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NATIONAL FISHERY DEVELOPMENT ACT

GOVERNMENT

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HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE,  
AND TRANSPORTATION  
UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

S. 1656

TO PROVIDE FOR A NATIONAL PROGRAM OF FISHERIES RE-  
SEARCH AND DEVELOPMENT, AND FOR OTHER PURPOSES

OCTOBER 3, 1979

Serial No. 96-50

Printed for the use of the  
Committee on Commerce, Science, and Transportation



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# CONTENTS

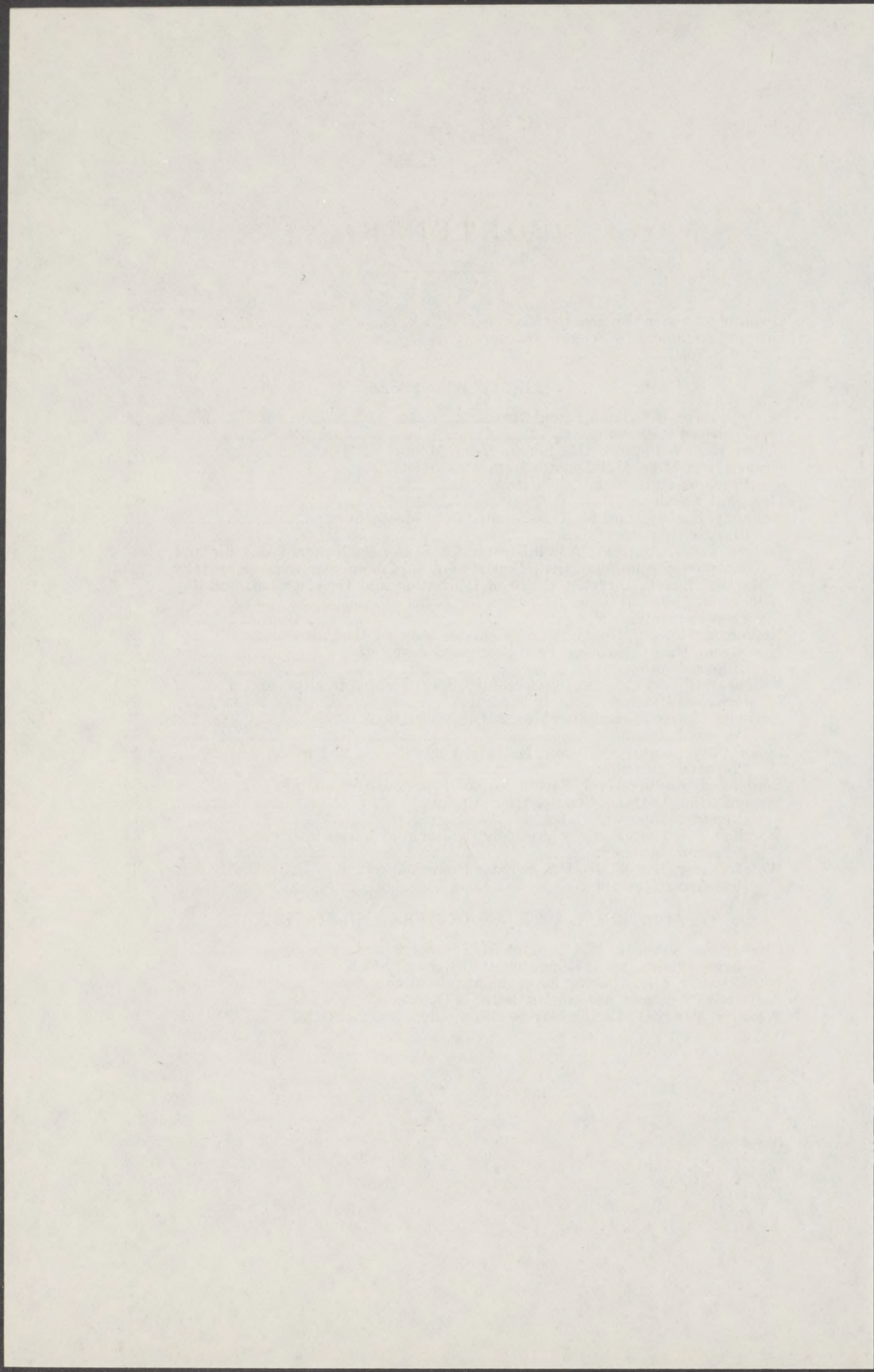
|                                             |        |
|---------------------------------------------|--------|
| Opening statement by Senator Magnuson ..... | Page 1 |
| Opening statement by Senator Warner.....    | 2      |
| Text of S. 1656 .....                       | 3      |

## LIST OF WITNESSES

|                                                                                                                                                                                                                                                                                         |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Burney, Dave, U.S. Tuna Foundation .....                                                                                                                                                                                                                                                | 48 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 49 |
| Cohen, Hon. William S., U.S. Senator from Maine .....                                                                                                                                                                                                                                   | 26 |
| Gravel, Hon. Mike, U.S. Senator from Alaska .....                                                                                                                                                                                                                                       | 21 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 23 |
| Hemphill, Sarah .....                                                                                                                                                                                                                                                                   | 57 |
| Kennedy, Hon. Edward M., U.S. Senator from Massachusetts.....                                                                                                                                                                                                                           | 10 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 13 |
| Leitzel, Terry, Assistant Administrator for Fisheries, National Oceanic and<br>Atmospheric Administration, Department of Commerce; accompanied by<br>Martha Blaxall, Director, Office of Utilization and Development; and Jay<br>Johnson, Assistant General Counsel for Fisheries ..... | 31 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 38 |
| Nickerson, Howard, New England Fisheries Steering Committee.....                                                                                                                                                                                                                        | 58 |
| Nordstrom, Kathy, National Food Processors Association .....                                                                                                                                                                                                                            | 49 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 50 |
| Radonski, Gilbert C., executive secretary, Sport Fishing Institute .....                                                                                                                                                                                                                | 61 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 64 |
| Reynolds, Tom National Fish Meal & Oil Association .....                                                                                                                                                                                                                                | 52 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 55 |
| Sloan, Lucy, executive director, National Federation of Fishermen .....                                                                                                                                                                                                                 | 46 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 47 |
| Smits, Ted, vice president, Pacific Seafood Processors Association .....                                                                                                                                                                                                                | 56 |
| Stevens, Hon. Ted, U.S. Senator from Alaska.....                                                                                                                                                                                                                                        | 15 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 18 |
| Wedding, Lee, executive vice president, National Fisheries Institute .....                                                                                                                                                                                                              | 44 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 45 |
| Weicker, Hon. Lowell, Jr., U.S. Senator from Connecticut .....                                                                                                                                                                                                                          | 40 |
| Prepared statement .....                                                                                                                                                                                                                                                                | 42 |

## ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

|                                                                                                                                                   |    |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Chafee, Hon. John H., U.S. Senator from Rhode Island, statement .....                                                                             | 30 |
| "Changing Challenges in Recreational Fisheries," SFI bulletin .....                                                                               | 70 |
| Nordstrom, Kathy, director, government relocations, seafood products, Nation-<br>al Food Processors Association, letter of October 25, 1979 ..... | 68 |
| Wendler, Henry O., Pacific Marine Commission, letter of October 15, 1979 .....                                                                    | 67 |





# NATIONAL FISHERY DEVELOPMENT ACT

WEDNESDAY, OCTOBER 3, 1979

U.S. SENATE,  
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,  
*Washington, D.C.*

The committee met at 9:45 a.m. in room 235, Russell Senate Office Building, Hon. Warren G. Magnuson presiding.

## OPENING STATEMENT BY SENATOR MAGNUSON

Senator MAGNUSON. The committee will come to order. The Chair has a short statement.

The Fishery Conservation and Management Act gave the United States fishery management jurisdiction over an area almost three times larger than the Louisiana Purchase. The act also gives our fishermen and processors a preferential right to all of the fishery resources in that area. Even though our fishing industry contributes \$7 billion to our GNP and creates direct employment for more than one-fourth million Americans, we still have a balance-of-payments deficit in fishery products of over \$2.1 billion. Foreign fishermen are still taking between one-third and one-half of the fish out of our waters. For example, the United States still lands an insignificant percentage of the estimated 1.5 million tons of available Alaska bottomfish. Some of the fish we import is caught by foreigners in our waters, processed abroad, and then sent back to us.

Unless we develop our capacity and intent to utilize these fisheries for our industry, the foreign fleets will stay off our shores harvesting and processing our fish, and we will be letting a golden opportunity lie dormant. We are beginning to see signals of the beginning of the end for these foreign fleets in our 200-mile limit. The time is right to provide the industry with encouragement and incentives needed to facilitate the expeditious development of our American industry.

This bill we are considering today, S. 1656, reaffirms the commitment expressed in the Saltonstall-Kennedy Act to provide a source of funding for industry proposals designed to facilitate the development of our fisheries. These projects encompass a wide range of proposals in harvesting, processing, marketing, research, and other areas. Recently Congress has encountered reluctance within the administration to use these S-K moneys as they were intended to be used. This bill provides greater guidelines for the S-K program and delineates more clearly the use of the funds for industry and governmental efforts in fishery development.

The bill has several other features. Section 3 provides that the Secretary of Commerce shall appoint not fewer than six foreign



fishery attachés. These officers will be instrumental in our national efforts to promote fishery exports and assist the industry in being aware of and utilizing foreign market opportunities. These foreign markets offer a tremendous potential and will be a key factor in this Nation's ability to fully utilize our own fishery resources within 200 miles of our shores.

Finally, section 4 of the bill transfers the funds that presently exist in the fisheries loan fund established by the Fish and Wildlife Act of 1956 to the fishing vessel loan guarantee program under title XI of the Merchant Marine Act. The fisheries loan fund has been under an OMB moratorium since 1973. Presently there is roughly \$6 million in the fund that is not being used, and this bill transfers that money to the active title XI loan guarantee program. There the money is to be used to support projects that might not presently meet normal economic soundness criteria but which have significant potential to assist the development of certain fisheries.

The Senator from Virginia?

#### OPENING STATEMENT BY SENATOR WARNER

Senator WARNER. Thank you, Mr. Chairman.

Mr. Chairman, as a cosponsor of the National Fisheries Development Act, I would like to express my highest regard to your continuing efforts on behalf of the American fishing industry. I'm grateful for the leadership which both our chairman and Senator Kennedy have displayed in gaining rapid passage of Senate Resolution 50, which disapproved OMB's impoundment of the Saltonstall-Kennedy funds, and which led to the release of \$5.8 million for fishery development projects.

I have wholeheartedly supported these efforts in the past and will continue to do so in the future. For 25 years, Congress has expressed its intent that the domestic fisheries industry be better able to compete against foreign fishing industries. The abundant U.S. fishery resources, combined with the 200-mile fishing zone, provide America with an opportunity, as you said, Mr. Chairman, to eradicate the current \$2 billion-plus deficit in the balance of trade, fish funds.

S. 1566, the National Fishery Development Act, will help us eliminate this deficit. A strong Saltonstall-Kennedy research and development program can create new jobs and new sources of income for America's coastal communities.

In my own State of Virginia, Saltonstall-Kennedy funds are being used to create new and larger markets for the menhaden fishing industry, the Nation's largest.

Other Atlantic species such as mackerel and trout are the subject of our program to gain consumer recognition and acceptance. Future Saltonstall-Kennedy funds could be effectively used to increase the energy efficiency of menhaden processing and to improve the cost effectiveness of menhaden fishing technology.

These innovative joint industry-government programs demonstrate the importance of the continued Saltonstall-Kennedy funding and would emphasize the importance of the bill we are discussing today. I am proud to be a cosponsor of that legislation, Mr. Chairman, and I thank you for the opportunity to speak.

[The bill follows:]



96TH CONGRESS  
1ST SESSION

# S. 1656

To provide for a national program of fisheries research and development, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

AUGUST 2 (legislative day, JUNE 21), 1979

Mr. KENNEDY (for himself, Mr. MAGNUSON, Mr. STEVENS, Mr. HOLLINGS, Mr. PELL, Mr. TSONGAS, Mr. PACKWOOD, Mr. HATFIELD, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

---

## A BILL

To provide for a national program of fisheries research and development, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "National Fishery Devel-  
4       opment Act".

5       SEC. 2. Section 2 of the Act of August 11, 1939 is  
6       amended to read as follows:

7       "SEC. 2. (a) The Secretary of Agriculture shall transfer  
8       to the Secretary of Commerce each fiscal year, beginning

1 with the fiscal year commencing October 1, 1979, from  
2 moneys made available to carry out the provisions of section  
3 32 of the Act of August 24, 1935 (7 U.S.C. 612c), an  
4 amount equal to 30 per centum of the gross receipts from  
5 duties collected under the customs laws on fishery products  
6 (including fish, shellfish, mollusks, crustacea, aquatic plants  
7 and animals, and any products thereof, including processed  
8 and manufactured products), which shall be maintained in a  
9 separate fund and used by the Secretary of Commerce for—

10           “(1) financial assistance for the purpose of carry-  
11           ing out fisheries development projects approved under  
12           subsection (c) of this section; and

13           “(2) implementation of the national fisheries re-  
14           search and development program approved under sub-  
15           section (d) of this section.

16           “(b) Any person, regional fishery development founda-  
17           tion, or organization involved with the commercial fishing in-  
18           dustry, may, for the purpose of facilitating a fishery develop-  
19           ment project or projects, make application for moneys made  
20           available under the provisions of subsection (a) of this section.

21           “(c)(1) The Secretary shall specify the information to be  
22           contained in any application for funds made available under  
23           the provisions of this section to ensure compliance with appli-  
24           cable Federal law and to provide for the full and proper eval-  
25           uation of such applications. The Secretary shall evaluate



1 each proposed project as to soundness of design, possibilities  
2 of securing productive results, and other criteria which the  
3 Secretary may require prior to approval of funding.

4       “(2) The Secretary shall obligate funds for applications  
5 submitted under the provisions of this section pursuant to  
6 regulations adopted hereunder. Applications shall be submit-  
7 ted to the Secretary at such times and manner as is set forth  
8 in such regulations: *Provided*, That in no event shall the  
9 dates for submission and approval of applications be less  
10 often than every six months, and all applications must be  
11 approved or rejected within six months of the date of their  
12 receipt by the Secretary.

13       “(3) The Secretary shall require the person or organiza-  
14 tion obtaining funds under the provisions of this Act to  
15 submit periodic project status reports.

16       “(4) The Secretary shall include as part of the annual  
17 report of the National Marine Fisheries Service an analysis  
18 and evaluation of all programs funded under this Act. Such  
19 report shall include, but not be limited to—

20               “(A) a list of those applications funded under this  
21 section, the amount of funding provided, a list of those  
22 applications not approved for funding, and the reasons  
23 therefor;

1           “(B) an assessment of the extent to which the ob-  
2       jectives of the funded project have been obtained and  
3       the information obtained from the project;

4           “(C) the extent to which the funded projects have  
5       contributed to fishery development; and

6           “(D) the programs funded under subsection (d) of  
7       this section and the levels of such funding.

8           “(d)(1) The Secretary of Commerce is hereby authorized  
9       to carry out a national program of fisheries research and de-  
10      velopment. The Secretary may use moneys made available  
11      under subsection (a) of this section to promote the free flow of  
12      domestically produced fishery products in domestic and inter-  
13      national commerce by conducting fishery educational pro-  
14      grams and fishery technological, biological, and related re-  
15      search programs.

16          “(2) The Secretary shall, sixty days in advance of the  
17      fiscal year in question, transmit to the Senate Committee on  
18      Commerce, Science, and Transportation and the House of  
19      Representatives Committee on Merchant Marine and Fisher-  
20      ies a list of projects which are proposed under this subsec-  
21      tion, together with a budget for each one of the proposed  
22      projects. In addition, the Secretary shall submit to such com-  
23      mittees interim status reports on each of the projects funded  
24      hereunder and an annual report on the status of each project



1 funded hereunder, including the amount of money actually  
2 expended on each such project.

3       “(e)(1) Not less than 50 per centum of the moneys made  
4 available under subsection (a) of this section shall annually be  
5 made available by the Secretary to fund projects or programs  
6 proposed under subsection (c) of this section.

7       “(2) The remainder of such moneys shall be available to  
8 implement the national fisheries research and development  
9 program established under subsection (d) of this section.

10       “(3) Moneys not obligated pursuant to paragraphs (1)  
11 and (2) of this subsection shall remain in the fund without  
12 fiscal year limitation.”.

13       SEC. 3. (a) To carry out the export promotion and other  
14 international responsibilities under the amendment made by  
15 the first section of this Act, the Secretary of Commerce shall  
16 appoint not fewer than six officers who shall, with the con-  
17 currence of the Secretary of State, serve abroad to promote  
18 United States fishing interests. Such officers shall have the  
19 designation of regional fisheries attachés, and shall be ac-  
20 corded the same status and privileges as those of other atta-  
21 chés in United States embassies. Such attachés will be em-  
22 ployees of the Department of Commerce.

23       (b) Upon the request of the Secretary of Commerce, the  
24 Secretary of State shall officially assign the officers to the  
25 diplomatic mission of the United States in the country in

1 which such officers or employees are placed by the Secretary  
2 of Commerce, and shall obtain for them diplomatic privileges  
3 and immunities equivalent to those enjoyed by foreign service  
4 personnel of comparable rank and salary.

5 (c) The Secretary of State shall provide office space,  
6 equipment, facilities, clerical services, and such other admin-  
7 istrative support as may be required for the officers and their  
8 families affected by this section.

9 (d) The Secretary of Commerce may make such rules  
10 and regulations as may be necessary to carry out the pur-  
11 poses of this section.

12 SEC. 4. Any balance of funds remaining in, or other  
13 assets of, the fisheries loan fund created by section 4(c) of the  
14 Fish and Wildlife Act of 1956, as amended (16 U.S.C.  
15 742c(c)), as of September 30, 1980, shall at the close of that  
16 date be transferred to the Federal Ship Financing Fund es-  
17 tablished under title XI of the Merchant Marine Act of 1936,  
18 as amended (46 U.S.C. 1271-1279b), to be used for the pur-  
19 poses hereafter set forth. In addition to continuing to provide  
20 the normal activities specified in such title for fishing vessels,  
21 the Secretary shall thereafter also provide for the guarantee  
22 of obligations relating to fishing vessels engaged in develop-  
23 ing fisheries which might not otherwise meet the normal eco-  
24 nomic soundness criteria of such title. The Secretary shall  
25 amend the rules and regulations relating to the fishing vessel



- 1 portion of such title to specify the conditions under which
- 2 fishing vessels engaged in developing fisheries will qualify for
- 3 the guarantee of obligations.

○

Senator MAGNUSON. All right. Because we started a little late, we have several Senators, not only cosponsors of the bill, but those who want to testify. We will begin with the Senator from Massachusetts.

**STATEMENT OF HON. EDWARD M. KENNEDY, U.S. SENATOR  
FROM MASSACHUSETTS**

Senator KENNEDY. Thank you very much, Mr. Chairman, Senator Warner, and the members of the committee. I would like to file my statement in the record and just highlight what I consider to be the problems in our fishing industry today, and how this legislation addresses these problems.

Senator MAGNUSON. Without objection, so ordered. You will highlight your testimony.

Senator KENNEDY. Yes, Mr. Chairman.

First of all, I want to again extend the great appreciation of the members of the fishing industry to you, Mr. Chairman, and to the other members of this committee who have cosponsored this legislation, and have provided such strong leadership for the fishing industry over the years.

Once again, your commitment to this vital part of American commerce, a vital source of food to the American people and the peoples around the world is recognized and very much appreciated by all of the people in my State and my region of the country.

I think all of us understand well that the passage of legislation to implement the 200-mile limit fostered a great sense of hope about the future of the American fishing industry. There is no doubt that since passage of the Fishery Management and Conservation Act there have been record catches throughout our coastal waters.

But there are also, we feel, important opportunities for expanding this industry in areas which were initially envisioned in the S-K legislation of 1954, and which have been frustrated by administration after administration.

We know that much of the resources of the S-K bill have been used to supplement the base budget of the National Marine Services. And, the administration last year requested to defer some \$12 million in S-K funds for fiscal year 1979. This was rejected when the Senate passed our resolution to disapprove the deferral.

We have seen that the resources of the S-K fund have not been used properly as you and Senator Warner have outlined in your opening statements. We have seen a lack of priority given to these resources for the funding of education and marketing, gear development, and other research and development. This effort must begin at the local level, and within the various regions, because the regions have such different interests.

We cannot afford to wait any longer, Mr. Chairman. Our trade deficit in fish products has actually increased since passage of the 200-mile limit. In 1975, the deficit was \$1.3 billion. Today, the deficit stands at over \$2 billion.

So, on the one hand, where we have seen some revitalization of our industry, we are still not taking full opportunity of the trade opportunities available to the fishing industry. And this legislation, the National Fishery Development Act will help us do it.



It does it in a very important, but simple, way. First of all, it requires no new funding. I think that is important for the record. The bill requires that half of the existing funding be awarded to local industry-sponsored projects. This will provide for different methods of development; a different type in New England, different from Alaska, different from the west coast, different from the Gulf of Mexico and the mid-Atlantic region.

So, half of the funds would be used for local industry-sponsored projects. We would also require that applications be acted upon within a 6-month period so that funds are obligated in a timely fashion.

Third, we would require reports to the Congress to assure ongoing and continuing oversight of the program. We would, as you pointed out, establish attachés in U.S. Embassies abroad which offer opportunity for expanded trade.

Finally, we would provide the transfer of \$6 million to the Federal ship financing fund to finance the construction of vessels engaged in developing fisheries, not those which have already been highly successful, but for the newer types of underutilized fisheries.

I believe, with this legislation, progress which has been made in the MTN agreements, which were meant to reduce trade barriers that exist in other nations throughout the world can move forward. The opportunities for expansion are enormous. The Department of Commerce estimates that such a program would mean the creation of some 38,000 new jobs, the potential of increasing \$1 billion to the American economy, and reducing our trade deficit by at least \$1.5 billion.

This would provide a new partnership between industry and Government. It will mean a great new injection of life and vitality in the areas of marketing, processing, distribution, and export. And it will do it by insisting that the funds that have been collected under a formula that goes back some 25 years will actually be implemented.

Finally, I would just say, Mr. Chairman, that I am hopeful that we will not have any further deferrals on this program. Under your leadership, a clear message was sent by the Senate on the policy of deferrals this year.

Finally, I would like to recognize Lucy Sloan of the National Federation of Fishermen, and Howard Nickerson of our New England Steering Committee, who will appear before this committee later this morning. They have been an enormous help to the fishing industry. And I know they will have a very powerful message for the committee in support of this legislation.

Senator MAGNUSON. This bill you consider a good supplement to the 200-mile limit?

Senator KENNEDY. Very definitely, Mr. Chairman.

Senator MAGNUSON. The 200-mile limit has been successful as far as it has gone. And we have a great potential which we need to take advantage of within the 200-mile limit. And this bill would give the opportunity, not only to research, but to processing and harvesting development and things of that kind, to implement the 200-mile limit; isn't that correct?

Senator KENNEDY. That is absolutely correct, Mr. Chairman.



Senator MAGNUSON. Has the 200-mile limit been successful in your opinion?

Senator KENNEDY. Enormously successful, and I think every fishing family in our part of the country would testify strongly to that effect.

What we are considering now are the kinds of programs that were initially envisioned by the Saltonstall-Kennedy Act in 1954.

Senator MAGNUSON. How much money is expected to be in the Saltonstall-Kennedy fund in the coming year?

Senator KENNEDY. \$27 million.

Senator MAGNUSON. And this is being held up?

Senator KENNEDY. Well, we successfully fought the deferral earlier this year.

Senator MAGNUSON. I mean, it is not being distributed?

Senator KENNEDY. Much of it is used for base budget programs and other overhead, rather than in areas which have been so clearly outlined in this legislation.

Senator MAGNUSON. I was a cosponsor of the Saltonstall-Kennedy bill, and I remember we did not intend it to be used for administrative purposes. We intended to distribute it for research and the things we are talking about in this bill.

And for some reason, the OMB wants to hold it. This is wrong. As the Senator from Virginia pointed out, we intended it to be used. I never could understand why OMB has acted the way it has. I remember well the debates on the Saltonstall-Kennedy bill, and I was one of the main cosponsors. That came through my committee. And OMB constantly puts a clamp on it now. It was never intended to be used for administrative purposes. Just to collect it and pass it out.

This is what we seek to correct in this bill.

Senator KENNEDY. The Senator is quite correct. We have seen where limited resources, for example, in the New England fisheries development program has meant close to 1,000 new jobs and increased the value of the fishery by about \$25 million.

This is the kind of a program which can make such a difference if developed locally with industry support and also with the local communities.

Senator MAGNUSON. Does the Senator from Virginia have any questions?

Senator WARNER. I hope my fellow classmate from the University of Virginia will forgive me for mispronouncing menhaden which—

Senator MAGNUSON. Were you two classmates?

