under the 200-mile limit.

This committee has already contributed to your salvation by favorably reporting to the House and favorably reporting out the 200-mile-limit bill so if that is your salvation then you have only a small step to take—you can make salvation enjoyable by marketing more of your seafood.

What is the total U.S. consumption of seafood products?

Mr. O'Rourke. Actually right now I believe it is 12.1 pounds per capita.

Mr. OBERSTAR. Give me that again.

Mr. O'Rourke. You asked for the per capita consumption of seafood. It is 12.1 percent.

Once upon a time it was 12.5 percent. I have also heard however that States that relate to the coastal zone, those along the shores, the per capita consumption is approximately 30 pounds per capita.

If you take the full population of the United States and divide it by the consumption, you come up with 12.1.

Mr. OBERSTAR. How much of that is imported?

Mr. O'Rourke. Actually, I would say that 75 percent of the fish we eat is imported. The value, which I mentioned a few minutes ago, is approximately \$2 billion.

As an example, we purchase two-thirds of the fish that Canada catches which amounts to \$499 million and we in turn export \$60 million. Of course, there are other figures offered in the 1974 statistics that point out the amount of fish and where it comes from.

Mr. OBERSTAR. Is this 12 pounds per capita—which obviously is an average—up or down from what it was 10 or 20 years ago?

Mr. O'Rourke. I would say 20 years ago it was approximately the same.

It went into decline and came back up again.

Today, I think, one of our greatest aids are the weight watchers. The weight-watching program is such that it makes people very conscious about fish.

I also, today, have heard references to the fact that when the Pope decided to let the Catholics eat meat that this caused quite a problem. Watching that very closely, what happened within a few years time, fish was not restricted to just on Friday. It became a common, everyday food and we in reality gained by this.

Mr. OBERSTAR. I tend to agree with that. The church did urge people to make sacrifices on other days than just Friday but there was an initial drop.

Then if it is roughly the same, what conclusions do you draw? Is consumption roughly today what it was 20 years ago? What conclusions do you draw from this?

Mr. O'ROURKE. I think the fishing industry unfortunately is fragmented. We do not work in concert, Mr. Oberstar, due to the nature of our industry.

In other words, fishing practices of the northwest Pacific are different from New England and the South and so on. However, we are striving towards a homogeneous existence, but it is a slow road.

I would also point out that if 75 percent of the fish is imported, referring to remarks made by Mr. Wilkinson today, then his Department having been in a position where his products under Agriculture is exported purely because he has sufficient products to export, then we must turn to the people who supply us with fish from abroad and call those people the producers and try to engage them in the business of motivating greater interest in the consumption of fish.

Mr. OBERSTAR. Now, given the fact that 75 percent of U.S. consumption is imported, could not an argument be made that we would be engaging in a consumer marketing, consumer education program that would benefit largely foreign producers?

Mr. O'ROURKE. That is rather interesting. My reply to that is the 200-mile limit.

Mr. OBERSTAR. We have already done that.

Mr. O'ROURKE. No, it has not come into effect so that we, in turn, are making use of that product.

As an example, 10 years ago we unloaded 125 million pounds of fish in Boston and in the past 3 years no better than 25 million pounds. There is 100 million we do not have.

Here last Friday all we unloaded in Boston was 30,000 pounds. That is horrible.

If we can get the supply of fish we would be back in the fish business which would obviously reduce the amount of imports.

Mr. OBERSTAR. Then do you need an advertising program, a market research and consumer education program?

Mr. O'ROURKE. Quite definitely, with emphasis on the domestic.

Mr. OBERSTAR. I am trying to anticipate some of the questions that are going to come from the administration that we are going to have thrown at us if this bill reaches the House floor.

I would like to have you think about the matter.

I have no further questions, Mr. Chairman.

Mr. DINGELL. Mr. Forsythe?

Mr. FORSYTHE. Thank you, Mr. Chairman.

I thank you, Mr. O'Rourke, for a very fine statement.