Senator WARNER. Well, a few years ago.

Senator KENNEDY. We are all classmates of Mr. Jefferson.

Senator MAGNUSON. Senator Cannon, do you have any questions?

The Chairman. Thank you, Mr. Chairman. It seems to me that it is traditional of OMB to try to freeze funds or defer using the funds that are generated for any specific purpose by the industry. And you pointed out here that these funds are generated by the industry they were intended to serve.

We run into the same situation in the Federal Aviation Act where under the ADAP bill we put on a ticket tax for the purpose of the industry using it to upgrade the facilities at the airports, and



so on. And the administration, instead of using the 8 percent, is using about 2 percent. And so about 6 percent, they are failing and refusing to use that, is going in to build that trust fund, up to the point there where we have in excess of \$2.5 billion of unobligated service.

And I think that when Congress designates programs like this and provides for a method of funding within the industry itself, I think the least they could do is go ahead and spend it for the purpose for which it was intended.

Senator KENNEDY. I think that is absolutely correct, Senator. And I think this has broad implications.

As all of us, I'm sure, during the morning hours heard about the continued plight of the dollar. The administration is developing policy which is absolutely key. Over the past two decades, the American share of world markets dropped from 20 to 14 percent. If we were back up to 15 percent, our trade deficit, even with oil imports, would be eliminated.

We are interested, and the administration should be interested in the development of sound export policies. And this legislation offers, without any additional funding, the opportunity to develop important export markets to deal with the trade deficit. And the projections that have been supplied by the Commerce Department and others within the industry, I think, are enormously impressive.

So, without new moneys, we do exactly what Senator Cannon and others have stated. That is, we carry forward what has been the purpose of the 1954 act.

Senator MAGNUSON. Now we have a \$2.1 billion deficit in fisheries. We could cut that in half at least with this bill.

All right. Thank you, Senator.

Senator KENNEDY. Thank you very much, Mr. Chairman.

[The statement follows:]

STATEMENT OF HON. EDWARD M. KENNEDY, U.S. SENATOR FROM MASSACHUSETTS

Mr. Chairman, I want to first thank you and this Committee for moving so rapidly to consider the National Fishery Development Act. Your strong leadership on behalf of our Nation's fishermen has led to major achievements in recent years, culminating in the passage of the Fishery Management and Conservation Act three years ago. We now have a chance to seize new opportunities gained by the enactment of the 200-Mile Zone, and forge new partnerships between industry and government.

This is the fundamental purpose of the National Fishery Development Act. It reflects the view that the responsibility for fisheries development must rest with the industry itself. The federal government should not attempt to impose on industry some broad strategy for the development of our fisheries. Rather, our responsibility is to provide the necessary tools so that industry—on a local and regional level—can tap the vast resources of the oceans.

One of the most promising tools available to aid our domestic fishing industry is the Saltonstall-Kennedy (S-K) Fund. Established in 1954, the S-K Fund has been maintained through the transfer of 30 percent of the duties collected on imported fish products. The idea was simple. Using import duties, we could provide the funds needed to rebuild our domestic industry with the goal of reducing imports of fish, expanding foreign markets, and thereby balance a growing trade deficit. Unfortunately, that goal has not been achieved.

Congress clearly intended that Saltonstall-Kennedy funds be used for a variety of development and demonstration programs, including research, education, vessel and gear development, and market development. However, most of the S-K revenue has traditionally been used to support fisheries development activities of the National Marine Fisheries Service (NMFS), and, in effect, has become part of the base budget of NMFS. NMFS has only recently begun to encourage the domestic fishing indus-



try to submit their own projects for funding. The result has been that NMFS has consistently failed to obligate all of the S-K funds in any given fiscal year.

The problem was compounded this year when the Office of Management and Budget moved to defer over \$12 million from the S-K Fund in fiscal year 1979. As you know, Mr. Chairman, we introduced a resolution last February to disapprove this deferral in order to require that these funds be obligated. This resolution was enacted by the Senate, and the National Marine Fisheries Service subsequently funded a number of industry projects across the country.

Although the Administration has announced its intention to terminate the S-K Fund in 1981, such legislation has not yet been submitted to Congress, and I am hopeful that they will reconsider their position. A strong S-K Fund is essential to the well-being of the industry. Passage of the National Fishery Development Act will reaffirm our commitment to the fund, and assure that the program remains a major source of support for fisheries development projects.

Mr. Chairman, it is clear that we cannot afford to delay efforts aimed at rebuilding our fisheries. After a decade and a half of watching foreign fleets decimate some of the world's richest fishing grounds off our coast, Congress finally enacted the Fishery Conservation and Management Act in April of 1976.

For all those years, the United States imported vast amounts of fish while our own fishing grounds attracted nearly 1,000 foreign ships each month. The New England fishing industry limped along—under-sized and under-financed—as fish imports from foreign countries grew year after year. The 200-Mile Zone was supposed to end this tragic story. The truth is that it has not. A look at our balance of trade reveals that our deficit in fish products has dramatically increased since passage of the 200-Mile Zone. In 1975, prior to passage of the Act, that deficit was \$1.3 billion. Today, it stands at over \$2 billion. And, unless we both promote exports and gain a greater share of our own market, this deficit will continue to grow year after year.

The benefits of a coordinated and effective fisheries development program will be enormous. For example, the National Marine Fisheries Service estimates that the development of six fisheries off New England, Alaska, the West Coast, the Gulf of Mexico and the mid-Atlantic could produce 38,000 new jobs and contribute \$1 billion to the U.S. economy by 1990. Such a program would reduce our trade deficit in fisheries products by at least \$1.5 billion.

One of the best examples of how S-K funds can be used to promote effective industry-government partnerships comes from my own region of the country. The New England Fisheries Development Program was established in 1973 to provide support for projects which might not have otherwise been pursued because of lack of capital or other institutional barriers. Since its inception, the program has increased employment by over 900 jobs, and expanded the value of the fishery by some \$25 million.

Our experience with fisheries development clearly demonstrates that the effectiveness of any program depends on strong industry support and a high level of local control. The nature of the industry is such that development programs will be primarily regional in scope, and innovative partnerships among the industry, state and local governments, and the federal government will be necessary to move forward.

This legislation paves the way for such a coordinated approach to fisheries development. It assures the industry that at least one-half of the available S-K monies will be used to fund local industry projects. It assures that S-K funds will be obligated on a timely basis. And it provides needed Congressional oversight to assure that all parties follow through on commitments.

The bill also establishes a program to place fisheries attaches in United States embassies in order to promote new foreign markets for American fish products. The recently concluded Multilateral Trade Negotiations made substantial progress in reducing foreign trade barriers which impede U.S. exports of fish products, and this program will enable us to capitalize on new markets opening up abroad.

Finally, this legislation will authorize the transfer of monies from the Fisheries Loan Fund to the Federal Ship Financing Fund created under Title XI of the Merchant Marine Act. Some \$6 million in this fund have remained unobligated due to a spending moratorium imposed in 1973. The transfer of the funds would permit financial assistance to fishing vessels engaged in developing fisheries which have traditionally had the most difficulty in attracting private capital.

Mr. Chairman, we now have a chance to seize new opportunities gained by the enactment of the 200-Mile Zone. We have the chance to encourage new and innovative partnerships between industry and government. We have a chance to capitalize on new export opportunities. We can create new jobs and new sources of income for



America's coastal communities, and we can provide major new sources of protein for the world community. Passage of this legislation will give our domestic industry the chance to seize these opportunities.

Senator MAGNUSON. Now we have Senator Ted Stevens from Alaska.

#### STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

Senator STEVENS. Thank you very much, Mr. Chairman. It is a pleasure to be back before the committee as a former member and, I hope, a member again in the next Congress. Let me do the same as Senator Kennedy did and file my complete statement and just highlight it.

Senator MAGNUSON. Without objection.

Senator STEVENS. I am delighted to be here. I want you to know that the Magnuson Fisheries Conservation Act, which we call the 200-mile bill up our way, is working very well. We have already seen the advantages of the 200-mile limit in Alaska. We have negotiated the new International North Pacific Fisheries Convention which was required by that law, and that's resulted in a 90-percent reduction in the Japanese high seas harvest of Alaska salmon.

As a nation, we continue to import a large amount of fish products for our domestic markets; however, we now see the value of our fisheries exports, showing a dramatic increase between 1970 and 1977. The value of those exports in constant dollars increased by 425 percent, as compared with the value of imports at 252 percent. In 1970 our exports were only 11 percent of the amounts we imported from foreign nations. The figures improved to a 1977 level of 19 percent.

Our exports to Japan have more than doubled since the implementation of the 200-mile limit. I believe that with this new law in effect, we can anticipate a continued shift in favor of the United States in the world fishery market. Over 80 percent of the foreign fishing activity has historically taken place off my State. As a result of the increased domestic fishing activities, the Alaskan port of Kodiak is now ranked first in our Nation in value of domestic catch landed, and Dutch Harbor is in the top three.

But despite the development of certain underutilized species in Alaska, particularly baradi and tanner crab, the pace of development for underutilized species has lagged substantially behind the expectations of the Alaskan industry during the passage of the 200-mile limit. This has resulted from the lack of both a coherent Government policy to develop fisheries and a substantial Government program to assist the private sector in marketing, processing, and harvesting activities.

I believe the difficulty which the Alaskan Bottom Fish Developing Corp. has in obtaining funding is a classic example of the lack of a coherent national fisheries development policy. Over a year ago, a hard-working young attorney who, incidentally, Mr. Chairman, hails from your State and is now a transplanted Alaskan, sought Federal funding for an ambitious bottom fish development program. She had, for the first time, unified the harvesting and processing industry in Alaska in order to work out a pilot program



involving vertically integrated operation for the development of Alaska's underutilized fisheries resources.

The scope of such an undertaking, Mr. Chairman, was enormous. Only a person with enormous foresight and perseverance would have attempted such a project. After much effort, Sarah Hemphill succeeded in unifying the fishing industry in the Pacific Northwest, only to face the heartbreak of dealing with fisheries development—delay caused by a lack of clear national policy.

The fact of the matter is, Mr. Chairman, despite the best efforts of the National Marine Fisheries Service, funding was held up for the Alaska Bottom Fish Development Corp. for some 12 to 15 months, while an appropriate national policy was sorted out. In the end, the program was funded in substantially the same form in which Sarah originally presented it to the National Marine Fisheries Service.

Now, your act, the 200-mile act, the Magnuson Fisheries Conservation and Management Act, has pioneered the concept of regionalism. I have come to the conclusion that the primary responsibility for fisheries development should not rest with a centralized entity in Washington, D.C., but should be administered regionally, just as fish are managed. In the fishing industry revitalization bill which Senator Kennedy and I introduced in the 95th Congress, we provided the regional councils with primary jurisdiction over fisheries development.

The people of Alaska or New England or the contiguous Pacific States are best qualified to spend Saltonstall-Kennedy Act funds on fisheries development. The expertise which exists in the various regional councils, their industry advisory panels, and statistical committees far exceed the resources located in this city.

I would urge the committee to evaluate the legislation which was introduced in the 95th Congress and, if possible, to amend the text which is presently before the committee in order to make the regional councils the primary fisheries development authorities. Fisheries development must be decentralized in order to be most effective.

Certain types of development assistance, however, should remain centralized. For example, one division of the National Marine Fisheries Service which has done outstanding work for Alaska and America's fishing industry is the Division of Foreign Fisheries Analysis. America's ability to export fish products to foreign countries is the key to the development of our underutilized resources. The Foreign Fisheries Analysis Division has several services which are of substantial benefit to the fishing industry in their overseas marketing activities. Three of this division's publications—"The Latest Developments in World Fisheries, World Fishery Export Opportunities," and "International Fishery Reports"—are widely used and respected in the industry.

Additionally, the division maintains data bank files on the fisheries related activities and marketing potential in every country in the world. Ironically, because of OMB pressure, I think, the National Marine Fisheries Service recently chose to slash the manpower allocations of the Foreign Fisheries Analysis Division roughly by one-half.



I hope the committee will urge the National Marine Fisheries Service to review its manpower situation and insure that Foreign Fisheries Analysis Division activities are properly staffed.

International markets are of particular importance to Alaska. A large portion of Alaska's fish products are exported to Japan. It concerns me that Alaska is so dependent on that one country, however, for its markets. I have urged members of the Alaska fishing industry to cultivate foreign markets which can compete with the Japanese for our products. Such markets exist in the Middle East, Europe, and West Africa. Further, if Alaska is to develop its underutilized species, most of that product will go to the export market.

An amendment that I proposed to the joint venture bill which has now been signed into law mandates that the Treasury Department file an annual report with the Congress setting forth trade barriers imposed by foreign nations against underutilized U.S. fisheries. I think the trip that Secretary Kreps has led in her trade mission to Japan, which included the fisheries delegation, was a good followup of that concept, and I congratulate her for the work that she is doing to try and assist the fishing industry.

We also know—I am sure you know—about the amendment that has been attached to S. 640. I hope the committee will be able to retain that amendment which will allow the deferred tax account to be moved onshore to assist in the construction of onshore facilities to process Alaska and American cod fisheries products.

Senator MAGNUSON. That matter is going to conference next Friday. And I said I would support it.

Senator STEVENS. That is very good. We're delighted to have your support. As a matter of fact, that was your original concept of the deferral fund, and we think that it can be brought onshore, particularly through the cooperative efforts of those who have those funds. Then we will have a substantial increase in our processing capacity, I am sure.

This brings to me an additional problem of regional fisheries attachés. In the past there have been regional fisheries attachés located throughout the world. That program has been substantially cut back by the Department of State, and there are presently only two fisheries attachés—one in Tokyo and one in Mexico City.

Out of desperation, the State of Alaska recently opened an office in Denmark. The sole purpose of that office is to facilitate fisheries trade between Alaska and the Danes. Without wishing to detract from my State's efforts, I believe it should have been the responsibility of the Federal Government to promote the international trade of the United States.

The bill before this committee creates six additional positions for regional fisheries attachés. The eight attachés would be paid by the Department of Commerce, rather than the Department of State. A similar program has been conducted by the Department of Agriculture, and it has been quite successful.

In the past, regional fisheries attachés have been used to gather data for bilateral fisheries negotiations. I hope this committee will emphasize either in its bill or its report the new role of these fisheries attachés and how they should be used to facilitate international trade between the United States and foreign countries, to



monitor technological improvements so that they can be reported back to the U.S. fishing industry, and to study international fisheries agreements and trade agreements to which the United States is not a party in order to assess their impact on the international fisheries trade of the United States.

Mr. Chairman and members of the committee, it is incumbent upon the United States to maximize its benefits of the preferential rights of the fisheries zone to the fishermen. Through the numerous benefits from the implementation of that 200-mile zone, we could develop a coherent regional development program that is really needed by American fishermen, and also maximize the benefits of the 200-mile zone in the Magnuson Fishery Conservation and Management Act if we enacted this bill that is before you now, which is really, I think, the logical outgrowth of the original Saltonstall-Kennedy Act.

I congratulate you for holding the hearings. I hope that this bill can move through this Congress and be enacted. I think it is very vitally needed by the fishing industry of the United States, and nowhere in the United States will its impact be felt more than in the Alaska fisheries, which I am sure the chairman knows are heavily used in by the fishermen of your own home State of Washington.

Senator MAGNUSON. Thank you.

Do you have any questions, Senator Warner?

Senator WARNER. I have none.

Senator MAGNUSON. I have no questions. I think your statement is very good and points out the necessity of our involvement in exports and imports in fishing, which could not have been achieved, the potential, without the passage of this act.

Senator STEVENS. I do hope the committee will examine the concept of the use of regional councils for the distribution of Saltonstall-Kennedy funds through this new amendment, because I believe that although there is a role for the National Marine Fisheries Service, those councils ought to be used to determine how these funds are going to be used within their own zone.

There is a distinction, as Senator Kennedy said, between the New England fishery problems and those off the State of Alaska, and only the regional councils can recognize those and develop regional policies implementing a national program such as this amendment to the Saltonstall-Kennedy Act.

Senator MAGNUSON. Senator Cannon, do you have any questions?

The CHAIRMAN. No, thank you, Mr. Chairman.

Senator MAGNUSON. Thank you very much.

[The statement follows:]

STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

Mr. Chairman, it is a pleasure to sit before this Committee with my good friend, Senator Kennedy from Massachusetts, and give testimony on our fishing industry revitalization bill. Senator Kennedy and I originally introduced a fishing industry revitalization bill in the 95th Congress. A new and updated version was introduced at the beginning of the 96th Congress and we are now beginning to move forward in the development of that critically needed program. As a former and future member of the Senate Commerce Committee, its fishery-related activities are of great interest to me. The distinguished Chairman, my good friend, Senator Magnuson and I have worked together on the development of many pieces of fisheries legislation.



During the 94th Congress the most important of these, the 200-mile limit bill, which I first introduced into the Senate in 1972, was finally signed into law by President Ford. This legislation has resulted in a new era for the commercial fisheries of Alaska and the Nation. The fishery industry continues not only to be the mainstay of many local economies around the country in places such as Alaska but, as a result of the 200-mile limit, it has also become a substantial national asset as well. By the way, the 200-mile limit is still known by many Alaskans as the Magnuson Fishery Conservation and Management Act.

The implementation of our 200-mile zone is now completed and its benefits are readily ascertainable. Off my home State, Alaska, the United States, Japan, and Canada negotiated a new International North Pacific Fisheries Convention, required by the law, which has resulted in a 90 percent reduction of the Japanese high seas harvest of Alaska salmon.

As a nation, we continue to import a large amount of fish products for domestic markets; however, the value of our fishery exports has shown a dramatic increase over the last few years. Between 1970 and 1977, the value of the United States fishery exports (in constant dollars) increased by 425 percent compared with an increase in imports of 252 percent. In 1970, our exports were only 11 percent of the amount imported from foreign nations. This figure has improved to a 1977 level of 19 percent. Our exports to Japan have more than doubled since the implementation of the 200-mile limit. With our new law in effect we can anticipate a continued shift in favor of the United States in the world fishery market.

This is reflected in the level of activity off my home State, Alaska. Over 80 percent of the foreign fishing activity has historically taken place off my State. As a result of increased domestic fishing activity, the Alaskan port of Kodiak is now ranked first in our Nation in value of domestic catch landed and Dutch Harbor is in the top three.

Despite the development of certain underutilized species in Alaska, particularly baradi and opellio tanner crab, the pace of development for underutilized species has lagged substantially behind the expectations of the Alaskan industry during the passage of the 200-mile limit. This has been the result of lack of a coherent government policy to develop fisheries and lack of any substantial government program to assist the private sector in marketing, processing or harvesting activities.

I believe the difficulty which the Alaska Bottomfish Development Corporation had in obtaining funding is a classic example of the lack of a coherent national fisheries development policy. Over a year ago, a hard-working young attorney, who incidentally, Mr. Chairman, hails from your own State and is now a transplanted Alaskan, sought federal funding for an ambitious bottomfish development program. She had for the first time unified the harvesting and processing industry in Alaska in order to work out a pilot program involving a vertically integrated operation for the development of Alaska's underutilized fishery resources. The scope of such an undertaking, Mr. Chairman, was enormous. Only a person of enormous foresight and perseverance would have attempted such a project. After much effort and diligence, Sarah Hemphill succeeded in unifying the fishing industry of the Pacific Northwest only to find the heartbreak of dealing with fisheries development—delay caused by lack of a clear national policy. The fact of the matter is, Mr. Chairman, despite the best efforts of the National Marine Fisheries Service, funding was held up for the Alaska Bottomfish Development Corporation for some 12-15 months while an appropriate national policy was sorted out. In the end, the program was funded in substantially the same form in which Sarah originally presented it to the National Marine Fisheries Service.

The Magnuson Fishery Conservation and Management Act has pioneered the concept of regionalism. I have come to the conclusion that primary responsibility for fisheries development should not rest with a centralized entity in Washington, D.C., but should be administered regionally just as fish are managed. In the fishing industry revitalization bill which Senator Kennedy and I introduced in the 95th Congress, we provided the Regional Councils with primary jurisdiction over fisheries development. The people of Alaska or New England or the contiguous Pacific States are the best qualified to spend Saltonstall-Kennedy Act funds on fisheries development. The expertise which exists on the various Regional Councils, their industry advisory panels and their scientific and statistical committees far exceeds the resources located in this city. I would urge the committee to evaluate the legislation which was introduced in the 95th Congress and to amend the text presently before the committee in order to make the Regional Councils the primary fisheries development authorities. Fisheries development must be decentralized if it is to be effective.



Certain types of development assistance, however, should remain centralized. There is, for example, one division of the National Marine Fisheries Service who has done outstanding work for Alaska and America's fishing industry. That is the Division of Foreign Fisheries Analysis. American's ability to export fish products to foreign countries is the key to the development of our underutilized resources. The Foreign Fisheries Analysis Division has several services which are of substantial benefit to the fishing industry in their overseas marketing activities. Three of this Division's publications, *The Latest Developments in World Fisheries*, *World Fishery Export Opportunities* and *International Fishery Reports*, are widely used and respected in the industry. Additionally, the Division maintains data bank files on the fisheries-related activities and marketing potential of every country in the world. Ironically, the National Marine Fisheries Service recently chose to slash the manpower allocations of the Foreign Fisheries Analysis Division by roughly one-half. I hope the committee would urge the National Marine Fisheries Service to review its manpower situation and to ensure that the Foreign Fisheries Analysis Division is appropriately staffed.

International markets are of particular importance to Alaska. A large portion of Alaska's fish products are exported to Japan. It concerns me that Alaska is so dependent upon one country for its markets. I have urged members of the Alaskan fishing industry to cultivate foreign markets which can compete with the Japanese for our product. Such markets exist in the Middle East, Europe and West Africa. Further, if we are to develop our underutilized species, most of that product will go to the export market.

An amendment I proposed to the joint venture bill which now has been signed into law mandates that the Treasury Department file an annual report with the Congress setting forth trade barriers imposed by foreign nations against underutilized United States fisheries. This will help break down foreign trade barriers against American caught and processed fish products. The benefits of this amendment have already begun to materialize. Secretary Kreps has led a trade mission to Japan which included a fisheries delegation composed of government and industry personnel. Follow-up trade missions dealing exclusively with fishery products are now planned.

A conference committee will soon meet regarding S. 640. Although I am not a member of the Commerce Committee and will not be a participant in the conference committee, I would urge the committee and its conferees to accept and insist upon the Weicker amendment which extends the capital construction fund provisions to shoreside processing plants.

Under the present law, fishermen may place the profits from their vessels into a tax dererral account known as a capital construction fund; if the money is reinvested in a fishing vessel the tax remains deferred. Senator Weicker has proposed and I have joined with him in urging that processors be allowed similar tax deferrals to build or purchase onshore processing plants. This is one means by which we can help offset the heavy foreign investment in American fish processing and open up America's processing plants to underutilized species.

This brings me to the additional problem of regional fisheries attaches. In the past, there have been regional fisheries attaches located throughout the world. That program has been substantially cut back by the Department of State and there are presently only 2 fisheries attaches, and in Tokyo and one in Mexico City. Out of desparation the State of Alaska recently opened an office in Denmark. The sole purpose of this office is to facilitate fisheries trade between Alaska and the Danes. Without wishing to detract from the State's efforts I believe it should have been the responsibility of the Federal government to promote the international trade of the United States.

The bill before this committee creates six additional positions for regional fisheries attaches. The 8 attaches would be paid by the Department of Commerce rather than the Department of State. A similar program has been conducted by the Department of Agriculture and it has been quite successful. In the past regional fisheries attaches have been used to gather data for bilateral fisheries negotiations. I hope that this committee will emphasize either in its bill or report that the new role of these fisheries attaches should be to facilitate international trade between the United States and foreign countries, monitor technology improvements, so that they can be reported back to the United States fishing industry, and study international fisheries agreements and trade agreements to which the United States is not a party in order to assess their impact on the international fisheries trade of the United States.

Mr. Chairman, it is incumbent upon the United States to maximize the benefits for its fishermen which the preferential rights the fishery zone affords them can



bring. Though numerous benefits from the implementation of our zone can easily be observed, a coherent, organized, regional development program is needed if American fishermen are to maximize the benefits which Congress intended them to receive when it passed the Magnuson Fishery Conservation and Management Act of 1976. In the 96th Congress, this committee and the Senate must and I am confident will address the key fisheries issue of development.

Senator MAGNUSON. All right, the junior Senator from Alaska, Mike Gravel, if he is here.

#### STATEMENT OF HON. MIKE GRAVEL, U.S. SENATOR FROM ALASKA

Senator GRAVEL. Thank you, Mr. Chairman.

In the interest of conserving the time of the committee and my own responsibilities at the Finance Committee working on the windfall profits tax, I would like to just submit my statement for the record. I am going to merely summarize it by saying the moneys in question, obviously the attempt is made to hang onto them within the Government so that it can be used as part of the Government programs. I think this would miss the mark considerably, for the very simple fact that it is not going to be the Government bureaucrats who are going to go out and catch the fish; it's going to be the private sector that's going to catch the fish.

And so the portion of the bill that you have to transfer 50 percent of these moneys to the private sector, I think, is extremely, extremely important, because without it you're not going to see these steps go forward to offset the national problems that we face.

I think it would be carrying coals to Newcastle to sit before you, Mr. Chairman, and the other members, and talk of what we're missing in this regard. I think it has been covered adequately by Senator Kennedy and others.

I also want to underscore the need of the attachés, as was stated earlier by my colleague, that the State of Alaska has taken the initiative. I think it is very good, but we obviously have to use the statement "more fish to fry than just fish" in this regard. I think it impairs the expansion of information and the presence that our Government can have throughout the world in this vital industry.

With respect to us in Alaska, I don't need to tell you that 50 percent of the fisheries south of the chain is underutilized and probably 80 percent plus, north of the chain, is underutilized. This is a resource that now will inure to our benefit. What we need is the capability, the private capability, to go out and undertake the task. The financing that you are vectoring in a specific fashion to go to vessels for new fisheries, I think, is vital. A fishery that already is in existence, and vessels are being built, has set a pattern commercially where by and large the need can be addressed in the normal fashion.

I want to say that I don't think it is addressed sufficiently at the national level, but it is a lot better than trying to finance vessels in a new fishery where there is no commercial pattern at all, because, obviously, the money goes into known experienced systems.

Senator MAGNUSON. But we do have some financing available to the traditional fishermen, and it hasn't been taken advantage of very much. I think, with the passage of the 200-mile bill, there is more interest in it. But we thought in this bill that we would enlarge the guaranteed loan fund to be used in the new develop-



ment of fisheries, which, in light of the current accelerated interest, as you point out, in Alaska, it should get some takers up there.

Senator GRAVEL. That's an understatement. We have an unsatisfied appetite that it will take more than a decade to satisfy. This will be the first concrete step in that regard, and from your point of view, utilizing the Federal buck for the most bang, you're going to get it right out of these moneys that will go to new fisheries, and that will be the catalyst to open up broader financing efforts in these under—or virgin fisheries.

Senator MAGNUSON. Speaking to the Senator from Virginia, down in your area this is a relatively new development. It is something the traditional fishermen never thought of. And in New England they have been thinking about it a little bit. But this is new, and that is why we sought to expand the role.

There will be some of it done down there, I am sure.

Senator GRAVEL. I think any place where you have the capital facilities to go ahead and moor the vessels, then you have the potential demand and the processing capability, that this is what will permit in many cases the total American interest to go out and utilize the 200-mile. In the absence of this, you're going to see, as we have seen and will continue to see a foreign-investment capability in order to insure themselves of some product. And there is really no way you can stop that unless we go back to the approach of the Smoot-Hawley Act, back in the 1930's, which was disastrous.

And so, recognizing that the only way that we as a part of Government policy can assure that the individual American fisherman is at the beginning of it and can have a major part of the return, is exactly what you are doing, Mr. Chairman, in this legislation. And that is the reason why I joined you in cosponsoring it.

Senator MAGNUSON. The only problem involved is the small boat, fishery boatyard vessels are chockablock with contracts, and you're going to have to wait a few years for delivery of ships.

I had the privilege of attending the christening of a new big ship in Seattle, and I think you read about it, the *America No. 1*, which is going out and engaging in this new potential. It is the biggest fishing boat, I think, ever built in the United States, and it cost nearly \$8 million, and they are taking that risk, the operators.

But the boatyards in Puget Sound are chuckablock with orders for traditional fishing boats.

Senator GRAVEL. Mr. Chairman, that's not going to be a big risk, because that vessel is going up to fish in our waters, and the fish are there. And we have a monopolistic position to secure.

Mr. Chairman, you do focus on one thing which is very serious: How do we solve this problem where you say "chuckablock," we can't get another vessel for another 2 years? This is something that obviously is not addressed in this legislation, but I think we're going to have to focus on.

But there is a demand out there. We do have the people that need the employment, who have the expertise and want to do something about it, but they can't have those needs readily met unless they have good commercial experience and financial backing. This will help a little bit, but it won't help the problem at the other end, and that is to build the vessels.



Senator MAGNUSON. Well, that will go down. That time will go down as more people get into the industry, the shipbuilding business.

Senator GRAVEL. Well, I hope that's the case. But I can assure you that it is our efforts in Alaska to make that an even bigger problem, because if we can begin to build across the face of Alaska the necessary infrastructure in terms of small-boat harbors.

Now, I would like to submit for the record a map that was produced by the Danes who had a study in Alaska as to what the key break and cargo points will be for the 200-mile. And so it is our hope in the future, in the not-too-distant future, to write across the face of Alaska, build the capital infrastructure. Otherwise, you could go ahead and get yourself a boat, but if you can't moor it, you're going to have trouble with your insurance and you're going to have trouble getting into fishing, and when we do build this infrastructure, it's going to place a greater demand upon the fishery boatbuilding capabilities of the Nation. And I hope Puget Sound can gear up to it, and other coastal areas in the United States can gear up with it.

So, I just wanted to bring that to the committee's attention.

Senator MAGNUSON. Without objection, that map will be put in the record.

Senator GRAVEL. Thank you, Mr. Chairman.

I think that underscores all the points I wanted to make in addition to the text of my original testimony.

Senator MAGNUSON. All right. If there are no questions of Senator Gravel, we thank you very much.

Senator GRAVEL. Thank you, Mr. Chairman.

[The statement follows:]

#### STATEMENT OF HON. MIKE GRAVEL, U.S. SENATOR FROM ALASKA

Mr. Chairman, I am very pleased to be here today to testify in favor of S. 1656, "the National Fishery Development Act." This bill would rededicate and earmark special governmental funds for the purpose of fisheries development—something which would have a high degree of impact on my State of Alaska. I don't have to tell you, Mr. Chairman, the importance that this type of legislation can have for my State with the current high level of interest in development of the Alaskan bottom-fish resource.

This legislation is in many ways a logical follow-up to the passage of Senate Resolution 50 which put the Senate on record in February of this year of strongly favoring not only fisheries development but development through the existing framework of the Saltonstall/Kennedy fisheries development fund. I was very happy to be a cosponsor and a strong supporter of that resolution.

S. 1656 will serve as another strong indicator of the interest of Congress in encouraging the expansion and development of the American fishing industry. It is intended to reaffirm the message of Senate Resolution 50 in a general way and go beyond in some ways which are more specific. The legislation has three major parts:

First, it insures the continued existence of the Saltonstall/Kennedy fisheries development fund and mandates that at least one-half of the money which annually goes to the Saltonstall/Kennedy fund will go for private fisheries development projects. I fully support this approach for use of the Saltonstall/Kennedy fund. In the past there has been much confusion as to the nature and purpose of the fund. It has been obscured in the overall National Marine Fisheries Service budget and it has been difficult to identify its actual use on strict "fisheries development" projects. This legislation will set out with greater certainty the parameters for use of Saltonstall/Kennedy monies, it will require periodic congressional oversight, and it specifically earmarks fifty percent of the annual total amount of the fund for local industry development projects.

The second feature of the bill requires the creation of at least six new fisheries attachés to be stationed around the world in order to locate new markets for



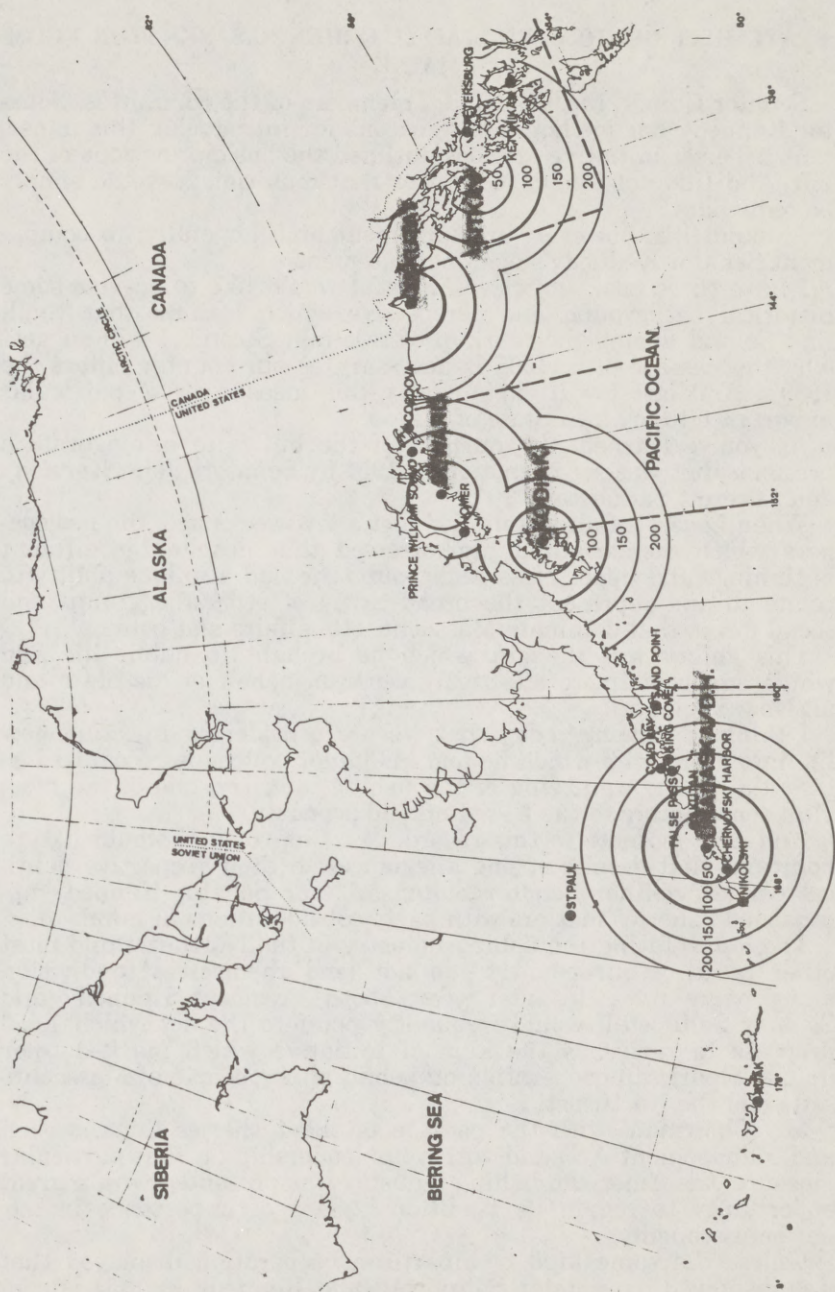
American fisheries products. There are presently only two worldwide. Most Americans are well aware of the impact which U.S. Agriculture has on the world food market and the balance of trade of the United States. With a serious effort on the part of both the Federal Government and private industry, the U.S. fishing industry could also have an important impact on world food markets. A good first step in insuring that American fisheries products find their way into foreign markets is to have full-time commercial fisheries attachés stationed abroad like U.S.D.A. has had for years for their agricultural products in order to develop the export markets which are vital to the continued growth of the under-utilized species fisheries.

The third and final specific proposal contained in S. 1656 would authorize the transfer of moneys from the Federal fisheries loan fund to the Federal ship financing fund and make that money available for loans for boats being used in newly developing fisheries as opposed to the traditional fisheries. This newly available funding for fishing boat financing would be especially timely in light of the current accelerated interest in the acquisition of vessels for use in the Alaskan bottomfishery. This aspect of the bill will be of great benefit to the citizens of Alaska.

Mr. Chairman, the development of the American fishing industry has been the subject of increasing attention these past few years and I believe this legislation will help to accelerate that development even further. The State of Alaska has an incredible stake in the development of the U.S. 200-mile fishery zone. Activities directed at getting Americans catching, processing and selling the commercially marketable fish products off the Alaskan coast have grown greater with each passing day over the past few years with no decrease in activity in sight. New boats are being built, new processing facilities are being constructed, new fish companies are being formed.

The passage of the Fishery Conservation and Management Act of 1976 set the stage for serious fisheries development in the United States. It created the opportunities which Senate Resolution 50 in February and this legislation today seeks to take advantage of. The passage of "the National Fisheries Development Act" will serve as yet another substantial step in the long process of full utilization of the resources of the U.S. fishery conservation zone. I am proud to be a cosponsor of this proposed legislation and I thank the chairman for this opportunity to present my comments before the committee today.







Senator MAGNUSON. Senator Cohen.

STATEMENT OF HON. WILLIAM S. COHEN, U.S. SENATOR FROM  
MAINE

Senator COHEN. Mr. Chairman, members of the committee, Senator Kennedy has explained his reasons for introducing this important fisheries initiative and has outlined the basic provisions of the bill. And I do not intend to go over that material. It would simply be redundant.

I would like, however, to supplement and, hopefully, to complement Senator Kennedy's opening statement.

I have three basic objectives. First, I would like to provide some historical background and perspective which I think that you'll find helpful during the markup of this bill. Second, I will suggest why the passage of S. 1566 is necessary as our country enters the 1980's. And last I will explain why this measure is of particular importance to my own State of Maine.

As you've learned, the purpose of the bill is to reinvigorate a program that was set in motion in 1954 by Senators John Kennedy and Leverett Saltonstall.

When Leverett Saltonstall died just a few weeks ago, the newspapers which memorialized him stressed that despite his affluent beginnings and upper class background, he had a unique ability to relate to and represent the broad array of economic groups and social forces that dominate Massachusetts affairs and politics.

This ability was the gift which he brought to public life and which enabled him to effectively work on behalf of his State and all New England.

I think it's fitting today that we are considering injecting new life into a program which he and his junior colleague recognized as essential to the well-being of the fishing industry, one of the most vital contributors to the New England economy.

And as a footnote to this record, Mr. Chairman, I would like to point out that despite strong allegiances to their respective political parties, neither Senator Saltonstall nor Senator Kennedy approached fisheries matters with party considerations in mind.

The issues facing the fishing industry in the Northeast and most other parts of our country—do not lend themselves to division along party lines. In later years, both President Kennedy and Senator Saltonstall would frequently point to the act which 1,656 proposes to revive as the kind of initiative which marked their unique bipartisan cooperation on behalf of the people of Massachusetts and the Northeast.

Mr. Chairman, with the passage of the Fisheries Conservation and Management Act, and with your leadership on that particular measure, the American fishing industry was presented with a great opportunity to regain its traditional place of importance in our national economy.

Unless the same kind of bipartisan cooperation displayed that was displayed by Senator Saltonstall and Kennedy in 1954 is continued, I think that that opportunity could well be lost.

In 1954, Senator Saltonstall and Kennedy proposed that an amount equaling 30 percent of the duties collected on imports of fisheries products be devoted to advancing development of our



domestic fishing industry. They did so with your strong support, Mr. Chairman, and with the equally strong support of colleagues such as Senator Jackson, Senator Stennis, former Senator Margaret Chase Smith of Maine, and the late Senator Frederick Payne of Maine.

The need for the development of the program was great and it wasn't limited to New England, where catches of redfish, ground fish, and scallops were declining.

Mr. Chairman, in this committee and on the floor, you noted that the Northwest salmon industry was not receiving the attention that its importance warranted. You pointed out that the salmon industry was at its lowest point in 40 years; that it was a \$100 million a year industry; and that our Government had provided less than \$200,000 a year for its development. You stressed the industry's enormous importance to the economy in the Pacific Northwest and Alaska.

A similar situation existed in the Gulf of Mexico, where a tremendous drop in the southern oyster production was evident.

Florida, the committee acknowledged at the time, was then producing only one-fifth of its former oyster yield.

It was not entirely coincidental that Senators Kennedy and Saltonstall and this committee chose to fund the 1954 development effort with revenues derived from duties on fisheries products that were entering the United States from other countries.

As Senator Saltonstall stated on the floor,

The trouble with fisheries is that the tariffs are too low. If the tariffs were raised a little on fish, the fishing industry would not have to meet some of the problems that it now faces.

Those interested in fisheries are trying to get funds for biological and technological research so that Americans can compete with imports which enter the United States with low tariffs.

Mr. Chairman, tariffs are still too low. Canadian imports are entering, this country and the administration refuses to grant needed relief to our fishermen.

I would also submit that America's fishing industry faces challenges as great, if not greater, than those which it faced when the original Saltonstall-Kennedy Act was considered in 1954.

The intensive foreign fishing which occurred off our shores in the 25 years preceeding the passage of the Fisheries Conservation and Management Act had the result of arresting our domestic industry's natural development.

Senator MAGNUSON. Senator Cohen, I would like to suggest that when you say the administration refuses to grant relief, that is correct. But you can say all administrations have refused to grant relief.

Senator COHEN. Yes, Mr. Chairman. I stressed the need for a bipartisan approach to the resolution of this problem. And I would agree with the chairman that some of the problems have been generated on a bipartisan basis.

Senator MAGNUSON. It has been a common complaint for years.

Senator COHEN. My specific problem has been with this administration's refusal to impose the countervailing duties. They have been waiving countervailing duties to the substantial detriment of fishermen in Maine and the rest of New England.



But I would agree with the chairman that this situation isn't unique to this administration alone.

But in any event, the increased importation of low cost, foreign product has forced the marketing efforts of our domestic industry to atrophy.

So over the years, the Saltonstall-Kennedy development mechanism which was originally intended to involve small industry and to encourage local decisionmaking became swallowed up by the Federal fisheries bureaucracy. More and more of the funds went to finance projects run by Federal bureaucrats here in Washington and carried out by the Federal bureaucracy itself. Not all of the resulting activities were for naught. I'm told that many were quite productive.

However, the point that I wanted to make this morning is that the industry became increasingly less involved in the process itself.

S. 1656 would rectify this problem and place the Saltonstall-Kennedy program back on the right track.

Mr. Chairman, I would like to conclude my remarks by noting why the Saltonstall-Kennedy program and S. 1656 are particularly important to my own state.

In 1977, Maine fishermen landed over 180 million pounds of fish and shellfish. At dockside, this catch was worth over \$60 million. If we calculate the regional economic fallout which results from processing, transportation, and selling of this catch, the true benefit of the fishing industry can be understood.

But the industry in my State stands apart from the fishing industry in its New England sister States. Unlike Massachusetts and Rhode Island, where fleets are concentrated at several major ports, Maine's fleet is dispersed in many small ports along its 3,000 miles of coast. In fact, there are numerous ports in Maine which have fewer than 10 vessels.

This structural reality poses a particularly difficult challenge to Maine fishermen as they seek to efficiently process and market their product. Geography makes it difficult for them to group together and thus improve their competitive position vis-a-vis imports, and fish market by their counterparts in southern New England.

The reinvigorated Saltonstall-Kennedy program that is envisioned by this bill would provide Maine's diffuse industry with the kind of assistance that it needs to develop innovative techniques and methods which can make it compete effectively.

And it is precisely the kind of program which will insure that Maine can continue to play an important role in the Nation's overall fisheries production effort.

I would conclude with a few thoughts from John Ruskin, the British essayist. He wrote that "God has lent us the Earth for our life. It is a great entail. It belongs as much to those who are to come as to us, and we have no right by anything we do or neglect, to involve them in any unnecessary penalties, or deprive them of the benefits which was in our power to bequeath."

Maine's fishing industry wants to be involved in bequeathing a healthy American fishing industry for future generations. This bill will enable Maine fishermen to contribute to this most important bequest.



That concludes my statement, Mr. Chairman.

Senator MAGNUSON. I appreciate your statement and I appreciate the uniqueness of the Maine problem. It is sort of a dog tail-wagging the dog thing with New England fisheries. But overall, we all have the common problems, in Puget Sound and Alaska and the rest.

And this bill seeks to cut across the board and involve common problems. This won't be a panacea for any of the problems of Maine.

Senator COHEN. What it is going to do is to involve the local industry; to put industry members back into the business of making some decisions and trying some innovative concepts with regard to processing, marketing and other matters.

What has happened is that we have had this program imposed from Washington down with very little concern being given to the unique problems that States like Maine face.

Senator MAGNUSON. As I said earlier, the bill was never intended to have a lot of administrative costs. It was intended to collect the money and quickly do some research for Maine and other places.

And it may be that some of the Maine fishermen might want to go out and bottom fish and take advantage of this.

As a matter of fact, they are closer than any place in the United States to the availability of bottom fish and the Canadians are taking it all and shipping it down here with a low tariff.

Senator COHEN. Well, that is why I raised the point about the Administration's neglect in this regard.

Senator MAGNUSON. Well, we have a Canadian treaty in front of the Senate that involves mainly the Georges Bank and different definitions of the limitations. But I'm glad that you brought Maine into the picture.

Senator COHEN. Thank you very much, Mr. Chairman.

Senator MAGNUSON. Senator Warner?

Senator WARNER. One other thing that Maine can take great pride in is its shipbuilding industry and the Bath shipbuilding yard. And I think that yard is, from my own knowledge gained from working with it for many years, particularly eligible for the type of financing envisioned by section 4, which is to subsidize the development of the newer more sophisticated shipping vessels.

Senator COHEN. Well, I'm pleased to have those comments from my good friend from Virginia. I intend to recall those glowing words of praise when it comes time to funding of the various military appropriations measures that come before the Armed Services Committee, on which he and I serve.

Senator WARNER. Again, the craftsmanship and design through the centuries has been done by the Bath yard and it is superb. And I think that they are particularly capable of stepping into this new financing program, which is badly needed in the shipbuilding industry.

Senator COHEN. I thank you for your comments.

Senator MAGNUSON. All right. Thank you very much, Senator. Now Senator Chafee has a statement for the record that we will put in the record at this point.

[The statement follows:]



## STATEMENT OF HON. JOHN H. CHAFFEE, U.S. SENATOR FROM RHODE ISLAND

Mr. Chairman and members of the Committee, I am pleased to be here today to give my support for Senator Kennedy's bill to provide for a national program of fisheries research and development.

The fishing industry is an important but often overlooked, industry in this country. For example, in Rhode Island alone about \$30 million of fish was landed last year. By the time this fish is processed and distributed, we are talking about an industry with an economic volume of over \$100 million. From these figures it is clear that fishing is an important industry not only throughout New England but in all our coastal states.

Let's take a look at what the fishing industry can expect in the near future in domestic and foreign markets. According to a study by the National Marine Fisheries Service, American fishermen can look forward to a growth in gross demand for seafood in the domestic market. This growth is due to a slow but steady increase in the per capita consumption of fish products combined with a growing population. This growth in demand will be in the range of 50 to 100 million pounds of fish and fish products a year.

This increase in demand has come in a time when fish prices have advanced faster than other meat protein products—but without a drop in demand because of these higher prices.

Unfortunately, United States fishermen have not been able to meet this growth in demand. Imports now make up over half the fish and fish products consumed in the United States. In some species imports run even higher. For example, over 75 percent of the white fleshed fish currently served in the United States is imported. U.S. consumption of this fish species is substantial and growing rapidly, and it is a market that American fishermen are in a position to take advantage of.

We are currently importing \$2 billion a year more than we export in fish and fish related products. This represents over 8 percent of our total trade deficit.

It is from these imports that the money in the Saltonstall-Kennedy fund accumulate. And the amount of money in this fund is an indication of the imbalance between domestic and imported fish production. That is why it is imperative that these funds be directed as strongly as possible towards the development of our domestic fisheries.

Now what about the potential for fisheries exports?

By looking specifically at just one country, we can see the many opportunities that exist for selling our fish products overseas. Japan imports a total of about \$1.8 billion in fishery products each year. In 1977, approximately \$220 million of this \$1.8 billion were imported from the United States. In 1978, Japan was the market for over 60 percent of U.S. exports. Clearly, there is much room for growth in export opportunities.

Recent developments in international economics have made this a good time for pursuing the development of the U.S. fishing industry. Changes in exchange rates have served to make imports more expensive in this country and to make U.S. products more competitively priced abroad. This is a good time for United States fishermen to not only expand their efforts in the domestic market but to give maximum effort to developing foreign markets as well.

How would this bill help?

First, it would insure that all of the money in the S/K fund will be used for the development of U.S. fisheries. As we can see from the imbalance of trade, this development is definitely needed. In addition, it would direct at least 50 percent of the S/K funds to go to projects sponsored by local industries. In Rhode Island, for example, we have a Fisheries Development Task Force which draws on the expertise of the academic community, the fishing industry, and from state and federal government sources. This group is responsible for screening projects submitted to them and recommending certain of these projects for funding. There is normally a backlog of projects that have been approved by the task force awaiting funds. earmarking 50 percent of the S/K funds towards industry sponsored projects would certainly be beneficial.

Second, establishing fisheries attachés in U.S. Embassies abroad would be an important first step towards an expanded export program for U.S. fisheries. These attachés would be able to provide U.S. fishermen with information on foreign markets that was both more timely and more accurate than is now possible. In addition, these attachés would be able to advise U.S. fishermen on the tastes and preferences of foreign countries and the proper way to package fish products to have the most success.