I come again to the point that I was discussing this morning. Would you believe this fishing industry would make out better if we were lobbying the rest of our Government and trying to man a full marketing operation comparable to the Department of Agriculture?

Mr. O'ROURKE. Very definitely.

Mr. FORSYTHE. If the Agriculture Extension Service can be involved in the education process selling fish, it would have a great potential.

Maybe we ought to give them back the \$30 million but mandate how they spend it or the 30 percent of the \$8 million that they are now transferring over to the National Marine Fisheries Service for their operation.

That is probably facetious because I know the complications but it seems to me if we could only get the sale of fish protein to our schools through their using it in their nutritional program and finding ways for it to go into the school lunch program it would have a great advantage.

Do we not also have a problem today? Do we not get back to the ability of our American fishing industry to be a bigger part of the fish market? You say we import 70 percent.

That is where real help is needed as far as the fisheries are concerned, to make them a bigger part.

We do now have the 200-mile fishing zone as you are well aware. What effect is this going to have?

Mr. O'ROURKE. If the tables were turned and the industry supplied 70 percent of the fish, the industry themselves due to the income they would receive would be in a better position to promote the fish but, you see, it is like when we come to buildings boats and things of that nature, the banking interests look and say, OK, your business is only worth 20 percent. Then we run into problems.

I think this permeates the whole industry. I think what we are looking for here is to build a structure that can hopefully relate to the 200-mile limit and that in turn would help bring this thing back.

You see, we in New England have lived with this since 1960. We are very conscious of the various tools we can use if we could only get back into the business.

Mr. FORSYTHE. Well, I certainly thank you. I think it is a very helpful statement.

I only see the need to get this whole marketing consciousness of the value of the American fish.

Thank you, Mr. Chairman.

Mr. DINGELL. Thank you very much. I appreciate your courtesy and assistance to the committee.

Our next witness is Mr. Lee Weddig, executive director of the National Fisheries Institute, Inc.

We are pleased to hear from you. Identify yourself fully for the purposes of the record and we will be pleased to receive your statement.

STATEMENT OF LEE WEDDIG, EXECUTIVE DIRECTOR, NATIONAL FISHERIES INSTITUTE, INC., ACCOMPANIED BY MURRAY BURGER, PRESIDENT, NATIONAL FISHERIES INSTITUTE, INC.

Mr. WEDDIG. Thank you, Mr. Chairman.

With your permission I would like to paraphrase our statement if I may rather than read it in its entirety and cover the points that are most important.

With me is Mr. Murry Burger, president of the National Fisheries Institute, Inc.

Mr. DINGELL. You are recognized for any statement you choose to make.

In view of the fact it is now 12 o'clock and the House is in session your full statement will be inserted in the record following your oral remarks.

You are now recognized for any such excerpts that you choose to give.

Mr. WEDDIG. Thank you.

Basically, the Institute supports this particular legislation. We urge its passage.

Mr. Chairman, we think several modifications are required. The point we are making in our testimony is that we feel that the fisheries industry when compared to agricultural interests has not been given the same treatment from the Federal Government, especially in areas of marketing promotion, consumer education, and so forth.

We have pointed out here that an examination of comparative budgets shows that approximately 11 percent of the farm output is being spent by the Agriculture Department whereas in the fish industry we are about 6 percent of the commercial output in terms of budget.

Getting into the more specific areas of expenditures for education and marketing we cite that the marine fisheries service is spending approximately \$1 million, about one-tenth of 1 percent of domestic landings whereas in agriculture the budget items that we can identify amount to something like \$153 million for marketing assistance, almost \$3 billion for the Commodity Credit Corporation; \$12 million for crop insurance; \$3.3 million for dairy and beekeeper indemnity; \$1.4 billion in Public Law 485 to promote overseas sales; \$2.5 million in farmers cooperative service; \$5 million for stockyards administration and \$223 million for the Extension Service.

All of these we lump in the area of marketing, Mr. Chairman.

This amounts to about 5 percent of the farm output totally compared to one-tenth of 1 percent for the Marine Fisheries Service. We feel we are on the short end of the legislation.