Thirdly, this bill would make available financial assistance for fishing vessels engaged in developing fisheries which have traditionally had a difficult time in



attracting private capital. Such funds would be very attractive in developing such underutilized species in the North Atlantic as squid and whiting and red hake.

One subject area not covered by this bill, but which needs to be discussed in legislation dealing with fisheries development, is the need for more onshore facilities. A December 1978, study report by the National Marine Fisheries Service pointed out the need for more freezing and processing facilities, especially in the North Atlantic region. In addition, while some port development is in progress in this region, the report concluded that more development is necessary especially for moorage and support facilities.

One way to achieve this would be to extend the capital construction fund to cover onshore facilities. Such legislation is presently being debated in a conference with the House of Representatives on another bill. Should there not be a satisfactory solution in the conference with the House, I would be very interested in the possibility of amending this legislation to help provide a program to develop the necessary onshore facilities.

In conclusion, with the passage of the 200 mile limit the fishing industry in the United States has asserted its dominance over a substantial area of fisheries potential. What is necessary now is to encourage the growth of our domestic industry to take advantage of this potential. This legislation would capitalize on the growth in the fishing industry that has taken place since the passage of the 200 mile limit and would encourage U.S. fishermen to compete more aggressively both in the domestic market and the foreign market. I urge the Committee to act favorably on this bill.

Thank you.

Senator MAGNUSON. And Senator Weicker is coming. In the meantime, we will hear from Terry Leitzell, the Assistant Administrator for Fisheries of the Department of Commerce.

**STATEMENT OF TERRY LEITZELL, ASSISTANT ADMINISTRATOR FOR FISHERIES, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE; ACCOMPANIED BY MARTHA BLAXALL, DIRECTOR, OFFICE OF UTILIZATION AND DEVELOPMENT; AND JAY JOHNSON, ASSISTANT GENERAL COUNSEL FOR FISHERIES**

Mr. LEITZELL. I have with me today, on my left, Martha Blaxall, who is the Director of the Office of Utilization and Development in the Office of Fisheries in Washington. And on my right, Jay Johnson, who is from the Office of General Counsel in charge of fisheries.

With your permission, Mr. Chairman, I would like to summarize my statement and submit it for the record.

Senator MAGNUSON. All right. It will be in the record in full.

Mr. LEITZELL. I'm pleased to have the opportunity to appear this morning to comment on S. 1656, a bill to provide for a national program in fisheries research and development.

I am particularly pleased to be able to appear to discuss a subject in which I think the Congress and the administration are genuinely on the same track and supporting many of the same concepts.

While the Department of Commerce does support the general thrust and purpose of the bill, we cannot fully support S. 1656 as drafted, and are currently drafting a bill to be submitted by the administration.

In 1978, the Department of Commerce established a task force to produce a study on fishery development problems. That study sought to define export and domestic markets for species of fish not traditionally harvested by U.S. fishermen, to conduct additional analyses, and to formulate a policy for guiding the efforts of the Federal Government in fisheries development.



The analysis showed that targeting industry efforts on the harvesting, processing, and marketing of a selective group of so-called nontraditional or underutilized species could create up to 43,000 new jobs in the United States and up to \$1.2 billion in national income by 1990. Resources such as squid and whiting off New England, Alaskan pollock, Pacific whiting and other groundfish off the west coast and Alaska, tuna in the western Pacific, and groundfish in the Gulf of Mexico, offer tremendous potential for development.

The expansion of domestic fisheries production will allow development of important export markets for the U.S. fishing industry and help to reduce the large and chronic deficit in our foreign trade balance.

The result of the efforts by the Department of Commerce was a commitment by the administration to assist the U.S. fishing industry to accelerate development of U.S. fisheries.

S. 1656, the bill under consideration here, is based on similar principles to those set forth this past spring in the announcement of the administration's fisheries development policies.

I would like to comment briefly on some of the major provisions of the bill.

With regard to the financial assistance provisions, both our announced program and S. 1656 would support financial assistance for the private sector to conduct fisheries development projects where such projects cannot be undertaken effectively by private industry.

We are emphasizing Federal cost-sharing programs which support regionally oriented development activities targeted on specific species and also broader support activities which affect more than one fishery or group of fisheries.

Within these programs we are concentrating on the transfer of existing technology to improve harvesting and processing methods, to improve vessel safety and to conserve energy. We are also concerned with improving access to foreign markets, reviewing the impact of Government regulations across the board on the fishing industry, improving the safety, quality, and nutritional value of seafood products, and, finally, planning for infrastructure development.

Many of these points, I think, were mentioned by some of the Senators who did testify this morning as being of particular concern to their States.

We believe that the industry should share in the cost of such a program to insure that only those projects that are really of value and interest to the industry will be undertaken.

The Department is also working on the question of the need for additional fisheries attachés abroad. Over the past year, a major contract study was completed for the Department of Commerce which investigated and defined export markets for fishery products. We expect to build upon the original study by looking at additional foreign markets for U.S. seafood products. While we have determined that there is a need for additional fisheries attachés to assist in these activities, the administration believes that our present system for the selection, appointment, and assignment of attachés is an effective arrangement. It is, in essence, a system



of consultation between the Departments of State and Commerce in determining where attachés can best be placed and carry out the necessary work.

With regard to the provisions on the Fisheries Loan Fund transfer, we are also considering the transfer of those funds from the Loan Fund to the Federal Ship Financing Fund. The proposed transfer in S. 1656 would allow the fishing vessel obligation guarantee program currently administered by NOAA to provide guaranteed financing for higher risk vessels in developing fisheries that are not presently eligible for the program.

With regard to the congressional review and program funding provisions, we do have some reservations. The congressional review provisions we support in substance. I think that they are appropriate and necessary as we move forward in a partnership in fisheries development.

Some of the technical provisions as to how that would be carried out, however, we believe should be changed and we would be happy to discuss those with your staff and with the staff of the other cosponsors of the legislation.

With regard to program funding, we are opposed to the provision which would provide continued funding for fisheries development projects under the Saltonstall-Kennedy transfer provisions.

We believe that this current funding arrangement would bypass the normal administration and congressional overall budget priority-setting process and could, in fact, provide amounts in excess of actual requirements.

We believe that the funding should be provided through the normal appropriations process to allow continued and full administration and congressional review of the program and to provide the sums necessary for adequately planned programs.

In summary, I believe, as I said at the outset, that the bill does express objectives quite similar to those of the administration in fostering the development and strengthening of the U.S. fishing industry.

We will also be submitting legislation to the Congress in the very near future.

If I might, Mr. Chairman, I would like to add just one personal comment to the end of my statement which I think is probably of most importance to the industry, to you, and to the Congress.

I strongly believe, and have indicated before, that development efforts must be led by the industry. The Government can assist in removing impediments. It can help to solve problems. We can create an atmosphere that is necessary for development.

I believe, though, the leadership must come from industry, and I also believe that it will. And I simply want to express the hope that we in Government can fulfill our role to assist the industry in moving toward those goals.

Thank you. I would be happy to answer any questions.

Senator MAGNUSON. I get the impression that you are against the Saltonstall-Kennedy Act.

Mr. LEITZELL. With regard to the funding mechanism, we do believe that the funding should be provided through the normal appropriations process.



Senator MAGNUSON. Well, why don't you be honest about it and bring up a bill repealing the act?

Mr. LEITZELL. We will submit legislation that would not repeal the entire act, by the way, because I think many of the policies that are set out in the act are consistent with what we wish to do in fisheries development. But we will be proposing legislation which would change the funding mechanism from the passthrough mechanism that presently exists to normal appropriations.

Senator MAGNUSON. What are you going to do with the funds in the Saltonstall-Kennedy Act?

Mr. LEITZELL. At the moment, 70 percent of the funds which are collected go into the General Fund of the Treasury. We would be proposing that all of them do that.

Senator MAGNUSON. Well, it never was intended to do that, was it?

Mr. LEITZELL. Obviously, the congressional intent was to have 30 percent passthrough for various kinds of projects.

Senator MAGNUSON. Why do you participate in violating congressional intent?

Mr. LEITZELL. We are simply making a proposal to Congress, Mr. Chairman.

Senator MAGNUSON. What?

Mr. LEITZELL. I say that we are simply making a proposal to Congress which we believe should be—

Senator MAGNUSON. But in the meantime, you are violating the intent of the Saltonstall-Kennedy Act.

Mr. LEITZELL. The present provision—

Senator MAGNUSON. I don't mean you. I mean OMB and the administration.

Mr. LEITZELL. I understand. The present act, Mr. Chairman, does provide that 30 percent be passed through and the other 70 percent goes to the General Treasury Fund now.

We're simply proposing that all of it go to the General Treasury.

Senator MAGNUSON. You speak of the administration's program. The final report on the Department's fishery development task force was presented in May. Since that time, nobody has seen an administration proposal. Where is it?

Mr. LEITZELL. The basic program is set out in the documents which were presented in May.

Since that time, we have obligated several million dollars of funds for cooperative projects, the most recent one being a \$1.4 million project to the Alaska Fisheries Development Foundation.

We will, within the next few weeks, be putting out a proposal which will lay out the ground rules for submitting proposals for funding under the administration's program.

The program is actually in effect. We have already begun to fund a number of projects.

Senator MAGNUSON. Do you mean for loans on shipbuilding?

Mr. LEITZELL. No, sir, I'm talking about specific funds that will go to various industry groups for carrying out development-oriented projects. We have already obligated money for projects in Alaska, the project that Senator Stevens referred to. We have obligated funds to the Southeast.



Senator MAGNUSON. Then what do you need the new regulations for?

Mr. LEITZELL. They are not new regulations as such, but simply a methodology for gathering proposals and for identifying to industry the format that is needed to submit proposals to us.

We would like to regularize the process.

Senator MAGNUSON. Is it the intent on the part of the administration to defer any Saltonstall-Kennedy money for this fiscal year?

Mr. LEITZELL. For fiscal 1980?

Senator MAGNUSON. Yes.

Mr. LEITZELL. That is a question that I can't fully answer at the moment. I can try to answer that for the record.

[The following information was subsequently received for the record.]

On October 1, 1979, the President submitted his first message on rescissions and deferrals for fiscal year 1980 as required by the Budget Impoundment and Control Act of 1976. The proposal to defer \$2.4 million of S-K funds was included along with several other proposals, many of which are technical in nature since they represent funds for which spending plans have not yet been developed. The Budget Act provides for subsequent release of deferred funds during the year as needed. The Administration is presently reviewing the specific S-K deferral and should reach a decision on the matter shortly.

Senator MAGNUSON. Well, I heard that OMB yesterday deferred \$2.4 million of Saltonstall-Kennedy funds for 1980. Is that true?

Mr. LEITZELL. That is my understanding, Senator.

The reason that I can't more fully answer that is I have not had a chance—

Senator MAGNUSON. That's a complete violation of the intent of Congress and the law.

Well, I get the impression that you people down there are opposed to the Saltonstall-Kennedy Act. You go along with OMB to defer the funds in violation of the intent of the act. You are going to send up an administration proposal to gut the act; is that correct?

Mr. LEITZELL. To change the funding mechanism, yes.

Senator MAGNUSON. Why don't you just send up—why don't you just ask for the repeal of the act altogether? It is not accomplishing much now the way the administration looks at it.

Of course, you won't get any place with it. But you ought to at least be honest with us and say you are against the act.

Well, I have no further questions. I am disappointed, thoroughly disappointed in the attitude of the administration. And I strongly suspect that the cold hard hand of OMB is talking through this.

Senator WARNER. Maybe we had better go find that fellow in OMB and bring him up here.

Senator MAGNUSON. Oh, there is one thing about the attachés. You say you are considering the need of additional fish attachés. I wonder if you read your Fisheries Development task force report from last May, which recommends it?

Mr. LEITZELL. I might clarify that, Senator. We have determined that approximately six new attachés are needed. We have not fully determined where they should be placed.

Senator MAGNUSON. Has the State Department talked to you about it?

Mr. LEITZELL. Yes, I have talked to the State Department.



Senator MAGNUSON. And they oppose it?

Mr. LEITZELL. No, they do not.

Senator MAGNUSON. They don't oppose it?

Mr. LEITZELL. They are generally in agreement with that provision.

Senator MAGNUSON. Well, I don't know about fisheries in the State Department. It is an orphan down there and always has been.

Senator Saitonstall and I spent months and years in the Senate to try to get the State Department to give us some policy level for fisheries. And finally Mr. Lovett did it, and then after Mr. Lovett left it disappeared. And there were fisheries meetings all over the world where you would sit across the table with a ministry of fisheries from a country. It was a minister. We are just talking about some attachés. They had the authority to make a decision right at the table. And our guys couldn't do a thing.

You go to trade negotiation meetings, GATT and all of that. I've been to a couple of them. They get through all of their business and then they throw a fish in the middle of the floor. Nobody fights over a dead fish, so they just pass it off.

So I'm glad the State Department isn't against attachés. Maybe they have changed their minds.

How many people in the National Marine Fisheries Service do you have in your Fishery Development Office?

Mr. LEITZELL. Probably about 50 in the Washington office. We do have people, of course, in each of the regional offices.

Senator MAGNUSON. How many are employed altogether?

Mr. LEITZELL. That I would have to provide for the record.

[The following information was subsequently received for the record:]

The Fisheries Development Staff in the National Marine Fisheries Service is located in the Office of Utilization and Development in Washington, D.C. and in several regional locations. The following table provides more complete information.

| Staff function                     | Washington D.C. | Center and<br>Regional offices |
|------------------------------------|-----------------|--------------------------------|
| Fisheries development staff.....   | 23              | 44                             |
| Financial assistance programs..... | 17              | 14                             |
| Utilization research staff.....    | 10              | 109                            |
| Total.....                         | 50              | 167                            |

Senator MAGNUSON. Fifty here, huh?

Mr. LEITZELL. Fifty full-time. There are more than that doing related support activities.

Senator MAGNUSON. Well, how many more? Just a rough figure?

Mr. LEITZELL. I would say in total, if you're talking about people who support the international work, who support the marketing work, probably in the Washington office, 50 or 75.

Senator MAGNUSON. How many in the field?

Mr. LEITZELL. Probably 100 or 150.

Senator MAGNUSON. So you've got over 200 people running around down there, trying to subrogate the Kennedy-Saitonstall Act.



The Senate Appropriations Committee has asked and the Members of the House have asked the Department to check on this Office, and what actions have you taken on that?

Mr. LIETZELL. Are you referring to the request to review the vessel obligation loan program?

Senator MAGNUSON. Well, the whole business, the research, the fisheries development.

Mr. LIETZELL. Actually, we are in the process of looking at this specific staffing. I would not defend the current staffing pattern as being the optimal pattern for doing the kind of program that we and you are talking about. But it is going to take some time to sort that out.

Senator MAGNUSON. Why?

Mr. LIETZELL. Because it involves the transfer of personnel. We have already made a number of changes as to what people are doing and expect to make more.

Senator MAGNUSON. Well, it has been a long time since we asked them.

Well, I have no further questions. I am disappointed in your testimony.

The Senator from Virginia.

Senator WARNER. Mr. Chairman——

Senator MAGNUSON. You're disappointed, too, aren't you?

Senator WARNER. I want to say that I felt the witness' final comment to the effect that he believes in his own heart that the private sector can better direct the expenditure of these funds than the Federal Government, raises hope.

If we can perhaps lift from this gentleman's back the OMB, he is likely to take over this thing and make a success out of it.

Senator MAGNUSON. Well, he does pretty good with other projects. But he hasn't done very well with this.

Senator WARNER. One of the advantages of S. 1656 is it reaffirms the congressional mandate for regional projects established by the Fishery Conservation Management Act. Identification of the various processes associated with the processing of menhaden can be far better made in the localities where it is done.

Would you agree with this observation?

Mr. LEITZELL. Yes, very much. I think the emphasis on doing work in a regional fashion is absolutely essential to the success of the program.

Senator WARNER. I am hopeful that the forthcoming administration proposals for domestic fisheries reflect these concerns.

For the record, would you provide a list of the expenditures for fiscal year 1978 for the Saltonstall-Kennedy funds for development of the menhaden, rockfish, bluefish, trout, and mackerel fisheries development? I would like to know the exact dollar amount which actually went for that to the companies or associations involved in the study of these fishes.

Mr. LEITZELL. Just for 1978, Senator?

Senator WARNER. Well, I think it might be helpful if we had several fiscal years.

How soon could you finish up 1979?

Mr. LEITZELL. We could provide 1979 figures as well.

Senator WARNER. Well, I think let's go back, perhaps 1977-79.



Mr. LEITZELL. Fine, certainly.

[The following information was subsequently received for the record:]

Expenditures from the Saltonstall-Kennedy funds in fiscal years 1977, 1978, and 1979 for menhaden, rockfish, bluefish, trout, and mackerel fisheries development were as follows:

|                                                                                                   |               |
|---------------------------------------------------------------------------------------------------|---------------|
| Fiscal year 1977 Virginia Institute of Marine Science (VIMS) (economic statistical research)..... | \$1,500       |
| Fiscal year 1978 NMFS (product research).....                                                     | 3,000-10,000  |
| Fiscal year 1978 Virginia Seafood Council/VIMS (consumer education, product research).....        | 5,000-10,000  |
| Fiscal year 1978 Human Sciences Research Inc. <sup>1</sup> (recreational fishing survey).....     | 700,000       |
| Fiscal year 1979 Virginia Seafood Council/VIMS <sup>2</sup> .....                                 | 25,000-30,000 |

<sup>1</sup> The actual study was nationwide; however, the firm is located in Virginia.

<sup>2</sup> Funds are held by the Gulf and South Atlantic Fisheries Development Foundation. They anticipate total awards in this range. Specific information on projects to be performed is not available.

Senator WARNER. Thank you, Mr. Chairman.

Senator MAGNUSON. Thank you.

[The statement follows:]

STATEMENT OF TERRY LEITZELL, ASSISTANT ADMINISTRATOR FOR FISHERIES, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE

Mr. Chairman and Members of the Committee, I appreciate the opportunity to comment on S. 1656, a bill to provide for a national program of fisheries research and development. The Administration recognizes the need for appropriate Federal assistance in order to foster the development and strengthening of the fishing industry of the United States.

While the Department supports the general thrust and purpose of this bill, we cannot support S. 1656. We are currently drafting a bill, to be submitted by the Administration. Our bill will set forth what we believe should be the fisheries development policy, program, and financing mechanism.

The Fishery Conservation and Management Act established the basic framework for the management and development of our fishery resources and opened the door for the U.S. fishing industry to expand its ability to harvest, process, and market U.S. fish products. However, the Act offers little specific direction to overcome major impediments to fisheries development.

Recognizing this, in 1978 the Department of Commerce established a task force to review the results of a fisheries development study. This study sought to define export and domestic markets for species of fish not traditionally harvested by U.S. fishermen, to conduct additional analyses, and to formulate a policy for guiding the efforts of the Federal Government in fisheries development. A major conclusion of this work was that significant benefits can result from expansion of the United States fisheries.

Our analysis showed that targeting industry efforts on the harvesting, processing and marketing of a selected group of the so-called non-traditional species could create up to 43,000 new U.S. jobs and \$1.2 billion in national wealth by 1990. Estimates indicate that present U.S. harvests of about 2.5 million metric tons can be more than doubled through a focused program for fisheries development. Resources such as squid and whiting off New England; Alaskan pollock, Pacific whiting, and other groundfish off the West Coast and Alaska; tuna in the Western Pacific; and groundfish in the Gulf of Mexico—all offer tremendous potential for development.

The expansion of domestic fisheries production will allow development of important export markets for the U.S. fishing industry and help reduce the large and chronic deficit in our foreign trade balance in fishery products. It will also provide products that can be used to satisfy increasing consumer demand for seafood in the United States.

The Task Force identified a number of impediments that must be overcome in order to bring about significant growth of U.S. fisheries. The basic structure of the fishing industry, the lack of systematic planning, the lack of suitable ports and harbors where there are abundant species for development, and the lack of suitable technology—are all significant factors in creating a perceived high degree of risk in fisheries development.



The result of our efforts was a commitment by the Administration to accelerate development of U.S. fisheries. S. 1656, the bill presently under consideration at this hearing, is based on the similar principles set forth in the Administration's Fisheries Development Policy. It differs from our policy primarily in the manner in which funding is provided and in defining the fisheries development research program.

I would like to comment briefly on the six major provisions of S. 1656.

#### 1. FINANCIAL ASSISTANCE TO PRIVATE SECTOR PROJECTS

Both our Program and S. 1656 would support giving financial assistance to the private sector to conduct fisheries development projects where such projects could not be undertaken effectively by private industry. We are in the process of preparing a notice to be published in the *FEDERAL REGISTER* to solicit proposals for fisheries development under newly established funding guidelines. This notice calls for proposals to be submitted in December 1979, and again in April 1980.

We are emphasizing Federal cost-sharing programs which support regionally oriented development activities targeted on specific species and broader support activities, which affect more than one fishery or group of fisheries. Within these programs, we are concentrating on the transfer of existing technology to improve harvesting and processing methods, improving vessel safety and conserving energy, improving access to foreign markets, reviewing the impact of government regulations, improving the safety, quality and nutritional value of seafood products, and planning for infrastructure development. We believe that the industry must share in the costs of such a program to assure that only projects that are of value are undertaken.

#### 2. A NATIONAL PROGRAM FOR FISHERIES RESEARCH AND DEVELOPMENT

We are concerned with the intent and substance of the provision which would establish a national program for fisheries research and development. It is not clear if this program would be development oriented or inclusive of all fisheries related activities as embodied in our present research and development program. Consequently, we would appreciate an indication of specific intent. The proposed Administration initiative for fisheries development recognizes the fishery research and development activities of established programs and proposes the maximum use of these activities in support of fishery development.

#### 3. REGIONAL FISHERIES ATTACHÉS

The Department is considering the need for additional fishery attachés. In the past year, a major contract study was completed for the Department of Commerce which investigated and defined export markets for fishery products. This was the first in a series of efforts being made to determine the possibility of developing many of our underutilized fisheries resources for export to other countries. We expect to build upon the original study by looking at additional foreign markets for seafood products. Partly as a result of this study and the increased fisheries development effort, we may be supporting and participating in food shows in foreign countries sponsored by the Department of Agriculture and we will lead sales missions to foreign markets.

While we have determined that there may be a need for additional fisheries attachés to assist in these activities, the Administration's view is that the system now employed of consultations between and concurrence by both Departments in all decisions involving the selection, appointment, and assignment of fisheries attachés is an effective arrangement.

#### 4. FISHERIES LOAN FUND TRANSFER

The Department is considering the transfer of funds from the Fisheries Loan Fund to the Federal Ship Financing Fund. However, we believe that a careful analysis of the need for such a program needs to be undertaken. We are in process of conducting such an analysis. The proposed transfer in S. 1656 would allow the Fishing Vessel Obligation Guarantee Program, currently administered by NOAA, to provide guaranteed financing for higher risk vessels in developing fisheries. Funds in the Fisheries Loan Fund have been under Administrative moratorium since 1972 and the authority for this program will expire in September 1980.



## 5. CONGRESSIONAL REVIEW AND PROGRAM FUNDING

We have major reservations about the last two major provisions of this bill—the proposed Congressional review procedures and the funding arrangements.

*(a) Congressional review*

We think that the NMFS Annual Report, which is very general, is not the proper vehicle for the transmittal to the Congress of detailed information on fisheries development as described in this bill. We recommend that the detailed nature of the information requested in this bill be treated in a separate report which may be transmitted along with the NMFS Annual Report. We also believe that inclusion of reasons for the disapproval of any application submitted to receive Federal financing would be inappropriate in a public report, although on request, we believe it would be appropriate to make this information available to Congress.

This bill would require that Congress be given a sixty-day notice prior to the start of the fiscal year of the projects to be funded as part of the program of fisheries research and development. This requirement may be impracticable as drafted since not all projects will be funded on an annual basis. Also, we would prefer not to delay initiation of work by waiting sixty days before granting funds. An annual report, in our view, will support all Congressional oversight requirements.

*(b) Program funding*

Funding for fishery development projects financed under provisions of this bill would be provided from duties levied on imports of fishery products. We are strongly opposed to this provision. This funding arrangement would bypass the Administration's and Congress' overall budget priority setting process and may provide amounts in excess of actual requirements. We believe that the funding should be provided through the normal appropriations process to allow full Administration and Congressional review of this program, and provision of sums necessary to support adequately planned programs.

In summary, I believe that the bill expresses objectives similar to those of the Administration to foster the development and strengthening of the fishing industry of the United States. We have indicated our concerns about some of the substantive and technical aspects of this bill. We plan to submit our bill to the Congress in the near future.

This concludes my formal remarks, Mr. Chairman. I will be happy to answer any questions.

Senator MAGNUSON. Senator Weicker?

**STATEMENT OF HON. LOWELL WEICKER, JR., U.S. SENATOR  
FROM CONNECTICUT**

Senator WEICKER. Thank you, Mr. Chairman.

I would ask at this time that the full text of my statement be included in the record.