The proposed legislation would dedicate an additional \$17 million to such activities, bringing the total to \$18 million. This would be adequate for the job we see that has to be done.

We have made mention of several items. The one that I would like to call to your attention as a good example of parity or lack of same is the agriculture community's dairy farmers and beekeepers who are indemnified if their product is contaminated by pesticides.

As you well know Mr. Dingell, if the fish in Lake Michigan get contaminated by pesticides, the fishermen have to go through an awful lot of gyrations to get some help on this.

Mr. DINGELL. As a matter of fact, they get no help at all.

Mr. WEDDIG. It takes a special act of the Congress to make it happen but you are right on the general terms of things. When someone's catch gets rejected by the Food and Drug Administration the Government provides some sympathy to the fishermen but that is about it.

In that point we are envisioning some severe problems within the next several months in the matter of polychlorinated biphenyls in the Great Lakes and some of the other inland waterways.

We think a lot of fishermen are going to have their projects rejected.

Again, there is nothing presently available to help in either marketing new products or to help them overcome the temporary dislocation that will occur.

Mr. Chairman, we also talk about the matter of inspection. This is a marketing function for the most part and as you know meat and poultry products are inspected.

As you also know fishery products are inspected on a continuous basis only if we go to the Department of Commerce and hire inspectors.

In addition to having to pay for this, the rates charged by the Marine Fisheries Service include an overhead factor of 25 percent whereas in an agriculture inspection program the overhead is about 18 percent, as we understand it.

I think that these examples we are citing show the unfairness that has existed.

We think that this particular bill, H.R. 6981 in simple justice should be enacted.

Mention has been made of the 200-mile jurisdiction question. You are familiar with the statistics on this.

The extension of jurisdiction sets the stage for more than doubling our fleet output but to do this we are going to have to engage in some very advanced marketing consumer education programs because a lot of the fish that are now being caught by the foreign fleets that could be made available to our own fleets are species that are not popular in the United States.

There are a great many products such as the hake, the mackerel and so on which is not an every day item in our diets.

There is going to have to be a good deal of consumer education to build those particular products so that we can take advantage of those stocks that are now being taken by the foreign-flag vessels.

Also, this potential can be used to develop an export market and that is going to take a marketing effort to make it happen.

In terms of specifics we have two points we would like to make: (1) The funding of education, development and stabilization programs as outlined in the bill must be in addition to the present NMFS budget.

Nothing is gained if OMB is allowed to reduce other NMFS activities such as research and management to compensate for a legislated increase in marketing and education.

(2) The purchase of surplus fish products as envisioned in those times of supply imbalance should be done through the regular distribution network.

Credits could be extended to the school lunch administrator to be used for purchase of specified fishery products.

We support this approach rather than central purchase of product. The frozen food distribution network is the most economical method of servicing the schools.

It should not be short-circuited, Mr. Chairman, in a donated food program.

In summary, we support the legislation. We would also support and welcome a thorough review of comparative services welcomed by the Agriculture Department and the Marine Fisheries Service.

I am handing the reporter a copy of my statement for the record.

[The full prepared statement follows:]

STATEMENT OF THE NATIONAL FISHERIES INSTITUTE

The National Fisheries Institute supports H.R. 6981 and urges its passage. We believe, however, that the bill as drafted requires several modifications.

The intent of this proposed legislation is to ensure that the executive branch devotes a proper amount of Federal resources to the marketing portion of fisheries development. There may be some who would label such activity as subsidy. We believe, however, it is an investment in the public interest.

There really is no new ground being turned here.

The dedication of monies to consumer education, market development, and market stabilization is a Federal activity long practiced in the Agriculture Department for food products competitive to fish and seafood.

We ask the committee to examine the Department of Agriculture budget and compare it to that of the National Marine Fisheries Service.

First on an overall view, we see that Agriculture in fiscal 1976 has \$11.8 billion budget authority. If we subtracted the Forest Service budget of \$750 million, we have approximately \$11 billion to support agriculture interests. The value of the agriculture output at farm level is \$93.5 billion. It appears as if we are spending in tax dollars more than 11% of the farm output.

To compare, in fisheries we have commercial lands valued at \$900 million. The NMFS budget, which includes expenditures for recreational fishing and for marine mammal protection, amounts to \$60 million. This is about 6% of commercial output. Discounting the value of recreational fisheries completely and also the alleged value of protecting mammals, it would appear that the overall budget of NMFS should be increased to \$99 million, to be on parity to Agriculture.

To be more specific, let's look at Department of Agriculture expenditures for education and marketing activities. In fiscal 1976, the NMFS regular marketing program called for expenditures of approximately \$1 million, or slightly more than one-tenth of one percent of domestic landings.

In Agriculture, there are budget items amounting to: \$153 million for marketing assistance; \$2.97 billion for the Commodity Credit Corporation; \$12 million for crop insurance; \$3.3 million for dairy and beekeeper indemnity; \$1.336 billion in P.L. 480 funds to promote overseas sales; \$2.5 million in farmers cooperative service; \$5 million for stockyards administration; and \$223 million for the extension service.

This all adds up to \$4.7 billion or roughly 5% of farm output. This compares to one-tenth of one percent for similar activities by NMFS. Assuming that Federal support should be the same for fisheries as for Agriculture, the NMFS consumer education, marketing development and stabilization budget should be \$45 million.

The proposed legislation would dedicate an additional \$17 million to such activities bringing the total to \$18 million. This still is not parity but we'd settle for it.

Consider the following as the question of parity continues:

We've made mention of the agriculture dairy and beekeeper indemnity program. This compensates dairy and honey farmers whose products have been made unfit for consumption because of insecticide contamination. When a fisherman's products are declared unwholesome because of pesticide or chemical presence, he gets sympathy from the Government—nothing else. The same Government refuses to ban the chemical on the grounds it poses no imminent danger to health. Yet, products containing the chemical are banned because they supposedly are unsafe for human consumption.

We didn't discuss the Agriculture budget for meat and poultry inspection. As you know, meat and poultry receives inspection at taxpayer expense. Fish processors desiring inspection must pay for the service. To add insult to injury, the rates charged by NMFS includes a Department of Commerce overhead charge of more than 25%.

At Agriculture, we've been told the grading service rate has an overhead factor of approximately 18%.

A small item is indicative of the general unfairness. This is the market news service. Recently NMFS set a \$35 subscription charge for the market newsletter. Farmers get theirs at no cost.

These examples should show that the fisheries are poor cousins when compared to agriculture—yet both industries are providing food for the consumer.

Simple justice calls for enactment of H.R. 6981. In addition, however, let's consider the impact of 200-mile fisheries jurisdiction. Presently, foreign fleets are taking 7 billion pounds of fish from U.S. coastal waters each year. The U.S.

fleet lands 5 billion pounds. The extension of jurisdiction sets the stage for more than doubling U.S. fleet output for consumption domestically and for export.

The positive impact on the economy is apparent. But U.S. fishermen will not be able to make this contribution without appropriate market development and consumer education.

If we are serious about extending jurisdiction we should be willing to make the investment to capitalize on our unilateral action.

Looking at the specifics of the proposed legislation, NFI would like to make two recommendations:

(1) The funding of education, development and stabilization programs as outlined in the bill must be in addition to the present NMFS budget. Nothing is gained if the OMB is allowed to reduce other NMFS activities such as research and management to compensate for a legislated increase in marketing and education.

(2) The purchase of surplus fish products as envisioned in those times of supply imbalance should be done through the regular distribution network. Credits could be extended to the school lunch administrator to be used for purchase of specified fishery products. We support this approach rather than central purchase of product. The frozen food distribution network is the most economical method of servicing the schools. It should not be short circuited in a donated food program.

In summary, NFI supports this legislation as well as a thorough review of comparative services offered by the Agriculture Department and NMFS.

Thank you for the opportunity to comment on this proposal.

Mr. DINGELL. Thank you very much for a very helpful statement, Mr. Weddig.

Mr. Forsythe, any questions?