Senator MAGNUSON. All right.

Senator WEICKER. Mr. Chairman, I'm grateful to the Committee on Commerce, Science and Transportation for this opportunity to testify on a subject so close to my heart.

The development of this Nation's domestic fisheries is essential to our future food production and security.

When I participated in the creation of the Fisheries Conservation and Management Act while serving on this committee in 1975-76, we all had great expectations. The establishment of a 200-mile fishery zone in which the United States gained jurisdiction over the richest fishing grounds in the world had us all excited about the prospects of a rapidly growing domestic fishing industry. The Act gave United States fishermen preference over foreign interests within the zone and, equally important, gave our Government the power to enforce protective measures over already seriously depleted stocks of fish.

Since the passage of the FCMA, the signs are that, with some exceptions, the Act is indeed working.



The FCMA has had time to prove its worth or demise to the fishing industry and I believe that now we must make an assessment of the role of the industry in our national goals and its capability to carry out that role.

First of all, seafood is becoming more and more important to the country's dietary needs. Increasing consumer consciousness of nutrition and the value of fish as a low-fat, high-protein food has and will continue to place greater demands on the oceans' living resources.

For years now, we have been importing 70 percent of all fish consumed in the Nation, and this has not changed at all since the passage of the FCMA.

As a matter of fact, the trade deficit created by these imports has increased dramatically from \$1.5 billion in 1976 to a projected \$2.5 billion in 1979. Much of this is due to the shrinking dollar on the international market, but it also points out the ridiculous position we are now in—owning almost 20 percent of the world's fish stocks and still importing most of the fish we consume.

This trend, in my opinion, will continue even though the domestic catch will increase further in the next few years.

The answer is simple—increase the domestic catch; increase exports; decrease imports.

The solution, however, is not so simple. The domestic fishing industry is basically very fragmented. Over 80 percent of the fishing crafts in this country are individually owned and operated. Eighty-four percent of the vessels are under 5 net tons. Even with new construction of larger vessels, this figure will not change very much in the near future.

As we consider S. 1656, we must take into account all aspects of the industry. In order to improve the productive capacity of our Nation's commercial fisheries, it is essential that we develop the industry in a manner that will increase operational efficiency, boost the rate of return on investment, encourage the harvesting of under-utilized species, and insure the perpetuity of the species. A strong fishing industry will mean jobs at home and a more favorable balance of payments situation.

Before commenting on the bill before us, I would like to point out to the committee that we do not need more government studies to tell us what the fishermen are lacking. We have studied the issue of fishery development to death. We have the Eastland Survey of 1977, which drew on a national conference to make recommendations to help and enhance the industry. We have a GAO report; we have the Combs report; we have a government task force report, and on and on. Suggesting more studies are needed, as I recently heard, is pure and simple nonsense.

Mr. Chairman, I fully endorse S. 1656. The present administration of the Saltonstall-Kennedy funds is in doubt. OMB is attempting to end the specific earmarking of Saltonstall-Kennedy funds for fishing development programs.

S. 1656 would give the funds a home once and for all and assure the National Marine Fishery Service and the fishing industry a major source of funding for research, education and marketing development in the future.



There are several points I would like to make regarding S. 1656 that I believe will greatly enhance its effectiveness to meet the many needs of the fishing industry.

As you know, I have been working on fishery development legislation for many years. My present bill, S. 543, is a third generation comprehensive development bill that sits before your committee. I propose that a few segments of S. 543 could be incorporated into S. 1656 to enhance its effectiveness.

First, I propose to provide for the purchase of used vessels under section 607 of the Merchants Marine Act of 1936, a program of loan guarantees administered by the National Marine Fisheries Service. Many small fishermen would like to start fishing for underutilized species, but cannot because of the high cost of constructing new vessels.

Second, loan guarantees should apply to vessels under 5 net tons. As pointed out before, 84 percent of all fishing vessels in the country are under 5 net tons. This represents a vast segment of our industry and should not be left out of Federal financial assistance programs.

Third, establish a small program of direct low-interest loans for high-risk fisheries. Such loans will give the industry incentive to try harvesting species that have no history in our fisheries, but have potential for marketing.

I believe that S. 1656, with a few changes, and assuming that we successfully retain fisheries facilities to both the loan guarantee program and the capital construction fund as amendments to the Maritime Authorization bill, will achieve the long dream of starting fishing on the way to becoming a strong and viable industry. And I commend my colleagues for their foresight in addressing this most important issue.

Senator MAGNUSON. OK. We thank you, and we will take a look at your suggestions of incorporating those other provisions.

Senator WEICKER. Thank you very much.

[The statement follows:]

STATEMENT OF HON. LOWELL WEICKER, JR., U.S. SENATOR FROM CONNECTICUT

Mr. Chairman, I am grateful to the Committee on Commerce, Science and Transportation for this opportunity to testify on a subject so close to my heart.

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When I participated in the creation of the Fisheries Conservation and Management Act while serving on this Committee in 1975-76, we all had great expectations. The establishment of a 200-mile fishery zone in which the U.S. gained jurisdiction over the richest fishing grounds in the world, had us all excited about the prospects of a rapidly growing domestic fishing industry. The Act gave U.S. fishermen preference over foreign interests within the zone and equally important gave our government the power to enforce protective measures over already seriously depleted stocks of fish.

Since the passage of the FCMA, the signs are, that with some exceptions, the Act is indeed working.

I have been encouraged by the increase in catches, the increase in new fishing vessel starts, the decrease in foreign fishing and increased scientific studies aimed at a knowledgeable management program of our living resources. All of these are directly attributable to the FCMA.

On the minus side, the enforcement and catch quotas imposed on our own fishermen has caused some serious rifts between the federal government and the fishermen. Much of this is due to growing pains and hopefully in time these conflicts will end.



It is important that the government understand the nature of the U.S. fisherman who through history have been an independent hunter of the sea with little to deal with except the forces of nature—something he understands well.

It is equally important that the fishermen understand that management, including quotas, if done well will be beneficial to them in the long run; it serves no one's good purpose to allow a species or stock to be depleted beyond commercial recovery.

The FCMA has had time to prove its worth or demise to the fishing industry and I believe that we now must make an assessment of the role of the industry in our national goals and its capability to carry out that role.

First of all, seafood is becoming more and more important to the country's dietary needs. Increasing consumer consciousness of nutrition and the value of fish as a low-fat, high-protein food has and will continue to place greater demands on the oceans living resources.

For years now we have been importing 70 percent of all fish consumed in the nation and this has not changed at all since the passage of the FCMA.

As a matter of fact, the trade deficit created by these imports has increased dramatically from \$1.5 billion in 1976 to a projected \$2.5 billion in 1979. Much of this is due to the shrinking dollar on the international market but it also points out the ridiculous position we are now in—owning almost 20 percent of the world's fish stocks and still importing most of the fish we consume!

This trend, in my opinion, will continue even though the domestic catch will increase further in the next few years. The results to the U.S. consumer will be increased prices of seafood which is already high, and an increased trade deficit.

The answer is simple—increase the domestic catch; increase exports; decrease imports.

The solution, however, is not so simple. The domestic fishing industry is basically very fragmented. Over 80 percent of the fishing crafts in this country are individually owned and operated.

Eighty-four percent of the vessels are under five net tons. Even with new construction of larger vessels this figure will not change very much in the near future.

On December 5, 1977, I convened a hearing in Groton, Connecticut, concerning the economic and small business aspects in the fishing industry. This hearing, was an education for me. As an example, one witness, Howard Nickenson, Executive Director of the New England Fisheries Steering Committee, stated:

"We have chosen to be fragmented, independent, and even on occasion spurning assistance when offered by well-meaning individuals in government and industry.

"In this matter I believe strongly that the so-called independent spirit of our industry and many who are involved have paid a high price, a price too large to allow us to exist in today's world. No longer can we travel alone. We must be organized; we must leave our boats and processing plants when it is necessary to serve on committees, to be advisers to our government, and to do those things that other industries accept as part of the process of doing business and being involved.

"We must not only accept advice and financial assistance from our government and its various bureaus and agencies, but we must work with the Congress to see that it's forthcoming and with the proper legislation to protect those that provide us with financial assistance.

"We are not looking for a giveaway program; merely financial assistance to buy time, to be prepared for this new rebirth of the commercial fishing industry that has been denied resources and growth in the past."

The commercial fishing industry has had problems in the past, I believe that is why we are here today. As we consider S. 1656 we must take into account all aspects of the industry.

In order to improve the productive capacity of our nation's commercial fisheries, it is essential that we develop the industry in a manner that will increase operational efficiency, boost the rate of return on investment, encourage the harvesting of under-utilized species, and insure the perpetuity of the species. A strong fishing industry will mean jobs at home and a more favorable balance of payments situation.

In order to achieve these objectives I would hope that the Committee will take into account, along with the provisions of S. 1656, additional provisions of financing, marketing, exporting; in short all of the ingredients to make our commercial fisheries strong and capable of meeting the future needs of the nation.

Before commenting on the bill before us, I would like to point out to the Committee that we don't need more government studies to tell us what the fishermen are lacking.

We have studied the issue of fishery development to death! We have the Basland Survey of 1977 which drew on a national conference to make recommendations to



help and enhance the industry. We have a GAO report; we have the "Combs" report; we have a government task force report and on and on.

Suggesting that more studies are needed, as I have recently heard, is pure and simple nonsense!

Let's get on with it, our fishermen know what to do and with a little help they will achieve our national goals.

Mr. Chairman, I fully endorse S. 1656. The present administration of the Saltonstall-Kennedy funds is in doubt.

OMB is attempting to end the specific earmarking of Saltonstall-Kennedy funds for fishing development programs. S. 1656 would give the funds a home once and for all and assure the National Marine Fishery Service and the fishing industry a major source of funding for research, education and marketing development in the future.

There are several points that I would like to make regarding S. 1656 that I believe will greatly enhance its effectiveness to meet many of the needs of the fishing industry.

As you know, I have been working on fishery development legislation for several years. My present bill, S. 543, is a third generation comprehensive development bill that sits before your Committee. I propose that a few segments of S. 543 could be incorporated into S. 1656 to enhance its effectiveness.

First, I propose to provide for the purchase of used vessels under Section 607 of the Merchants Marine Act of 1936, a program of loan guarantees administered by the National Marine Fisheries Service. Many small fishermen would like to start fishing for underutilized species but cannot because of the high cost of constructing new vessels. Presently, loan guarantees are provided for new construction or rehabilitation of vessels. Rehabilitation of a vessel precludes that the vessel is already owned. I believe that loan guarantees should be made available for purchase and rehabilitation of used vessels. Of course, certain criteria will have to be set, such as the age and condition of a vessel.

Second, loan guarantees should apply to vessels under five net tons. As pointed out before, 84 percent of all fishing vessels in this country are under five net tons. This represents a vast segment of our industry and should not be left out of federal financial assistance programs.

Third, establish a small program of direct low-interest loans for high-risk fisheries. Such loans will give the industry incentive to try harvesting species that have no history in our fisheries but have potential for marketing. Such a program may be partially provided by the loan fund under 4(c) of the Fish and Wildlife Act of 1956. S. 1656 would transfer these funds to the Federal Ship Financing Fund to provide guarantee of obligations for developing fisheries. I support this position but the bill should provide the option of direct loans as well.

I believe that S. 1656, with a few changes, and assuming that we successfully retain fisheries facilities to both the loan guarantee program and the Capital Construction Fund as amendments to the Maritime Authorization Bill (S. 640), will have achieved a long dream of starting fishing on the way to becoming a strong and viable industry. I commend my colleagues for their foresight and addressing this most important issue.

Senator MAGNUSON. We will now have a panel: Mr. Weddig, Ms. Lucy Sloan, Mr. Dave Burney, Ms. Kathy Nordstrom, and Mr. Tom Reynolds, and Ted Smits, and Sarah Hemphill.

Now, you can all put your statements in the record in full and we can discuss the matter.

Mr. Weddig?

#### STATEMENT OF LEE WEDDIG, EXECUTIVE VICE PRESIDENT, NATIONAL FISHERIES INSTITUTE

Mr. WEDDIG. Thank you, Mr. Chairman.

The statement that we have submitted supports the bill wholeheartedly. And rather than go through the details, which I'm sure my colleagues will address, I would just like to illustrate the importance of the S-K fund and the work it's been doing by citing for you one instance that I have personal experience with, in which the investment of S-K funds has probably returned, through one



project, the amount of S-K money expended through the years when the bill was originally introduced.

If you recall, back in 1971, we discovered we had a mercury problem in some of our fish and it devastated part of the industry very badly. The potential for greater harm was far more than many people realized. The impact of the mercury hit our swordfish business more than anything else, and it still is a problem there. But the potential problem extended throughout many major fisheries, including the halibut fisheries in the Northwest, the tuna industry, and many of the gulf species.

S-K money provided the basic research that developed computer technology which showed that the hazard of mercury was not as bad as the scientists at first determined. And from that basic computer work relating to the dietary habits of the U.S. consumer, the Food and Drug Administration was able to reduce the guideline on mercury, which removed the hazard for the marketing of many of our species, including the halibut, including the tuna and the gulf species and many lobster and so forth.

Since that time, I would hazard a guess that the value of that change brought about by the basic research supported by S-K money has returned far more than the \$160 million that S-K money has provided through the years. And it had a further implication which would be very important for Senator Warner. The same technology that was developed to determine the risk for mercury in turn was used to provide a study of the risk of kepone when we had that problem in the James River, and from that study, again supported by the original S-K money, the kepone problem was found to be less of a problem than we originally thought and the harm to the industry was restricted to just the James rather than the entire Chesapeake.

So that one instance really convinces me of the importance of S-K and the importance of having dedicated funds to support research and development for not only when we have problems, but throughout the years when we're trying to develop the potential of our resources.

And Senator, that concludes my statement. The more formal reasons for supporting your bill are in the record. But that one instance is, really, I think, is a very important and urgent one, and I would urge passage.

[The statement follows:]

STATEMENT OF LEE WEDDIG, EXECUTIVE VICE PRESIDENT, NATIONAL FISHERIES INSTITUTE

Mr. Chairman, I am Lee Weddig, Executive Vice President of the National Fisheries Institute. With me today is Gustave Fritschie, Director of Government Relations for the Institute. I am pleased to appear before the Committee and express strong support for the provisions of S. 1656, National Fisheries Development Act. As you stated in your introductory remarks, "this bill reaffirms the commitment expressed in the Saltonstall-Kennedy Act to provide a source of funding for industry proposals designed to facilitate the development of our fisheries."

Many of NFI's 830 member companies are moving rapidly to take advantage of the opportunities afforded the industry by the adoption of the Fishery Conservation and Management Act of 1976. If the potential of the Fishery Conservation Zone is realized by the Industry, we can make a significant contribution to the food supply, to employment, and the balance of trade. While NFI believes that the Industry is beginning to move forward, there is a need for on-going research and development projects if we are to take full advantage of our fishery resources.



Although research and development programs are important—the Industry, in most instances, is not in a position to conduct all the necessary education, biological, technological and market research to develop underutilized resources. This fact was recognized during hearings held before the Senate in 1954 by Mr. Suomela then Assistant Director, Fish and Wildlife Service, United States Department of the Interior, who stated:

"The fishery industry of the United States is made up of numerous independent operations, many of which are conducted wholly by one or more individuals. As such, it is difficult and in many instances impossible for the industry, or a segment thereof, to undertake activities which are essential to the welfare of one or more phases of the Industry or the Industry as a whole."

That statement, in many respects remains true today. This industry, more so than most others, has retained the characteristics of undeveloped entrepreneurship. For this reason, the Institute supports the reaffirmation of the Congressional intent to provide these non-appropriated funds to the fishing industry for research and development projects to be conducted on a regional and national basis.

The National Marine Fisheries Service has, in recent years, made Saltonstall-Kennedy Funds available to foundations organized by the domestic fishing industry for the purpose of instituting research and development projects. In Fiscal Year 1979, the Service made approximately 3.6 million dollars available for industry development projects. While this effort is commendable, it has not been wholeheartedly supported by all levels of the United States Government and there have been delays in the release of the funds. Further, the Administration announced as part of its development policy, the intent to propose new legislation which would eliminate the Saltonstall-Kennedy Program.

NFI is opposed to the elimination of the S-K Program. This program has been successful and can be continued and expanded without requiring the appropriation of funds from the Treasury. It is logical for the Government and the Industry to utilize import duties to revitalize the domestic industry and expand the export of U.S. fish products.

The Institute endorse language in the bill which requires the Secretary to specify the necessary application information and criteria to be used in evaluating applications. The Secretary should publish this information to insure that all interested parties are aware of the program.

NFI also supports the provisions of the proposed legislation which would make approximately fourteen million dollars a year available to the Secretary for development projects. While we support this program within the Department of Commerce, we do not believe the Department has, in every instance, adequately consulted with the Industry and with other interested persons to determine if the projects they are proposing are necessary and in the best interest of the Industry. For this reason we support the language of the bill which would require the Secretary to submit to the Commerce Committee and to the House Merchant Marine and Fisheries Committee a list of proposed National Projects as well as the submission of Interim Status Reports and an Annual Report.

Next, the NFI supports the provisions of Section 3 which establishes six officers within the Department of Commerce who shall serve overseas for the purpose of promoting United States Fisheries interests. At the present time there are only two fishery attaches in overseas positions, and there is a clear need for the additional four positions to assist the American Industry in developing overseas markets. There are significant opportunities to sell squid, butterfish, mackerel, pollock, whiting and other species.

Finally, the Industry supports Section 4 of the Act which transfers six million dollars to the Title XI Program and requires the Secretary to specify a new economic test for vessels intended for use in developing fisheries.

Mr. Chairman, that concludes the Institute's statement in support of S. 1656. We urge expeditious action on this legislation by the Commerce Committee and by the full Senate. I am prepared at this time to answer any questions that you or other members of the Committee may have.

Senator MAGNUSON. All right. Ms. Sloan?

**STATEMENT OF LUCY SLOAN, EXECUTIVE DIRECTOR,  
NATIONAL FEDERATION OF FISHERMEN**

Ms. SLOAN. Thank you, Mr. Chairman. We are very grateful to you and your colleagues for the support you are giving us.



I was extremely distressed to hear the formal statement from the National Marine Fisheries Service this morning, and the rumor that the \$2.4 million has been deferred is something that concerns me even more than that. I think probably the redeeming remark was the one Terry made on his own, that the industry involvement and responsibility for development is key to the success. I could not agree more.

And the reason we support this bill above any other approach, including the administration's approach that we have heard outlined, is because it does involve the industry and makes the industry responsible for the success of the program.

As regards congressional oversight of the FCMA, we have found that your oversight has been particularly beneficial to us and we would be very pleased to see that continue as we go into fisheries development in a broader fashion, because that kind of guidance and oversight as to how the moneys are being spent and for what purposes, I think, will be increasingly valuable as the program expands.

I think this is something that some of my other colleagues might also address. But the question of the attachés is critical, and the reference that Senator Stevens made to the international fisheries analysis I think is key, although that does not come directly under the Office of Utilization and Development in the National Marine Fisheries Service.

I think the work in international analysis that the international division does is very, very important it would work hand in glove with the additional attachés, which I think should be an integral part of our fisheries development program, since we are looking to expand into foreign markets to a much greater degree than we are into the U.S. market right away.

I think for vessel financing, that is something that would be of great benefit. I think Senator Weicker's observation that some of the fishermen, smaller fishermen, would be interested in getting into underutilized species if this were a possibility is true. And I am interested in it, particularly in the Northwest, because we're looking at the possibility of having some of our fishermen who will be displaced in the salmon fishery have the flexibility to move into the underutilized species more readily; we don't want to see those who wish to continue fishing thrown completely out of the industry because of the problems we've been having with salmon.

In sum, we support the bill completely and entirely, and we look forward to working with you to assure its rapid passage.

Thank you.

[The statement follows:]

STATEMENT OF LUCY SLOAN, EXECUTIVE DIRECTOR, NATIONAL FEDERATION OF FISHermen

Mr. Chairman, gentlemen. I'm Lucy Sloan, Executive Director of the National Federation of Fishermen. NFF is the only national organization of commercial fishermen. Our members fish finfish, crab, shrimp, salmon, albacore tuna, eels, lobster, surf clams, swordfish, black cod, herring, sea bass, shark, and rockfish from Mexico to Alaska and from the Gulf of Maine to the Gulf of Mexico. We represent a majority of the organized commercial fishermen in the United States.

When Senator Kennedy introduced this legislation, he pointed out that it had been drafted with the cooperation of the National Fisheries Policy Conference. NFF is a member of the Policy Conference, and we very much appreciated the opportuni-



ty to participate in the evolution of the National Fishery Development Act. The support that you and your colleagues are giving the fishing industry for fisheries development has helped significantly to increase the climate of confidence for investment for us.

We are especially pleased with the trend, which this bill reflects, toward industry involvement in and responsibility for fisheries development. We prefer the approach which have been suggested for several reasons: among these, first, it allows the industry maximum flexibility; second, it builds on an existing mechanism with a clear-cut source of funding, and therefore, we'll lose relatively little, if any, time in broadening the scope of fisheries development; and third, it in no way superimposes others' philosophies or techniques for fisheries development on the industry.

With the passage of the Fishery Conservation and Management Act, the industry's interest in fisheries development has greatly accelerated. The number of vessels our people on all coasts are building or adapting is an excellent example of this, as is the growing number of fishermen who are moving into species which five years ago we left primarily to the foreigners. Squid, Pacific whiting, black cod, and pollock are significant among these.

The approach to development in the National Fishery Development Act, of which the New England Development Program was a forerunner, would encourage the industry further to use the opportunities your passage of the Fishery Conservation and Management Act has made available to us. It would mandate reliable cooperative support for projects which the industry might not otherwise venture into as soon, either because the capital necessary had not yet reached critical mass, or because institutional barriers would make development impractical at that point, for example. And the impetus for any projects would come from the regional or local level—the levels at which truly effective fisheries development projects must have their genesis.

As a result of this mechanism which will involve the industry further in fisheries development at the local and regional levels, I think there may well also be increased interest in, awareness of the fisheries development projects which the National Marine Fisheries Service would undertake and an effort on the part of the industry better to coordinate all fisheries development projects to assure government works with industry in ways which will best achieve the potential we have to develop as we know we can. And your oversight and guidance will also be quite important here.

As you know, the tariff and non-tariff barriers are a serious impediment to our development of certain so-called underutilized species. Section 3 of this legislation, I think, would help greatly to decrease the severity of these problems. With the help of the attachés on-the-spot, continuing efforts combined with our own, we would hope to be able to move more rapidly into markets in which our products have been greatly restricted.

And the transfer of funds called for in Section 4 would also increase the alacrity with which some of our people are likely to move into the underutilized species. With the rising costs of vessels, some are being forced to stay longer than they had hoped or planned in traditional fisheries. Although the ex-vessel prices are rising on these traditional species, so are vessel and operating costs—and, in several fisheries, either genuine conservation problems or managers' assessments of catch-per-unit-effort have led to decreased quotas. This means that some fishermen may be less likely than once they were to be able to accumulate as quickly the capital necessary to build or adapt a vessel capable of fishing for underutilized species.

We support this legislation, and we look forward to working with you toward its enactment.

Thank you.

Senator MAGNUSON. All right. Mr. Burney?

#### STATEMENT OF DAVE BURNEY, U.S. TUNA FOUNDATION

Mr. BURNEY. Thank you, Mr. Chairman. I want to thank you on behalf of the U.S. Tuna Foundation and I welcome this opportunity to appear here today in support of S. 1656.

We have submitted written testimony to the committee. It contained some very minor clarifying and technical amendments, and we hope you will take those into consideration, and we thank you.

Senator MAGNUSON. We understand, the Senator from Virginia and I, that this bill is not necessarily perfect, and we are looking



for modifications and amendments and things of that kind. But as long as you favor the general thrust of the bill, and undoubtedly there will be some amendments, and we are glad to receive them.  
[The statement follows:]

STATEMENT OF DAVID G. BURNEY, COUNSEL, U.S. TUNA FOUNDATION

Mr. Chairman and Members of the Senate Commerce Committee, on behalf of the United States Tuna Foundation, I welcome this opportunity to appear in support of S. 1656, the National Fishery Development Act.

The U.S. Tuna Foundation is comprised of all segments of the United States tuna industry. Its membership includes all tuna processors, vessel owners and labor.

The National Fishery Development Act (The Act) comes at a propitious moment in the history of American fisheries. The potential for developing the American fishing industry, while unlimited, has been inhibited to some degree by the failure to construct a program which would insure maximum development of the fishery potential of the United States. The present Act recognizes the need for such a program.

While we support the concept of S. 1656 we respectfully request that this Committee consider certain clarifying amendments. We believe that the amendments are necessary to permanently record the intention of Congress in proposing the National Fishery Development Act.

*Amendment No. 1*

We request that section 2 of S. 1656 be amended to read as follows:

Section 2. It is the intention of Congress in enacting the National Fishery Development Act that the monies provided hereunder shall be made available for the development of all fisheries of the United States including coastal and distant water fisheries.