Mr. FORSYTHE. Thank you, Mr. Chairman. I have no questions.

I commend the gentleman for a very fine statement.

Mr. DINGELL. Mr. Oberstar?

Mr. OBERSTAR. Thank you, Mr. Chairman.

Is it your position, Mr. Weddig, that after enactment and enforcement of the 200-mile limit program assuming that that happens you would still need consumer education and marketing programs?

Mr. WEDDIG. Yes, sir

Here, the main reason is that the product that will now be made available to the U.S. fleets through a preferential management scheme will include items that are presently imported and there is a great demand for such things as the flounder, the haddock, the cod and so forth.

There may not be any need for additional marketing in those areas because the demand is present.

There are vast tonnages of fish that are presently being taken by the overseas fleets that are not common in our diets.

These underutilized species is where the greatest effort is going to have to take place.

Mr. OBERSTAR. If your hopes and those of Mr. O'Rourke and others who testified today and hopes of this committee are borne out by the effects that we expect from the 200-mile legislation, then are not the imports of foreign fish products going to drop?

Mr. WEDDIG. It may or may not.

Mr. OBERSTAR. Then where do you go from there?

Mr. WEDDIG. I really do not think the imports are going to drop. There may be a slight decrease in some items but I think one has to look at the import makeup on a specific basis.

Mr. Oberstar, you just cannot take a percentage and whether it is 60 percent which is where we think it is as opposed to 70 percent as

one cited before, the import imbalance ranges from very small amounts certain species up to 100 percent on other items. Of the major imports in terms of dollars that come into this country in three areas, none is going to be helped by the 200-mile bill.

Shrimp is one example. There is not going to be a decrease in imports due to the 200-mile limit in the shrimp field because we are exploiting the catch to the maximum amount of shrimp out in the Gulf of Mexico as it now stands. In fact, imports of shrimp may increase because the 200-mile is also going to restrict some of our shrimp fleets from working off of Mexico and some of the South American countries. The market is demanding again as much shrimp as is available for our boats to catch.

Second, we take a look at tuna. We import 50 percent of our tuna fish.

The 200-mile bill, if it does anything to tuna, is going to restrict the amount of tuna our boats can catch itself so we are going to have to continue to import at least as much tuna as we presently are.

Third, is the matter of lobster tails. We catch a very small amount of the lobster tails that we use in the United States and there is not all that much more to catch in the Florida area.

If we are going to eat lobster tails it will have to be imported lobster tails.

You see, you just cannot take the total number and say this is imports and it is going to change with the 200 miles. It will not. It is in certain fish that it will change.

Mr. OBERSTAR. Is there a surplus in the amount of fish produced over that which is consumed?

Mr. WEDDIG. Is there a surplus, did you say?

Mr. OBERSTAR. Yes.

Mr. WEDDIG. No, at this point in time there is a general shortage.

There is a surplus available in certain commodities. There is surplus resource available in certain commodities that is not being caught because it cannot be marketed, because there is not an acceptance of these species.

Mr. Jones could tell you about the efforts to increase the consumption of mullet which is readily available.

Mr. OBERSTAR. Your interest is in marketing those species that are not now being marketed?

Mr. WEDDIG. That is correct, to increase the demand for those species available to be caught.

Mr. OBERSTAR. So that should be the committee's response to the administration's criticism of the program, saying the purpose is to intensify. We are consuming as much as we are catching. Right now we do not need to advertise on present market research on that sector but we do need to develop other fish species that are not now being developed.

Mr. WEDDIG. That is correct, sir, because if you look at it against catch statistics there are 7 billion or 8 billion pounds of fish being caught by foreign fleets off of our shores.

Some of this is the type that can be marketed very easily but other species are not going to be in great demand unless there is some consumer education done to show they are very edible and nutritious.

Mr. OBERSTAR. No further questions, Mr. Chairman.

Mr. DINGELL. Thank you, Mr. Oberstar.

Mr. Weddig, we thank you for a very helpful statement.

If there is no further business to come before the subcommittee we will stand adjourned subject to the call of the Chair.