Amendment No. 1 insures that all fisheries of the United States shall be eligible to participate in development programs envisaged by the Act.

*Amendment No. 2*

A new section 3 would read as follows:

Section 2. Section 2 of the Act of August 11, 1939 is amended to read as follows:

Amendment No. 2 merely redesignates the present section 2.

*Amendment No. 3*

We request that Section 2(a)(1) be amended to read as follows:

(1) Financial assistance for the purpose of carrying out fisheries development projects, *including any biological, technological or other research project pertaining to American fisheries*, approved under subsection (c) of this section; and

Amendment No. 3 incorporates language presently contained in the Saltonstall/Kennedy Act. It would insure the continuation of necessary research which is a vital component of fisheries development.

*Amendment No. 4*

We request that section 2(e)(3) be amended to read as follows:

Monies not obligated pursuant to paragraph (1) of this subsection shall remain in the fund without fiscal year limitation and shall be made available by the Secretary to fund projects or programs proposed under subsection (c) of this section. Monies not obligated pursuant to paragraph (2) of this subsection shall remain in the fund without fiscal year limitation.

Amendment No. 4 insures that monies ear-marked for industry projects will remain so ear-marked when carried over to a subsequent fiscal year.

If the above requested amendments are made it would necessitate redesignating present section 3 to section 4 and present section 4 to section 5.

Thank you for giving us the opportunity to testify here today.

Senator MAGNUSON. All right. Ms. Nordstrom?

STATEMENT OF KATHY NORDSTROM, NATIONAL FOOD PROCESSORS ASSOCIATION, WASHINGTON, D.C.

Ms. NORDSTROM. Thank you, Mr. Chairman. In line with what you were just saying, we are most supportive of the thrust of this piece of legislation and are grateful to all of you who are working



to help us have the industry develop itself and have the Government complement that initiative of the industry.

We think it is necessary to insure that all components of the industry are included, those being traditional as well as underutilized, and distant water as well as coastal fisheries.

We discuss four major points in our written testimony that we have submitted for the record. We would be happy to answer any questions regarding those at a further time, whenever you would like.

On the attachés, we would like to say that it is very important that they have the proper rank in order to do a justifiable and creditable job in the countries in which they would be located. Our policy board is meeting next Monday and will be looking at this. I would respectfully request that at that time if we have any further considerations for you, that we be allowed to present them to you and your staff.

That is all. Thank you.

Senator MAGNUSON. Well, the seafood processors have a direct interest in this bill.

Ms. NORDSTROM. Yes, sir.

Senator MAGNUSON. You can catch all the bottom fish you want. Unless you have processing, it doesn't mean much. They can sell them to the Japanese, and they'll process them and sell them back over here. What we're trying to do is to encourage the food processors to get into the business.

Ms. NORDSTROM. That is why we were so pleased with your effort last year, Mr. Chairman, to clarify that point—that processors were included as a vital part of the industry.

Senator MAGNUSON. We hoped the bill would encourage that. [The statement follows:]

STATEMENT OF M. KATHRYN NORDSTROM, GOVERNMENT RELATIONS DIRECTOR FOR  
SEAFOOD PRODUCTS, NATIONAL FOOD PROCESSORS ASSOCIATION

My name is M. Kathryn Nordstrom and I am Government Relations Director for Seafood Products of the National Food Processors Association ("NFPA") which is a nonprofit trade association with approximately 600 members which have canning and frozen food operations in 43 states. Our members pack approximately 95 percent of the entire national production of canned tuna, salmon, crab, shrimp, sardines and other seafoods.

NFPA is pleased to have this opportunity to appear to express its support for S. 1656 which would establish a National Fisheries Development Act.

We believe that evaluation of S. 1656 should begin with a brief review of the original objectives of the Saltonstall-Kennedy Act and the justification today for continuing the approach to fisheries development that the Congress adopted in 1954. We will then discuss our reasons for supporting the changes in the S-K program that are proposed by S. 1656.

A. THE SALTONSTALL-KENNEDY ACT AND THE INCREASED NEED FOR S-K FUNDS

The Saltonstall-Kennedy Act represents a farsighted and imaginative approach to encouraging development of the American fisheries industry. By passage of this legislation in 1954, Congress asserted at an early date its leadership in promoting American harvesting and processing of the rich fisheries resources off the coast of the United States. After lengthy hearings and testimony from many experts, Congress concluded in 1954 that "[r]esearch is the remedy indicated for the ills of our domestic fishery products industry."<sup>1</sup>

<sup>1</sup>S. Rep. No. 1210, 83d Cong., 2d Sess. 4-6 (1954) (documenting in considerable detail the problems of the U.S. fishing industry including the rapid growth in imports and decline of exports). See also H. Rep. No. 1770, 83rd Cong., 2d Sess. 2 (1954) (finding that the domestic industry was being "retarded . . . [by] the lack of adequate biological and technological data").



Congress also recognized in 1954 that there would be difficulty in obtaining the federal funds necessary to support fisheries development programs. To an Administration pressed with substantial competing claims, current demand for funds would win out over financing of programs to achieve a future objective—a viable and growing fishing industry. For that reason, Congress mandated that S-K funds for fisheries development would come directly from the tariffs collected on imports of fisheries products. Congress determined that it was “fair and just” to use 30 percent of the duties on such imports to support the research necessary to enhance the domestic fisheries industry.<sup>2</sup> In this way, the source of financing for the future of the domestic fisheries industry, both distant water and coastal, would include the very imports that the Congress wanted to displace by increased American harvesting and processing.

Other witnesses have already documented for this Committee the substantial difficulties our industry has encountered in recent years in obtaining release of S-K funds and approval of fisheries development projects. I want to explain why NFPA believes, contrary to the Administration’s position, that the need for the S-K program has never been greater than at present.

In 1976 the Congress again seized the initiative in American fisheries policy by enacting into law the Fishery Conservation and Management Act of 1976. That statute, as amended by Public Law 95-354 in 1978, provides the legislative basis for the national fisheries policy that NFPA supports—namely, a policy that calls for harvesting and processing by American industry of all the fish from our fishery conservation zone. Further, this policy should include goals for achieving this level of U.S. harvesting and processing from our fishery conservation zone in the years ahead. Unfortunately, the Administration has stopped short of articulating this policy. This failure of the Administration is particularly regrettable in view of the government’s lengthy, expensive and much publicized review of fisheries development policy which has just been completed.

Fortunately for the American fisheries industry, Congress continues to recognize not only the importance of fisheries development but also the substantial commitment of resources by government and private industry which is essential to bring about that development. Without such a commitment, the United States cannot eliminate the over \$2 million deficit in our fisheries balance of trade. Without such a commitment, the American fishing industry cannot achieve the promise of the FCMA of increasing domestic employment and profits from the fisheries resources in our own FCZ. NFPA regards a strong and well administered S-K program as a vital component of that commitment.

The need for S-K funds is even greater today than in 1954. Today the promise from domestic fisheries development is even greater than 25 years ago. That promise will be realized only if private industry undertakes the necessary effort to promote development of American fisheries. S-K funds will permit the government to facilitate this industry effort by assisting in support of the research and other projects required to achieve that promise.

#### B. S. 1656 WILL STRENGTHEN THE S-K PROGRAM AND IMPROVE ITS OPERATIONS

I would like to turn now to the reason for NFPA’s support of S. 1656 as a means for strengthening the S-K program and achieving the development policy which I have already outlined.

There are four important features of S. 1656 which lead us to urge prompt enactment of the proposed legislation.

1. *Continuation of S-K funding from duties from imports of fisheries products.*—NFPA believes that fisheries development programs should not be required to compete for appropriated funds. As I have already discussed, there was in 1954 and is today a convincing rationale for funding these programs with duties from fisheries imports. There may come a day when our fisheries industry is sufficiently developed that such special funding is no longer necessary. It is plain that we are not there yet and that we have a long way to go.

2. *Mandating allocation of 50 percent of annual funding to local industry projects.*—NFPA is particularly pleased that S. 1656 would require that at least 50 percent of the S-K funds made available annually will be used for regional projects which private industry initiates. The Secretary of Commerce will undoubtedly originate valuable projects as part of the national program of fisheries research and development which the bill mandates. Nevertheless, we believe that the sponsors of this bill have correctly recognized a central characteristic of the American fishing industry—namely, its regional and private nature. This characteristic means that

<sup>2</sup> S. Rep. NO. 1210 at 16.



the government in Washington cannot know the needs and concerns of our industry as well as those on the scene. Congress recognized this characteristic when it created the regional fishery management councils under the FCMA. This regionalism of our industry also explains the importance of retaining the provision in S. 1656 requiring that at least half of the S-K funds be used for regional projects which industry initiates.

There is one further point which we would like to make in connection with the activities of private industry. NFPA believes that the private development foundations which have been created to assist growth of the fisheries industry should have an important voice and participation in the projects supported by S-K funds. We urge that the legislative report on the bill emphasize this point and state expressly a Congressional intent that the foundations play a key role in S-K projects.

3. *Retention of S-K funds not obligated during fiscal year.*—We believe that the provision on retention of unobligated funds for future projects under the bill will encourage expenditure of the S-K funds for fisheries development projects. It will also cause the Administration to get out and help the fishing industry to develop useful proposals for S-K funded projects. Without this provision, there is a substantial danger that proposals for developmental projects will go unapproved by those who would prefer that the funds be used for general administrative funding or for other purposes. We support the clarification of this provision in the House counterpart of this bill (H.R. 5243) to the effect that those funds not obligated in a fiscal year for private industry projects should be retained for those projects—not for governmental projects.

4. *Congressional oversight.*—NFPA supports, in general, a provision in the bill requiring reports to Congress on the use of S-K funds which S. 1656 would require. However, we note that the Senate bill addresses this issue somewhat differently from its House counterpart. We are studying the differences in the light of some additional information that we have received and will submit for the record a written position on which approach seems preferable. We believe that the essential point is that the requirement for reports to Congress should not be allowed to become a disincentive to participation in projects supported by S-K funds.

This concludes my statement in support of S. 1656. I would be happy to answer any questions that you wish to raise.

Senator MAGNUSON. All right. Now Mr. Reynolds?

#### STATEMENT OF TOM REYNOLDS, NATIONAL FISH MEAL & OIL ASSOCIATION, WASHINGTON, D.C.

Mr. REYNOLDS. Thank you, Mr. Chairman. The National Fish Meal & Oil Association represents the menhaden fishing industry. I want to acknowledge and express appreciation for Senator Warner's interest in our industry, and perhaps observe that a rose by any other pronunciation will still smell sweet.

Senator WARNER. Please don't tell the folks down in Reedville.

Mr. REYNOLDS. Mr. Chairman, I have an abbreviated version of my submission for the record which, with your indulgence, I will abbreviate further. There are a few points that I would like to emphasize that might be helpful.

I would observe first the menhaden industry is a vertically integrated industry. You have just had related to you the necessity for having more processed American fish products in international commerce. We have a situation where, to a certain extent, the United States is almost like an underdeveloped country, except we don't even get the benefit from selling our raw materials. They are fished by foreign countries. They take our fish. They don't pay for them. Then they send them back here with three times the value added. There's no question that an expansion of our processing industry is very desirable in order to reduce our trade deficit.

I also want to note, as did Senator Warner in his introductory remarks, that without the passage of Senate Resolution 50, we would not have maintained the momentum that brought us to the



introduction of S. 1656. If OMB's proposed deferral action had not been disapproved, I sense the fishing industry would have fallen back into lassitude on this general subject. This was a great incentive to all of us.

The projects which were approved in May—the projects for which \$5.8 million of Saltonstall-Kennedy funds were released—the results from these projects will disprove the OMB theory that investments in fisheries development and utilization yield little or no benefit. OMB's theory was invalidated by passage of the Magnuson-Studds Act.

Promotion of exports is important. But we also have to win domestic markets away from foreign firms, and retain existing foreign markets. The menhaden industry exported \$100 million worth of products last year. It is thoroughly appropriate to use a portion of the tariffs collected on the imports of fishery products to conduct the varieties of research necessary to broaden the scope of our fisheries and increase and improve products from them.

It might be helpful to regard the fishery conservation zone as an area of tremendous unrealized economic potential. As you well know, American fishermen have to demonstrate their capacity to harvest all of an optimum yield for a given species of fish before foreigners can be denied access to it. The largest of the foreign-flag-dominated fisheries are for relatively low value species. In fishing for these species, the subsidized foreign-flag fleets enjoy a decided economic advantage over Americans.

Saltonstall-Kennedy funded projects will reduce this edge by improving U.S. technology for fish capturing and handling, expanding knowledge of the stocks and grounds, and by enhancing our ability to market fish overseas. These gains combined with the increased cost of fuel and the expense of operating a distant water fishery, will hasten the departure of foreign fleets. Attempts to bring them back by subterfuge will not succeed.

S. 1656 complements the FCMA in a way that will dramatically accelerate replacement of foreign catch by American catch. I fully endorse the proposed formal process in the bill for submitting, selecting, and reviewing projects. The Secretary's annual report is absolutely indispensable and requires the details stipulated. I support the national fisheries development and research program because the Fisheries Service's development capabilities need bolstering.

As you brought out by questioning Mr. Leitzell, the National Marine Fisheries Service has approximately 1,850 positions, and 100 is about as many as he could come up with for development. That might have been rather a swollen figure. Certainly our industry needs the expert skills, advice, assistance, and administration that the NMFS staff can provide to us.

As we know, NMFS has received most of the Saltonstall-Kennedy funds in this decade, but they have used them as a preservative for the entire establishment and not dedicated them to promoting development, as they should be used. I suggest that moneys not obligated for projects might be well employed to promote sales to new markets.

Under Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, the USDA reimburses U.S. sellers of food



and fiber commodities to countries in need of them and of currency to pay for them. USDA assumes the creditor's risk for the buyer, paying the seller, and usually assumes this risk by extending a long-term loan at a nominal rate of interest. The USDA gets the money to do this from the 30 percent it receives of tariffs collected on imports of agricultural products and machinery.

South Korea and Taiwan are the fastest growing cash markets for U.S. agricultural products in the Far East. These cash markets developed from Public Law 480 markets.

On the subject of the regional fisheries attachés, I think that they are essential—the additional six. Before the Department decides where to place them, it should consult with all interested segments of the commercial fishing industry. I don't think a working relationship with the State Department, as Mr. Leitzell suggested, will prove satisfactory. The State Department, on its own, eliminated two of four attaché positions last year for economic reasons, one in Copenhagen and one in Casablanca. I don't think this bodes well for any future cooperation between State and Commerce. I think the attachés have to be as S. 1656 provides that they be.

I would also support the need for beefing up the organizational strength of the National Marine Fisheries Service. If we have these attachés, there's going to be an increased flow of intelligence. But right now the Foreign Fisheries Analysis Division is shorthanded. They only have four of the six professionals they require as fisheries specialists. They have unfilled vacancies for an African and for an eastern European/U.S.S.R./Peoples' Republic of China specialist. And the consequence of this is that they are no longer covering the Middle East and Africa, and they have also decided that they're going to have to cut back on their coverage of tuna activities, worldwide fisheries incidents, fish meal production, and, in general, will be providing considerably less service to the commercial fishing industry. This is one of the most highly regarded of the National Marine Fisheries Service's operations.

I appreciate your listening to all of this, and I obviously enthusiastically endorse the National Fishery Development Act, in toto.

Senator MAGNUSON. Do they have any attachés in Peru?

Mr. REYNOLDS. No, sir. We just have them in Mexico City and Tokyo right now.

Senator MAGNUSON. I would think in your business they would be around Peru, wouldn't they?

Mr. REYNOLDS. Well, if one were in Buenos Aires, for example, he could cover Argentina, Brazil, Chile, and Peru. And those countries really are the heart of South American fisheries production.

Senator MAGNUSON. The Senator from Virginia?

Senator WARNER. Thank you. The chairman and I were talking about the menhaden. What is the status of that fish on the west coast now? I'm pretty familiar with the east, but I'm not familiar with the west.

Mr. REYNOLDS. The menhaden is fished in the Atlantic Ocean and in the Gulf of Mexico. There is no fishery on the west coast. The fishery on the west coast is for anchovy, and the tuna people produce fish meal and fish oil as byproduct from their tuna canning operations.



Senator MAGNUSON. There used to be one on the west coast, but the menhaden disappeared.

Mr. REYNOLDS. Wasn't that the sardines, Senator? You mean the canning operation in Monterey?

Senator MAGNUSON. Yes. I remember them disappearing.

Mr. REYNOLDS. The sardines certainly did. They never came back.

[The statement follows:]

STATEMENT OF THOMAS E. REYNOLDS, EXECUTIVE DIRECTOR, NATIONAL FISH MEAL & OIL ASSOCIATION

Mr. Chairman, distinguished Senators, I am Thomas Reynolds, Executive Director of the National Fish Meal & Oil Association. This association represents the vertically integrated menhaden fishing industry, the Nation's largest as defined by volume or weight of catch. Landings in 1978 from the Gulf of Mexico and Atlantic Ocean fisheries were 1.16 million metric tons, 42.5 percent of total U.S. landings of finfish and shellfish. The Gulf harvest of nearly 820,000 metric tons established a single species tonnage record. Menhaden are small, oil, densely schooling fish which are processed into fish meal, fish oil, and fish solubles. The fish meal and solubles are sold as animal feed ingredients for broiler chickens and swine; the fish oil is nearly all exported for human consumption in margarines, shortenings, and cooking oils.

Before commenting on S. 1656, the National Fishery Development Act, I must thank those Senators whose leadership in sponsoring and seeing through to rapid passage Senate Resolution 50, which disapproved the Office of Management and Budget's deferral of \$6.5 million in Saltonstall-Kennedy funds, led directly to the release of \$5.8 million in May to underwrite national and regional fishery development and utilization projects. This act of confidence has given American fishermen and processors a long-awaited opportunity to demonstrate what they can accomplish with modest financing of precisely targeted, practical research. The results of these projects will disprove OMB's theory that investments in fisheries development yield little or no benefit. This theory was invalidated by the new circumstances created by the Fishery Conservation and Management Act of 1976 (FCMA).

The menhaden industry regards the Saltonstall-Kennedy Act's provisions as the fundamental legislative foundation for fisheries development. S. 1656 reaffirms and clarifies the quarter century old intent of the Congress. To promote exports, win domestic markets away from foreigners, and retain existing foreign markets, it is thoroughly appropriate (and will be effective) to use a portion of the tariffs collected on imports of fishery products to conduct the varieties of research necessary to broaden the scope of our fisheries and increase and improve products from them.

The 197 mile fishery conservation zone, established by the Magnuson-Studds Act, may be regarded as an area with tremendous unrealized economic potential. The FCMA requires U.S. fishermen to demonstrate capacity to harvest all of the optimum yield for a species of fish before foreigners can be denied access to it. The largest of these foreign flag dominated fisheries are for relatively low value species. Subsidized foreign flag fleets, which pay lower wages and operate without environmental and safety regulatory encumbrances, have enjoyed a decided economic advantage over Americans. Saltonstall-Kennedy funded projects will reduce this economic edge by improving U.S. technology for fish capturing and handling, by expanding knowledge of the stocks and grounds, and by enhancing our ability to market fish overseas. Rapid gains by the U.S. and the heavier financial burden of fueling distant water operations will hasten the departure of the foreign fleets. Attempts to bring them back by subterfuge will not succeed. Management of fishing within the FCZ is insufficient to dramatically enlarge our share of our resources in a few years time. Management cannot cure all. The use of S-K funds, as directed by S. 1656, will perfectly complement the protections of the FCMA, conveying greater benefits sooner.

The timing of this bill is exquisite. We are 30 months into a new era for American fisheries. In that brief span, the investment climate for traditional American fisheries has become therapeutic. The prevailing mood is buoyant optimism. This rising tide lifts only American boats.

S. 1656 establishes a formal process for submitting, reviewing, and selecting projects. Two years of excruciating experience have shown the need for fixed procedures. Those proposed here should much more than adequately ensure that all sources of project applications are tapped and that those projects offered are fully



and fairly evaluated, without delay. The Secretary's annual reporting is absolutely indispensable and requires the detail stipulated.

The provision for a national program of fisheries research and development is highly desirable. On May 23, the Administration announced a new fisheries development policy for the Nation "to foster the development of all sectors of the U.S. fishing industry . . . through a close working relationship with the industry and well-coordinated government programs." Money will be required for these programs. Expectations for larger appropriations are not rosy. Without the national program envisaged by S. 1656, the first ever fisheries development policy will stay on paper.

The National Marine Fisheries Service's development capabilities need bolstering. The agency recently has been assigned by statute numerous administrative, statistical, and legal support responsibilities, as its total employment was declining. Since 1976, it has been converted from a predominantly scientific agency to one with important management assistance duties. It has been through two reorganizations. Development activities have suffered. The menhaden industry requires the expert skills, advice, assistance, and administration NMFS staff can supply. The Fisheries Service is also our emissary and negotiator in securing the cooperation of other federal agencies. NMFS has been receiving most of the S-K receipts during this decade, but they have been spread over the entire establishment as a preservative, and should be devoted, instead, to promoting development, like a fertilizer.

Monies not obligated for projects might be well employed to promote sales to new markets. Using the authority of Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, USDA reimburses U.S. sellers of food and fiber commodities to countries in need of them and of currency to pay for them. USDA assumes the creditor's risk for the buyer, usually by extending a long term loan at a nominal rate of interest. USDA gets the money to do this from the 30 percent it receives of tariffs collected on imports of agricultural products and machinery. South Korea and Taiwan are the fastest growing cash markets for U.S. agricultural products in the Far East. They developed from P.L. 480 markets. comparable marketing possibilities for U.S. fisheries products exist in Latin America, Africa, and Asia. Such sales would harmonize with a goal of the Administration's export policy: to encourage the entry of U.S. exports into new markets by sharing risks.

To pinpoint these market opportunities, an additional six regional fishery attachés are essential. They might best be distributed so: (1) Rome—to cover the Mediterranean nations and the fisheries endeavors of the U.N.'s Food and Agricultural Organization headquartered there; (2) Brussels—to cover Northern European countries and the activities of the European Economic Community headquarters; (3) Buenos Aires—to cover Argentina, Brazil, Chile, and Peru; (4) Dakar, Senegal—to cover the principal markets in Africa; (5) Bangkok—to cover South Asia; and (6) Ottawa. Before the Commerce Department decides where to place these regional fisheries attachés, it should consult with all segments of the fishing industry to gather opinions about preferred locations.

The flow of intelligence from these attachés will require augmentation of NMFS's Foreign Fisheries Analysis Division (FFAD). Reports from the attachés have to be analyzed by a counterpart regional fishery specialist and then incorporated into the division's reporting through the regional market news offices. The fishery specialists will transmit to the attachés industry's information needs, follow up reporting tasks, and other new assignments. This division is already short-handed, with two unfilled vacancies for an African and Eastern Europe/USSR/Peoples Republic of China specialist.

The menhaden industry commends the transfer of monies from the fisheries loan fund to the Federal Ship Financing Fund, where they may be put to work.

I am pleased to enthusiastically endorse the National Fishery Development Act.

Senator MAGNUSON. All right. Ted?

#### STATEMENT OF TED SMITS, VICE PRESIDENT, PACIFIC SEAFOOD PROCESSORS ASSOCIATION, SEATTLE, WASH.

Mr. SMITS. Thank you, Mr. Chairman.

I would testify in support of S. 1656. As you know, we are very close to people in Washington with your staff to push for the concepts that are defined in the legislation, and we're very, very pleased.

We do take a completely opposite approach to what the administration has testified to this morning. We feel, I think, that that



money should remain as an independent source as S-K funds, as opposed to being included in the base funding.

Also I would like to be identified as chairman of the West Coast Fishery Foundation, that we have four projects ongoing, as you know, this year, Senator. And I feel that the stronger we can make the foundation, the more likely we will end up with what we hope to end up with this year which is at least two of those four projects to be made more viable and more pertinent to the industry.

Thank you.

Senator MAGNUSON. I mentioned when I was home and went out and dedicated that new ship, that we closed that loophole on processing last year. We didn't think of it when we passed the 200 mile limit, but now that's done. So there is a lot of activity on building new ships and getting the processing moving, particularly in the Seattle area. And I appreciate your coming and testifying, and if there's anything you want to put in the record, you'll be allowed to.

All right. Sarah Hemphill?

#### STATEMENT OF SARAH HEMPHILL

Ms. HEMPHILL. Yes, Mr. Chairman. Thank you for the opportunity to address the committee today. I wasn't sure I could be here, so I appreciate sort of being squeezed in at the end. I will make my remarks very brief.

We in Alaska endorse S. 1656 wholeheartedly, that is from both the processors and the fisherman. Over the past 2 years, you have been very supportive of all of our work to try to wrest the money from OMB and the National Marine Fisheries Services, and as Terry pointed out this morning, I signed a contract on Friday for the \$1.35 million, and so we hope to be underway with those projects.