[The following was submitted for the record:]

NATIONAL WILDLIFE FEDERATION,
Washington, D.C., November 10, 1975.

Representative ROBERT L. LEGGETT,

Chairman, Subcommittee on Fisheries and Wildlife Conservation and the Environment, House Committee on Merchant Marine and Fisheries, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: We have been interested in the hearings on proposals to provide additional financial assistance for consumer education and market development programs relating to U.S. fisheries and welcome the invitation to make this brief comment.

While the Subcommittee is considering plans relating to commercial development, why not authorize financial assistance for the development of facts about properly managing the fisheries resource and to investigate claims about over-fishing? To us, it seems only reasonable to predicate market development upon a sustained-yield base which does not over-exploit the resource upon which the industry is dependent.

Sincerely,

LOUIS S. CLAPPER,
Director of Conservation.

STATEMENT OF DILLER HARDING, PRESIDENT, VIRGINIA SEAFOOD COUNCIL

Mr. Chairman, members of the committee, I am Diller Harding, president of the Virginia Seafood Council. The Virginia Seafood Council participated in the National Fisheries Policy Conference in July.

The conference was composed of representatives from a majority of the United States fisheries associations, boatowner groups, and unions. At that time, a resolution was adopted and ratified by all present including the Virginia Seafood Council to support H.R. 6981 which would provide financial assistance for consumer education and market development. I have attached a copy of this resolution for your information.

We firmly believe that taxes collected on imported fish should be used to aid in the assistance of domestic fisheries as was the intent of the Kennedy-Saltontall act, plans to use these funds entirely for conservation and management not only depart widely from the original legislation but indeed depart from the motivations which inspired the legislation. Management and conservation without a good marketing program will not strengthen our domestic fisheries. It seems evident that although we now import approximately 72% of our food fish, there are fish in our waters which we are not catching. At such time as we have an economic zone to the two hundred mile limit and relief in the area of boat loans to fishermen among other considerations, our domestic catch will considerably increase. Market assistance in the form of research, statistics and consumer information will be vitally needed. They are needed now.

As underutilized species are developed, marketing assistance including consumer information will be necessary to assist in the development of new fisheries. It is necessary now. It is time that we considered our fisheries as an integral part of our economy and to realize the social and economic disadvantage of relying on imports of this important protein source. In 1974 imports contributed to the United States trade deficits by more than \$1.25 billion. Foreign production of seafoods off our coasts have increased to more than seven billion pounds. We believe that this situation must and can be changed. We urge a change in attitude to one of encouragement of the domestic fisheries including marketing assistance which is a vital part of any overall program.

CONSUMER EDUCATION AND MARKET DEVELOPMENT OF UNDERUTILIZED SPECIES

Whereas the National Fisheries Policy Conference (NFPC) believes that the Congress can take certain actions now to revitalize the commercial fishing industry that will be of assistance to both industry and the consumer, thereby increasing the world food supply, and

Whereas the United States per capita consumption of edible fishery products during the past 25 years has ranged from a low of 10.2 pounds to a high of 12.7 pounds, and

Whereas limited knowledge by the consumer on the important role of seafoods in a healthy diet and on availability of presently underutilized species has been a basic factor retarding the growth of the domestic fishing industry, and

Whereas there has been a substantial decline in the demand for seafoods during the past 18 months resulting in the worst economic situation for the commercial fishing industry in this century, and

Where as is need for an expanded consumer education and markets development program to be undertaken by the National Marine Fisheries Service now and an even greater need will exist under extended fisheries jurisdiction, Therefore be it

Resolved, That the members of the National Fisheries Policy Conference urge the House of Representatives to take action on H.R. 6981 introduced by Representative Robert Sikes on May 14, 1975, which would provide financial assistance for consumer education and market development pertaining to the U.S. fisheries, and be it further

Resolved, That the Senate introduce a companion bill for consideration and passage.

[Whereupon, at 12:10 p.m., the subcommittee adjourned to reconvene subject to the call of the Chair.]