The first ones will address the harvesting sector, and as you pointed out earlier, we are very concerned with the work we are going to have to do with the processing sector in the future. And so, our work is cut out for us, and we are moving on it. And all of the help we can get from back here, we can use.

Terry made one point—that he was concerned about the funding, that possibly if it stayed at the level that the bill addresses, we would not be able to spend it all. I can assure you, we will have no problem spending any and every nickel that can come from S-K funding in Alaska. Right now I am on a team with some EDA people, working on infrastructure development, trying to develop of strategy plan for infrastructure in Alaska. It is an absolutely monumental task, and again that group needs any and all of the money they can get. So there is—we can spend it all.

That concludes my remarks, and I want to thank you again. I would welcome any questions you would have about what's going on in Alaska.

Senator MAGNUSON. Well, I'm sure you agree with the Senators from Alaska. Is that correct?

Ms. HEMPHILL. Yes; I think that with Senator Stevens' comments endorsing a lot of coordination with the North Pacific Fisheries Management Council, I think is absolutely critical, talking with Jim Branson, and especially the council is overworked and understaffed. At this point, the thought of having to be in charge—



Senator MAGNUSON. That's the Alaskan council?

Ms. HEMPHILL. The North Pacific Council.

Senator MAGNUSON. I might have some different views about that.

Ms. HEMPHILL. Well they feel they have all they can do with management, and if they had to get into the disbursal of funds for development—

Senator MAGNUSON. I don't think they overworked either, but go ahead. Alaska is doing better, isn't it?

Ms. HEMPHILL. Well, I don't know. I spend a fair amount of time in that office. I think they are working pretty hard. Maybe they're just moving around a lot. There's a lot of paper flying, but they appear to be working very hard. They are very frustrated, not getting plans approved, and what have you. However, handling the funding, S-K funding for fisheries development, is a task that they just about come unglued at considering. I think it is more than they can do. They are bottlenecked right now with the workload, and possibly some sort of a joint regional committee as has been put together with this EDA group where we have State people, Alaska State people, Seattle people, regional government people, would be a far better vehicle to handle that.

Senator MAGNUSON. Well, we have a problem out there with management that we've got so many managers in the field we don't know where to turn. I don't know if putting another overall management, particularly on the salmon industry where we've got 32 managers in the salmon industry. Of course, that includes 25 Indian tribes, and the Federal Government, the State government, the council—you name them and we've got them. They are all managing. So be a little cautious with your idea of a regional director.

Ms. HEMPHILL. May I clarify my statement? What has happened with this EDA council is not a new level of bureaucracy which makes the industry shake and quake and moan and groan. But it is a team that comes together and then disburses and disappears when the meeting is over, and that seems at this point to be working pretty well. We will see. We will give it a dry run for the next year and see how it goes.

Senator MAGNUSON. Well, OK. Thank you very much.

Thank you all very much. We appreciate it. I'm sorry we could not give you more time, but we're running out of time.

All right. Mr. Nickerson from the New England Fisheries Steering Committee?

#### STATEMENT OF HOWARD NICKERSON, NEW ENGLAND FISHERIES STEERING COMMITTEE

Mr. NICKERSON. Mr. Chairman, distinguished members of the Senate Commerce Committee. On behalf of the membership of the New England Fisheries Steering Committee, I thank you for holding this hearing today on Senate bill 1656, and giving the commercial fishing industry an opportunity to participate and to be heard.

I am Howard W. Nickerson, executive director of the New England Fisheries Steering Committee, with a business office at New Bedford, Mass.



We are a unique steering committee within the U.S. commercial fishing industry, whereas we represent, as a general rule, organizations of fishermen, vessel owner-operators, and dealer-processors, and not individuals, as a rule.

Therefore our membership is broader and larger than our membership roster would indicate, because we represent fishermen through their cooperatives, their unions, and associations; likewise, the vessel owner-operators are members through their cooperatives and associations, and it is also true with the dealer-processors we represent in New England through their membership in the steering committee.

The membership on the steering committee has discussed S. 1656, which would reinvigorate the Saltonstall-Kennedy Act, and at several of our monthly business meetings, and on two separate occasions, it has voted unanimously to support S. 1656 and would request its enactment in this legislative session.

At our last business meeting held September 11, 1979, after a lengthy discussion, those present again voted unanimously to support S. 1656 and authorized me on their behalf to look to this committee and respectfully request your support for S. 1656 and its enactment by Congress in this session.

Because there will be many who have and will desire to speak, I am going to be brief, and only stress that the primary purpose of the bill is to clarify and strengthen the provisions of the Saltonstall-Kennedy Act which established a reserve fund to support fisheries development projects.

I believe there are, however, two important areas:

First, S. 1656 does not require funding from the U.S. taxpayer or by the annual appropriation route.

Second, the Fisheries Conservation and Management Act of 1976, which establishes and protects a U.S. commercial fishing industry in the best interests of the public needs, also requires these Saltonstall-Kennedy dollars for fisheries development more at this time than ever before.

In our opinion, S. 1656 may be more important now and in the future than it was on the date of its original enactment after strong support from this same committee.

I do not wish to underestimate the value of the Saltonstall-Kennedy Act when it was originally enacted in 1954. It was a Godsend to an industry facing highly competitive and foreign subsidized competition. It was deeply appreciated and began a whole new era of support and understanding for the commercial fishing industry by the legislative branch of our Government.

Congress clearly intended that the Saltonstall-Kennedy funds would be used for a variety of development and demonstration programs, including but not limited to research, education, vessel and gear development, and market development as well. However, since 1954 there has been a continual erosion of the funding purposes and dollars as the Congress had originally intended, in our opinion.

The New England Fisheries Development program which has an advisory task force committee consisting of steering committee members only—of which I am a charter member—for a number of years has utilized S-K funds rather successfully to the betterment



of the commercial fishing industry and the consumer public as well.

We are unique perhaps in that the New England fisheries development program has spawned by our early success several development foundations throughout the United States, presently engaging in fisheries economic development programs that bodes well for the future of the commercial fishing industry and the consumer public provided S-K funds are available for their direct use and in a quantity to allow their programs to be meaningful in scope.

A major problem that exists today and appears to be continually increasing is the siphoning off of S-K funds for excessive administration and management fees by the academic institutions looking for these same S-K funds supposedly committed to industry use.

There also appears on the surface to be a larger drain than necessary of S-K funds to the National Marine Fisheries Service, which industry has yet to get a handle on as to what it costs to have them as managers while we in industry always remain as advisers with limited input, particularly in the decisionmaking process and funding-expenditure decisions established for our industry's good and welfare.

We personally welcome the advice and support of the National Marine Fisheries Service particularly as the lead agency to be allocated the S-K funds available for fisheries economic development.

We feel strongly, however, that we should be partners in the effort rather than advisers only.

Because we in the fishing industry are and always have been making our way under adverse conditions, we believe that we are well qualified to also be partners in charting our industry's future course.

S. 1656 could insure more industry interest, support, and participation, and for this we are extremely grateful for your continued efforts on behalf of the U.S. commercial fishing industry and the consumer public.

Therefore, we, the membership of the New England Fisheries Steering Committee, believe it is vital that the Saltonstall-Kennedy Act be reinvigorated through the enactment of S. 1656 at this time so that the fishing industry can be the healthy, vigorous, and profitable industry that the Congress anticipated through the enactment of the Fisheries Management and Conservation Act of 1976.

Thank you.

Senator MAGNUSON. One of the basic purposes of the act is to bring the industry in, and then the industry would have a little more say down at the department and other places. It is pretty hard now for the industry that is making a contribution to know what is going on down at the Government departments. And they do good work. But with OMB sticking their nose into it, and everybody else, they are in confusion, too, as to what funds are being used for and where they're going and all that sort of thing. And we want to find out. That is our purpose.

Mr. NICKERSON. We would concur with that. I came here to see you many years ago, and I think you have been of tremendous benefit to the fishing industry. But perhaps the National Marine



Fisheries Service could use some of the militancy of the fishing industry to provide leadership—at OMB also—and maybe some of them should maybe have some militancy, because if there is no Marine Fishery Service or if there is no fishermen, OMB doesn't need them either.

Senator MAGNUSON. Does the Senator from Virginia have any questions?

Senator WARNER. No questions, Mr. Chairman.

Senator MAGNUSON. Thank you very much.

Our last witness is Gilbert Radonski.

#### STATEMENT OF GILBERT C. RADONSKI, EXECUTIVE SECRETARY, SPORT FISHING INSTITUTE

Mr. RADONSKI. Thank you for this opportunity to appear, Mr. Chairman. And with your permission, I would like my testimony submitted for the record, in full, and I will just go through it and highlight it.

The Sport Fishing Institute proposes that S. 1656 be amended to address all fishery development programs, not only those of the commercial fishing industry. This could be done by deleting the word "commercial" from line 17, page 2 of the bill and adding a definition of the term "fishing industry" that would accommodate both commercial and recreational fishing. SFI feels that this would bring the bill into full compliance with the intent of the Fishery Conservation and Management Act, section 2(b)(3) which states that it is the purpose of the FCMA to "promote domestic commercial and recreational fishing under sound conservation and management principles."

It is our contention that fishery development is a legitimate concern not only of the commercial fishing industry but also the recreational fishing industry. Since both segments in many instances are fishing common stocks where the action of one segment directly affects the other, SFI feels it is grossly unfair to legislate for one segment of the industry at the expense of the other. To put it bluntly, Congress ought specifically to mandate a marine recreational fishery development program corresponding to the commercial fishing program that is embodied in S. 1656. Without such a specific mandate, we have cause to believe that the National Marine Fisheries Service will continue to ignore a vital segment of the fishing industry.

The callous disregard for marine recreational fishing in the Department of Commerce was so clearly evident, both in the final report of the task force on fishery development and related national conference on fishery development, May 23 and 24, 1979, by their total disregard of the marine recreational fisheries. In the executive summary of the task force on fishery development data, data on the economic value of the commercial fishing industry, are stated as apparent rationale for creation of the task force. They state that the U.S. fishing industry makes an important contribution to our economy to the tune of about \$7 billion to the gross national product.

By comparison, it is instructive to consider what marine recreational fishing contributes to the economy. The latest figures available are taken from the U.S. Department of Interior's 1975 nation-



al survey of hunting, fishing, and wildlife associated recreation. That survey states that marine recreational fishermen spent \$3.45 billion. Now, if we add to that the food value of their catch, which was estimated to be in excess of 1 billion pounds, with a value of \$1.2 billion, if that figure were adjusted to 1978 dollars and a 5 percent per annum growth in marine recreational fishing added to it, the 1978 value of marine recreational fishing approaches \$6.5 billion.

The point I want to leave with you is that the contribution to the economy of the two segments of the fishing industry are not very far apart. Yet, the Department of Commerce chooses to encourage and bolster one and, by comparison, largely to ignore the other. At best, it is accorded token attention. SFI urges your committee, Mr. Chairman, to amend S. 1656 to accommodate that serious oversight.

The Sport Fishing Institute identifies several pressing needs for marine recreational fisheries development. The first thing that is needed is equal treatment by the Department of Commerce.

Senator MAGNUSON. Now, you're talking now about—we have a problem in this committee, and a problem in the Interior Committee, with the separation of functions. And we have tried to, in this committee, over the years, to limit ourselves to salt water fishing.

Mr. RADONSKI. That's what I am speaking of, Mr. Chairman.

Senator MAGNUSON. I want to be sure your remarks are directed to salt water—recreational salt water fishing.

Mr. RADONSKI. That is correct.

Senator MAGNUSON. All right.

Mr. RADONSKI. The first thing that is needed is equal treatment by the Department of Commerce as a co-equal segment of the overall fishing industry. Specific language is needed in S. 1656 to define the fishing industry as composed of two equal segments: commercial and recreational.

Next are several specific areas where marine recreational fishery development efforts and funds are urgently needed. One would be organization and implementation of a comprehensive long-term program of carefully planned research into the quantitative ecological relationships among various species of marine predators and their prey.

Two, acquisition of detailed angling participation and effort data for use in the preparation of fish management plans by the regional fishery management councils.

Three, sponsorship for indefinite maintenance of oil rigs—nonactive oil rigs—in coastal waters which otherwise must be removed, thereby diminishing fishing opportunity. There is little doubt that such rigs serve as highly effective artificial reefs, unique, and they extend vertically through the full depth of the water column, thereby attracting all types of fish.

Four, a large-scale program of artificial reef construction and management, perhaps through some kind of federal aid program or some other approach that may be devised.

And the last point would be acquisition and development and then maintenance of angler access areas and construction of fish-cleaning facilities at access areas which would enable angler to



better preserve the nutritional qualities of their catch and reduce possible spoilage waste.

In summary, Mr. Chairman, SFI respectfully requests that this committee consider amending S. 1656, as suggested above, to recognize the legitimate needs of the recreational segment of the fishing industry previously ignored, thereby correspondingly injured, that shares use of a common resource with the marine commercial fishing industry. The activities of each industry segment ultimately affect the other, and only through a thorough understanding of their needs and harvests of each segment can the Fishery Management and Conservation Act of 1976 be disposed.

Senator MAGNUSON. Well, that is a suggestion we will take a look at. Of course, the intention was to just devote ourselves to commercial fishing.

Mr. RADONSKI. Yes, we recognized that.

Senator MAGNUSON. But recreational fishing has become—dollar-wise, it is a much bigger industry, I think, than commercial fishing. And it attracts millions of Americans. And we used to think, you know, that salt water fishing was just there and you didn't have to do anything about it. And there comes a time when we have to look at management resources and conservation of our fish for commercial fishing.

Mr. RADONSKI. Yes, sir, I wish you could instill that thought in the National Marine Fisheries Service also.

Senator MAGNUSON. Well, the National Marine Fisheries Service, they have been directed to limit themselves mainly to commercial fishing.

Mr. RADONSKI. We think so.

Senator MAGNUSON. Therefore, the emphasis has always been on commercial fishing, rather than recreational fishing.

Mr. RADONSKI. But, Senator, I am sure you can appreciate that it is a very complex relationship, and the harvest of one segment does affect the other. In some cases, there are some fisheries where the recreational harvest is greater than the commercial harvest. The Atlantic mackrel is one. Yet they (NMFS) consider them an underutilized species.

Senator MAGNUSON. Salt water sport fishing is a peculiar interest to a Senator from the State of Washington and a Senator from the State of Virginia. We have a lot of it, and they intermingle. The State of Virginia is noted for its salt water sports fishing.

But I think the States have taken some looks at this, but the Federal Government has never taken active steps in salt water fishing. We have taken some steps through fish and wildlife for non-salt water fishing, so this is an idea we should consider.

Mr. RADONSKI. There are estimates that there are anywhere between 12 and 20 million salt water anglers, and that is a lot of people. We don't know how many there are because we don't have a good method for determining the numbers.

Senator MAGNUSON. Do you have any questions, Senator Warner?

Senator WARNER. Would you provide for the record a comparison, as the chairman pointed out, between the growth in your industry and the growth of the commercial industry.



Mr. RADONSKI. Yes, I would be happy to.<sup>1</sup>

Senator WARNER. What, off the top of your head, are the comparative figures?

Mr. RADONSKI. In the value?

Senator WARNER. Well, gross revenue, some comparison. Have you run a comparison?

Mr. RADONSKI. Yes. Based upon the figures that we have—I have to admit that they are extrapolations because we do not have a good data base does not exist—the National Marine Fisheries Service only recently initiated a program to count the number of marine recreational fishermen and what they harvest; to develop firm figures.

The figures that I used are based upon 1975 U.S. Fish and Wildlife Service report they are soft figures, at best. A better handle on it is needed.

The expenditures of salt water anglers in 1975 was about \$3½ billion. This does not consider the value of their catch, and they do eat their catch; it does provide sustenance for some people. Also these figures do not include the recreational opportunities provided and the relief from the workday world for many people.

Senator MAGNUSON. They don't all eat their catch; do they?

Mr. RADONSKI. Well, we hope they do.

Senator MAGNUSON. Some of them stuff them.

Mr. RADONSKI. They sure do.

Senator MAGNUSON. And some salt water fishing is noneatable.

Mr. RADONSKI. Yes, some is. And there is some catch and release in big game fish where they do not eat their catch.

Senator MAGNUSON. Thank you very much. We appreciate your testimony.

[The statement follows:]

STATEMENT OF GILBERT C. RADONSKI, EXECUTIVE SECRETARY, SPORT FISHING INSTITUTE

My name is Gilbert Radonski, and I am Executive Secretary of the Sport Fishing Institute. I would like to thank the Chairman and members of the committee for this opportunity to appear and make known the position of the Sport Fishing Institute on S. 1656, a bill that would create the National Fishery Development Act.

The Sport Fishing Institute is a non-profit, tax-exempt, broadly-based conservation organization staffed entirely by fisheries scientists, devoted to the protection, enhancement, and wise utilization of America's aquatic resources, especially the fish populations and their essential habitats in both salt and fresh waters. By means of a program of ecological research, conservation education, and professional service, the continuing goal of our organization since its founding 30 years ago is to help develop and promote optimum opportunity for Americans to engage in healthful and rewarding recreational fishing.

The Sport Fishing Institute proposes that S. 1656 be amended to address all fishery development programs, not only those aimed at the commercial fishing industry. This could be done by deleting the word "commercial" from line 17, page 2 and adding a definition of the term "fishing industry" that would accommodate both the commercial and recreational fisheries. SFI feels that such amendment would bring S. 1656 into full compliance with the intent of the Fishery Conservation and Management Act (FCMA) Section 2(b)(3), which states that it is the purpose of the FCMA "... to promote domestic commercial and recreational fishing under sound conservation and management principles."

It is our contention that fishery development is a legitimate concern not only of the commercial fishing industry, but also of the recreational fishing industry. Since both segments in many instances are fishing common stocks, where the action of

<sup>1</sup> See p. 70.



one segment directly affects the other, SFI feels that it is grossly unfair to legislate for one segment of the industry at the expense of the other.

To put it bluntly: Congress ought specifically to mandate a marine Recreational Fisheries Development Program corresponding to the Commercial Fisheries Program that is embodied in S. 1656. Without such a specific mandate, we have cause to believe that the National Marine Fisheries Service (NMFS) of the National Oceanic and Atmospheric Administration (NOAA), Department of Commerce, will continue to ignore a vital segment of the fishing industry.

The callous disregard for marine recreational fishing in the Department of Commerce was clearly evident both in the final report of Task Force on Fisheries Development, dated May 23, 1979, and in the related National Conference on Fisheries Development, May 23-24, 1979, by their total disregard of the marine recreational fisheries.

In the Executive Summary of the Task Force on Fisheries Development, data on economic value of the commercial fishing industry are stated as the apparent rationale for the creation of the Task Force. In this context, I should like to quote the very short initial paragraph of that Executive Summary, viz:

The United States fishing industry makes an important contribution to our economy. It produces food and industrial goods that contribute at least \$7 billion to the gross national product. It creates direct employment for more than 260,000 individuals, and produces a major source of food for U.S. consumers.

By comparison it is instructive to consider what marine recreational fishing contributes to the economy. The latest figures available are taken from the U.S. Department of the Interior's 1975 National Survey of Hunting, Fishing and Wildlife-Associated Recreation. That survey states that marine recreational fishermen spent \$3.45 billion. (The order of magnitude of marine recreational fishing expenditures were substantially confirmed in the finding of a special contract study carried out by Centaur Management Consultants, for the National Marine Fisheries Service, Contract No. 6-35195 report titled Economic Activity Associated With Marine Recreational Fishing, dated June, 1977). Now, if we add to that the food value of their catch which was estimated to be 1,040 million pounds, value \$1.2 billion (at the 1975 average retail cost of \$1.16 per pound) we get a total of \$4.65 billion. If that figure were adjusted to 1978 dollars (on which SFI assumes the Task Force's figures are based), and the 5% per annum growth of the numbers of marine recreational fishermen were added to it, a 1978 value of marine recreational fishery evidently approaches \$6.5 billion!

The point I want to leave with you is that the contribution to the economy of the two segments of the fishing industry are not very far apart. Yet, the Department of Commerce chooses to encourage and bolster one and, by comparison, largely to ignore the other—at best accord it token attention. SFI respectfully urges your Committee, Mr. Chairman, to amend S. 1656 so as to accommodate that serious oversight.

Upon review of the draft report of the Task Force on Fisheries Development, the Sport Fishing Institute, noting the exclusion of marine recreational fishing, adopted the following resolution:

#### MARINE RECREATIONAL FISHERIES IN FISHERIES DEVELOPMENT PLANNING

Whereas the U.S. Department of Commerce has announced a policy that marine recreational fisheries interests are subordinate and subservient to those of the commercial fisheries, which is a matter of published record on page 11 of the Department of Commerce publication, U.S. Ocean Policy in the 1970's: Status and Issues; Policy Overview, dated October, 1978; and

Whereas this denigrative attitude toward the economically-valuable and socially-significant marine recreational fisheries is reflected in key publications of NOAA and the Department of Commerce, such as the March 26, 1979, Draft Report of the Fisheries Development Task Force which purports to present an overview of the "fishing industry" although, in fact, totally ignoring the substantial marine recreational fishing industry; and

Whereas that unconscionable affront to an important industry wherein retail sales of goods and services related directly and principally to marine recreational fishing in 1975 generated an estimated 123,300 person-years of direct and indirect employment and over \$1.7 billion of direct and indirect value added to the economy, callously discriminates against a significant segment of American industry; and

Whereas the aforementioned task force report and policy decisions generated and effected by the Department of Commerce which ignore substantial segments of the generic "fishing industry" evidently violate the clearly coequal purposes of the Fishery Conservation and Management Act of 1976 [Public Law 94-265; Sec. 2(b)(3)],



"to promote domestic commercial and recreational fishing under sound conservation and management principles": Now, therefore, be it

*Resolved*, That the Board of Directors of the Sport Fishing Institute, assembled in regular Annual Meeting this 10th day of May, 1979, at Hershey, Pennsylvania, advises the President of the United States and the Secretary of Commerce that they resent and take the strongest possible exception to the official policy of the U.S. Department of Commerce (USDC), as published on page 11 of the USDC document of October, 1979, entitled U.S. Ocean Policy in the 1970's: Status and Issues; Policy Overview, which subordinates marine recreational fisheries considerations to those of the commercial fisheries; and be it further

*Resolved*, That the Board of Directors of the Sport Fishing Institute do herewith respectfully petition the Secretary of Commerce to take action to repudiate and redress this administrative blunder by directing her staff and agents within the National Oceanic and Atmospheric Administration (NOAA) forthwith to comply with both the spirit and letter of Sec. 2(b)(3) of the Fishery Conservation and Management Act of 1976 (Public Law 94-265) by, (1) recognizing appropriately the great socio-economic significance of marine recreational fisheries to the American people, and (2) concurrently to direct her staff and agents, henceforth, to accommodate marine recreational fisheries needs co-equally with commercial fisheries needs in any and all "fisheries development" planning undertaken by NOAA and/or its subordinate entity known as the National Marine Fisheries Service.

The Sport Fishing Institute identifies several pressing needs for marine recreational fisheries development.

The first thing that is needed is equal treatment by the Department of Commerce as a coequal segment of the overall fishing industry. Specific language is needed in S. 1656 to define "fishing industry" as composed of two coequal segments—commercial and recreational.

Next, there are several special areas where marine recreational fishery development efforts and funds are urgently needed, viz:

(1) Organization and implementation of a comprehensive long-term program of carefully-planned research into the quantitative ecological relationship among various species of marine predators and their prey. This matter has equal significance to the commercial as to the recreational fisheries. Identification of other "users" in the marine ecosystem (i.e., marine birds and mammals) and their needs in vitally important, looking to the development of an "ecological reserve" management policy in the optimum yield (OY) formulation.

(2) Acquisition of detailed angling participation and catch-and-effort data (for both "rare event" and local recreational fisheries of significance) for use in the preparation of Fishery Management Plans. This circumstance will permit necessary refinement of yield allocations among users and help resolve potential conflicts over by-catch as well as directed fisheries problems.

Sponsorship for indefinite maintenance for non-active oil rigs in coastal waters which, otherwise, must (legally) be removed, thereby diminishing fishery opportunity. There is little doubt that such rigs serve as highly effective artificial reefs, unique in that they extend vertically through the full depth of the water column, thereby attracting and concentrating pelagic as well as demersal species. A change is required in existing law, coupled with a government-sponsored program to assure their continued use by anglers. A Maintenance Trust Fund (at reduced cost and relief from liability to those companies) might be established in cooperation with the oil companies who presently own the rigs.

(4) Large-scale program of artificial reef construction and management, perhaps through some kind of federal-aid program or some other approach that may be devised.

(5) Acquisitions, development, and maintenance of angler-access areas. Construction of fish-cleaning facilities at access areas would enable anglers to better preserve the nutritional qualities of their catch and reduce possible spoilage waste.

In summary, SFI respectfully requests that this Committee consider amending S. 1656 as suggested above to recognize the legitimate needs of the recreational segment of the fishing industry previously ignored, thereby correspondingly injured, that shares the use of common resources with the commercial fishing industry. The activities of each industry segment ultimately affect the other—only through a thorough understanding of the needs (and harvest) of each segment can the Fishery Conservation and Management Act of 1976 meet its goals.



## ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

PACIFIC MARINE COMMISSION,  
Portland, Oreg., October 15, 1979.

HON. WARREN MAGNUSON,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MAGNUSON: Your continuing interest in strengthening the U.S. fishing industry was strongly supported by two resolutions unanimously adopted by the Commission at its annual meeting earlier this month in Sitka, Alaska.

The enclosed Resolution 1 requests that the Congress continue to support Saltonstall-Kennedy funding, and to the extent possible, augment funding from this source. In addition, it opposes the Administration's stated intent to supplant S-K funds with funds included in the National Marine Fisheries Service base budget.

In your recent remarks co-sponsoring the National Fisheries Development Act (August 2, 1979), you stated that the bill "reaffirms the commitment expressed in the Saltonstall-Kennedy Act of provide a source of funding for industry proposals designed to facilitate the development of our fisheries." The Commission believes this resolution is consistent with your remarks and with the intent of S. 1656 co-sponsored by you and eight others.

Enclosed Resolution 2 supports the immediate extension of the Capital Construction Fund and Loan Guarantee Program to include shoreside facilities directly concerned with the processing and marketing of domestic fishery products.

The Commission is aware that S. 1656 does not provide for extending these programs to include shoreside facilities. It felt strongly, however, that supportive action is necessary if domestic processors are to fully realize the benefits of FCMA and amendments relating to processor preference. This, too, is consistent with the intent of S. 1656 and your remarks to offer an amendment (to S. 1656) if extension of the Capital Construction Fund to include shoreside facilities is not agreed to by Senate-House conferees on the Maritime Authorization Bill (S. 640). You also commented on the merits of a similar extension of the Loan Guarantee Program.

The unanimous endorsement of these resolutions by the five western states comprising the Commission provides strong support for S. 1656 and extension of the Capital Construction Fund and Loan Guarantee Program to include shoreside facilities. The Commission respectfully requests that you include this material in the record of your deliberations, and the intent of both resolutions be fully considered as you promote the development of a strong domestic fishing industry.

Sincerely,

HENRY O. WENDLER,  
(For John P. Harville,  
Executive Director).

Enclosures.

### PACIFIC MARINE FISHERIES COMMISSION RESOLUTION NO. 1 (1979)—CONTINUE AND INCREASE FUNDING FOR FISHERIES DEVELOPMENT WITH SALTONSTALL-KENNEDY FUNDS

Whereas the Pacific Marine Fisheries Commission in 1978 through its Resolution 2 urged the President to release Saltonstall-Kennedy funds for the express purpose of enhancing the harvesting, processing, and marketing sectors of the fishing industry; and

Whereas the United States Senate in early 1979 unanimously approved Resolution 50 directing release of some \$6 million of these funds in FY 79; and

Whereas the Office of Management and Budget earlier had impounded these funds to the detriment of the fishing industry; and

Whereas these funds are urgently needed to enhance these sectors of the fishing industry; and

Whereas administrative policy seeks to stop funding for fishery development with Saltonstall-Kennedy funds as designated by Congress; and



Whereas this administrative policy intends to replace existing legislation with yet unspecified fisheries development legislation subject to budgetary control of OMB and the Executive Branch: Now be it therefore

*Resolved*, That the Pacific Marine Fisheries Commission requests that the Congress continue to support Saltonstall-Kennedy funding and, to the extent possible, augment funding from this source; and be it further

*Resolved*, That the Pacific Marine Fisheries Commission opposes the Administration's stated intent to supplant Saltonstall-Kennedy funds with funds included in NMF's base funding "budget."

Adopted at Sitka, Alaska, October 3, 1979 by unanimous approval of the five Compact States: Alaska, California, Idaho, Oregon, and Washington.

PACIFIC MARINE FISHERIES COMMISSION RESOLUTION NO. 2 (1979)—EXTEND CAPITAL CONSTRUCTION FUND AND LOAN GUARANTEE PROGRAM TO SHORESIDE FACILITIES

Whereas maximum public benefits from the Fishery Conservation and Management Act of 1976 will come only when domestic fishermen and the fishing industry can full utilize through domestic channels the resources available to them on a preferential basis in the fishery Conservation Zone; and

Whereas this full utilization of fishery resources requires the integrated development of domestic harvesting, processing, distributing, and market capabilities; and

Whereas under present laws, the Capital Construction Fund established by the Merchant Marine Act of 1936 as amended, presently cannot be applied to the shoreside facilities so urgently needed in this integrated development of the domestic fishing industry; and

Whereas representatives of the fishing industry specifically endorsed extension of Capital Construction Fund provisions to include shoreside facilities directly related to harvesting, processing, and marketing of fishery products as a major recommendation of the Eastland Fisheries Survey (Eastland Fisheries Survey, a Report to the Congress, May, 1977; p. 21, Sec. B. 3.); and

Whereas at the recent (May 23-24) National Conference of Fisheries Development fishing industry spokesmen strongly objected to government proposals to delay action on this issue to permit further study; Now be it therefore

*Resolved*, That the Pacific Marine Fisheries Commission strongly supports the immediate extension of the Capital Construction Fund and the Obligation Loan Guarantee Program as established under the Merchant Marine Act of 1936 as amended, to include shoreside facilities directly concerned with processing and marketing of domestic fishery products.

Adopted at Sitka, Alaska, October 3, 1979 by unanimous approval of the five Compact States: Alaska, California, Idaho, Oregon, and Washington.

NATIONAL FOOD PROCESSORS ASSOCIATION,  
*Washington, D.C., October 25, 1979.*

HON. WARREN G. MAGNUSON,  
*U.S. Senate,  
Washington, D.C.*

DEAR SENATOR MAGNUSON: The National Food Processors Association (NFPA) respectfully request your assistance in expediting the extension of the Capital Construction Fund program to seafood processing facilities. It is our understanding that you deem this an appropriate and necessary matter and we would like to state our high degree of support to you for such action.

NFPA communicated September 20 to you and the other Senate/House conferees on S. 620 the reasons our membership urged adoption of amendment No. 203 which would have accomplished the goal of CCF application to shoreside operations. Unfortunately, the amendment was not accepted in part due to a jurisdictional question within the House committee structure. Thus we now are hopeful that you and your colleagues will respond to this situation and meet the still important need of processors to have available this self-financing through tax deferral mechanism that the CCF provides. Also, we defer to your judgement regarding the most proper and efficient method for passage of such a provision.

It may be beneficial to reiterate some of our thinking on this issue. Amendment No. 203, referred to earlier, was taken from S. 543, Section 103 of Title I. This is the particular concept we endorse with a modification to the definition of "fisheries facilities" so as to read:

"The term 'fisheries facilities' means all or a portion of any new or used structure (or appurtenance thereto) designed or used for the landing, receiving, processing or



other treatment, distribution or storage of fish or fish products from one or more fisheries, and includes any associated land, equipment, or machinery."

Further, we would be most appreciative of report language to emphasize the intended scope of the program. For your consideration, we offer suggested report language as follows:

"The basic thrust of this provision is to permit the establishment of capital construction fund programs for facilities in all fisheries. By broadly defining 'fisheries facilities' the Congress intends that the range of programs eligible for CCF should not be subject to limitation by the Secretary of Commerce. Programs may cover the acquisition, construction, reconstruction or reconditioning of new or used facilities or parts of facilities or appurtenant structures for the unloading, processing or other treatment, handling, transportation, storage or distribution of fish or fish products, or the purchase of associated equipment, lands or machinery. Beyond the 50% taxable net income ceiling on deposits, it is our intention that an applicant will not be required to propose either a minimum or maximum investment in facilities in order to qualify for CCF."

In addition, we have some other concerns, which might be addressed in report language and which we will identify briefly.

First, we would urge that the report state that the application requirements for facilities applicants are to be no more burdensome than those currently required for vessel applicants. In terms of the information that is required with regard to a proposed program, with regard to the financial and other qualifications of the applicant, and in terms of administrative procedures, recordkeeping and reporting, if facilities applicants are required to submit more extensive or different types of information than the already significant requirements of existing law for vessels, they will be discouraged from taking advantage of the program.

Second, we would also urge that the administering agency be directed to provide for confidential treatment of information submitted by a vessel applicant, including limitation of access to application information within the government and vis-a-vis third parties.

Third, we would urge that the authority of the Secretary of Commerce or other administering entity to impose conditions on the use of deposits in a fund be limited to those strictly necessary to achieve the purposes of the fund.

Finally, it should be made clear that participating in a capital construction fund program will not limit the ability of a shoreside facility or applicant to participate in other programs or to engage in other types of financing.

NFPA and its seafood processing membership are extremely grateful for the numerous actions you have instigated to enhance the U.S. fisheries. We believe this to be another step in the continuing effort to realize self-sufficiency for this industry and the achievement of optimum growth and development. Your lead in this endeavor is most appreciated and we offer any assistance and support to help fulfill these goals.

Sincerely,

M. KATHRYN NORDSTORM,  
*Director, Government Relations,  
Seafood Products.*



[The following information was referred to on p. 64:]

# SFI



No. 284

*"The Quality of Fishing Reflects the Quality of Living"*

May 1977

## CHANGING CHALLENGES IN RECREATIONAL FISHERIES

MARKED COPY

5<sup>th</sup> E PAGE 1-6

A meaningful perspective of recreational fishing cannot be fully developed without first considering why it is that most people fish. Emphasis is on recreation, although eating part of the catch remains an important element of the enjoyment and satisfaction derived from recreational fishing.

Also, recreational fishermen—anglers—participate under severe restraints as to methods of capturing their quarry. They are denied use of mass-capture devices and methods customarily employed in the commercial fisheries. Anglers must generally use a single hook attached to a single hand-line.

The reasons why angling is so very popular with Americans remain imperfectly analyzed and understood. Angling has roots in antiquity as a means of personal survival, though scarcely so for Americans since colonial times.

People simply like to catch fish. It seems clear that the size and number of fish caught are of fundamental importance to fishing enjoyment. Also involved are elements of the natural environment—water quality, natural beauty, and privacy while fishing. The nature and setting of the activity can be important components of the fishing experience. Increasing numbers of medical authorities say it is healthful for people to go fishing.

Thus, recreational fishing adds a vital new dimension to the narrowly-conceived and nutritionally-oriented "full utilization" principle, touted in the commercial fisheries. Nevertheless, catching fresh fish for food is an important catalyst to angling. In Minnesota, for example, about 35 percent of resident anglers polled said their most important objective was "to catch some good eating fish," also important to another 50 percent.

Over 99 percent of U.S. anglers reside and fish in the United States south of Alaska. Here, inland fresh waters

comprise 72 million acres (Table 1), and at least 59.6 million acres of coastal estuarine and marine waters out to 12 nautical miles offshore (Table 2) are readily available and extensively fished.

Half or more of 694 million additional acres within the newly-extended U.S. national fisheries jurisdictional zone (12 to 200 nautical miles offshore) is increasingly utilized, as well.

Data from the four quinquennial National Surveys of Fishing and Hunting (1955-1970) reveal that long-term annual rate of freshwater angling growth (3.18%) has averaged nearly twice population growth, while saltwater anglers increased even faster (5.0% annually).

A tentative projection (Fig. 1) is, there were 34.3 million habitual freshwater anglers (fish 3 or more times annually) over 12 years old who fished 638 million days and some 12 million saltwater anglers who fished 149 million days in 1975. Overall participation, including youngsters and casual anglers, plus uncounted shellfishers, probably exceeded 65 million, who undoubtedly fished more than 800 million angler-days altogether in 1975.

There is some reason to believe that saltwater anglers may be underestimated by as much as 50 percent in the National Surveys of Fishing and Hunting, and that recreational shellfishers may number in the several millions.

Projected to 1985, the total number of habitual anglers should reach 47 million who will fish about 871 million angler days in fresh water and some 20 million who will fish about 242 million angler days in salt water—about 67 million habitual anglers and 1.1 billion days, total. Including the very young and the casual, and adjusting for probable underestimation of saltwater anglers and previously uncounted shellfishers, the overall total should easily exceed 75 million, altogether.

The best-predicated estimates (ORRRC Study Report 7) are that harvest of recreationally-caught freshwater fish averages 1.5 pounds per angler-day for warmwater fish and 1.1 pounds for coldwater fish. For saltwater fish, corresponding averages are 5.0 pounds along the Atlantic and Gulf coasts and 15.0 pounds along the Pacific Coast.

\*Seminar Lecture by Richard H. Stroud, Executive Vice President, Sport Fishing Institute, Washington, D.C., at The Department of Wildlife and Fisheries Science, Texas A & M University, College Station, Texas, January 31, 1977; condensed and modified from longer manuscript submitted to the Council on Environmental Quality for publication as Chapter IV in the Council's forthcoming book, "Wildlife and America."



Recreationally-caught freshwater fish amounted in 1975 to an estimated 829 million pounds, and saltwater fish to an estimated 1,040 million pounds (estimates by the National Marine Fisheries Service are 50% greater)—1.87 billion pounds combined (possibly as much as 2.4 billion pounds using the NMFS' estimates).

Projected to 1985, the catch should be about 1.13 billion pounds from fresh water and about 1.69 billion pounds from salt water (possibly 2.75 billion pounds, projecting the NMFS estimate)—2.82 billion pounds overall (possibly as much as 3.88 billion pounds, projecting the NMFS' estimate of marine angling catch).

If saltwater anglers have been underestimated in the past, up to 50 percent as seems likely, the saltwater catch may be correspondingly greater than we have estimated, as well, through fortuitously offsetting errors thereby approximating the larger NMFS' estimates.

There are many values to society from the use of fish resources for recreational purposes: nutritional, economic, therapeutic. At best, some fraction of the total socioeconomic value of recreational fishing may be suggested.

Table 1. United States inland fresh waters productive of fish life (thousands of surface acres), updated from various sources through 1975.

| Type of Water                               | Cold Water | Warm Water | Total  |
|---------------------------------------------|------------|------------|--------|
| <i>Forty-eight contiguous states</i>        |            |            |        |
| Natural Lakes and Ponds <sup>1</sup>        | 2,305      | 7,025      | 9,330  |
| Rivers and Streams <sup>2</sup>             | 993        | 4,992      | 5,985  |
| Large Reservoirs (500A and up) <sup>3</sup> | 1,566      | 8,208      | 9,774  |
| Small Reservoirs (10 to 500A) <sup>4</sup>  | 342        | 5,352      | 5,694  |
| Farm Ponds (less than 10A) <sup>4</sup>     | 30         | 2,518      | 2,548  |
| Subtotal                                    | 5,236      | 28,095     | 33,331 |
| Great Lakes (U.S. jurisdiction)             | 35,300     | 3,400      | 38,700 |
| Subtotal (48 contiguous states)             | 40,536     | 31,495     | 72,031 |
| <i>Hawaii<sup>5</sup></i>                   |            |            |        |
| Natural Lakes and Ponds                     |            | 0.03       | 0.03   |
| Rivers and Streams                          | 0.02       | 0.48       | 0.50   |
| Reservoirs (all 10 to 500A)                 | 0.01       | 2.11       | 2.12   |
| Farm Ponds (less than 10A)                  |            | 2.00       | 2.00   |
| Subtotal (Hawaii only)                      | 0.03       | 4.62       | 4.65   |
| <i>Alaska</i>                               |            |            |        |
| Natural Lakes and Ponds <sup>2</sup>        | 8,891      |            | 8,891  |
| Rivers and Streams <sup>2</sup>             | 3,505      |            | 3,505  |
| Reservoirs (all sizes) <sup>3</sup>         | 4-         |            | 4-     |
| Subtotal (Alaska only)                      | 12,400     |            | 12,400 |
| Fifty-State TOTAL                           | 52,936     | 31,500     | 84,436 |

<sup>1</sup>ORRRC Study Report 7 (1962)

<sup>2</sup>National Survey of Needs for Hatchery Fish, Resource Publication 43, U. S. Fish & Wildlife Service (1968)

<sup>3</sup>U. S. Reservoir Inventory, National Reservoir Research Program, U. S. Fish & Wildlife Service; average water levels as of 1975

<sup>4</sup>Projection through 1973 of National Survey of Needs for Hatchery Fish, proportionated in accordance with ORRRC Study Report 7 data

For 1975, officially-reported consumption of edible fish flesh averaged 12.6 pounds per capita—all commercially-caught fish. The statistics omitted a conservatively estimated 3.6 pounds per capita edible weight of recreationally-harvested fish, equivalent to more than 28 percent of commercial fish consumption. Utilizing the higher NMFS' estimate of the marine angling catch, the edible weight of recreationally-caught fish would be 4.6 pounds per capita, equivalent to about 36 percent of commercially-caught fish consumption.

An indirect if inadequate and imperfect measure of the "willingness to pay" value of recreationally-caught fish is the dollar volume of retail purchases of goods and services used by anglers—tentatively estimated about \$8.4 billion in 1975.

Marine angler-expenditures, particularly along the Atlantic and Gulf coasts, probably averaged \$3.58 per pound.

Freshwater angling expenditures probably averaged about \$6.14 per pound of fish caught and taken home.

An economic evaluation of fish-and-wildlife-oriented recreation in the southeastern United States was undertaken in 1973 by the Environmental Research Group of Georgia State University, Atlanta. Two major quantitative measures were employed, (1) monetary valuations, and (2) actual expenditures. Participants were also asked how much money they would require in compensation to give up a day of participation, recreational fishermen representing the largest group in the study.

Saltwater fishing was valued at \$59.80 per day (corresponds to \$72.71 in 1976 dollars), inland warmwater fishing at \$40.84 per day (\$49.66 in 1976), and inland coldwater fishing at \$33.58 per day (\$40.83 in 1976). Overall, southeastern angling was valued at \$37.30 per day (corresponds to \$45.32 in 1976 dollars).

Recreational fishermen would have required payments averaging \$55.09 to give up a day of fishing (equivalent to \$66.98 in 1976 dollars). Evidently, fishing days forfeited are valued about half again (47.8 percent) more than those experienced.

In order to yield annual revenues of \$56.7 billion that would be required, in this circumstance, to provide compensating "damages" needed to recompense anglers each year for total loss of their recreational fishing, a long-term capital investment would be required (7-34% interest rate)\* amounting to \$731.6 billion. It may be suggested, therefore, that the collective recreational fisheries resources described (current levels of exploitation) have a corresponding minimum capital value amounting to at least \$731.6 billion!

The economic values of the various recreational fisheries are truly enormous if as yet poorly defined. Their value is precisely nothing, of course, without the maintenance in good condition of the aquatic resources base which makes them possible. Vitrally necessary in this respect is an abundance of fertile clean water of favorable temperature, well

\*Suggested as an appropriate rate by an officer of the Federal Reserve in light of recent 30-year Government issue for \$750 million at that rate.



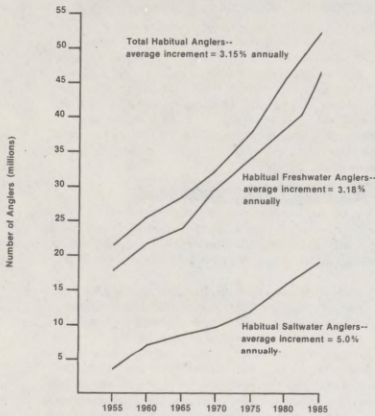


Figure 1. Trends in angling participation -- 1955--1970 data reported from successive national surveys of fishing; 1970--1985, derived by projection of earlier data

supplied with free oxygen in solution, amply endowed with requisite spawning and nursery facilities plus abundant cover. Some data are available that suggest extraordinarily high values for critically-important fisheries habitat, such as estuaries and spawning areas.

Testimony on a series of estuarine bills during the 1967 Congressional House Hearings emphasized the precious nature of the unique estuarine habitat. An example given was the economic yields from estuaries in the State of Maine, described in terms of dollars per year where scientific management practices have been followed. In such circumstances, scientifically-managed estuaries in Maine yielded

average annual crops of shellfish and bait worms worth an estimated \$57,000 per acre (1976 dollars) in the retail market-place. The corresponding capital value (8½ percent short-term rate) exceeds \$670,000 per acre.

A 2.8-acre salmon/steelhead spawning channel on the Mokelumne River, California, represents capital investment averaging at least \$470,000 per acre (1976 dollars). Spawning channels in Canada, Oregon, and Washington represent capital investments ranging, at minimum, from \$204,000 to \$799,000 per acre (1976 dollars).

**Inland waters south of Alaska** (72 million acres), assuming average standing crops of 250 pounds per acre, support an estimated 18 billion pounds of finfish, overall. About 3.15 billion pounds are conservatively estimated available for harvest by anglers under optimum-yield management regimes (assuming 50% usable, and 35% harvest rate)—about four times estimated current harvest.

The predator (game) fish components are probably already sufficiently exploited. The associated prey-fish components (panfishes, etc.) can evidently support several times greater utilization in most waters.

Enhanced fish management capabilities plus nationwide water pollution abatement are expected to augment the inland finfish resource base by more than 50 percent.

**Alaska**, near shore (to 12 n. mi. offshore) and intensively fished by anglers (59.6 million acres), support an estimated 13.44 billion pounds of edible finfishes.\* About 3.95 billion pounds are estimated potentially harvestable (50% usable × 35% harvestable) by anglers annually under optimum-yield management regimes, more than three times current harvest.

As marine anglers multiply, catches may be expected to decline gradually to the average level currently accepted by inland warmwater anglers (1.5 pounds/angler-day).

\*Assumes 750 pounds per acre in 15.3 million acres of estuaries, and 250 pounds per acre in 44.3 million acres of non-estuarine marine waters.

Table 2. Estuarine areas, length of coastline, and coastal saltwater areas productive of recreationally-caught fishes and more or less including readily accessible to anglers, 1977 extension of contiguous fisheries zone adjacent to the United States Territorial Sea (thousands of acres).

| Type of coastal saltwater area                                         | Atlantic | Gulf of Mexico | Pacific w/o Alaska | Totals  | Alaska  | Hawaii | Totals    |
|------------------------------------------------------------------------|----------|----------------|--------------------|---------|---------|--------|-----------|
| Estuaries <sup>1</sup>                                                 | 8,342    | 6,196          | 803                | 15,341  | 11,023  |        | 26,364    |
| General coastline (statute miles)                                      | 2,079    | 1,637          | 1,293              | 5,009   | 6,640   | 750    | 12,399    |
| Territorial Sea—non-estuarine (0 to 3 nautical miles) <sup>2</sup>     | 4,594    | 3,617          | 2,857              | 11,068  | 14,671  | 166    | 25,905    |
| Contiguous Fisheries Zone (3 to 12 nautical miles)                     | 13,782   | 10,851         | 8,571              | 33,204  | 44,013  | 498    | 77,715    |
| Totals                                                                 | 26,718   | 20,664         | 12,231             | 59,613  | 69,707  | 664    | 130,659   |
| 1977 Extension of Contiguous Fisheries Zone (12 to 200 nautical miles) | 287,890  | 226,665        | 179,038            | 693,593 | 919,385 | 41,610 | 1,654,588 |
| Totals                                                                 | 314,608  | 247,329        | 191,269            | 753,206 | 989,092 | 42,274 | 1,785,247 |

<sup>1</sup>Cain 1967

<sup>2</sup>One nautical mile = 1.150777 statute mile; 3 nautical miles = 3.452331 statute miles



Reduced average daily saltwater catches, when they occur—perhaps by turn of the century, will generate at least 3.3-fold increase in utilization-value (angler-expenditures) of the fishery.

It is documented fact that anglers have little demonstrable adverse effect on water quality, even in large numbers.

Potentially disastrous, however, is the common but illegal release alive into fishing waters of unused live bait. Far more troublesome, by comparison, is the release alive of unwanted exotic species by disenchanted aquarium owners.

Recreational fishermen have, on the other hand, done more than most other Americans to generate massive water pollution control, essential to civilization.

In relatively small inland waters, at least, concentrated angling sometimes has had dramatic influence on fish population structure—when directed at the predator (game) fish species at the top of the fish-community pyramid.

The distribution of fish weight in a "virgin" or newly-created fish population somewhat resembles an inverted pyramid resting on its tip, with the latter containing a relatively low poundage of small fishes (Fig. 2) The bulk of population weight (as much as 85 percent) consists of catchable-size adult fish.

With the onset of angling harvest, the inverted pyramidal configuration of the "virgin" (new) population begins rapidly to "squash" and transform into an upright pyramid. The bulk of the fish finally consists of intermediate-size fishes and recently-spawned juveniles.

If angling harvest of catchable-size fishes proceeds at moderate levels, the upright pyramidal configuration will be maintained indefinitely in the population. Intermediate-size fishes will grow rapidly to replace fishes removed by anglers. The rate of catch will remain satisfactory for most adult fishes, but "trophy-size" fish will be uncommon.

If harvest of predator (game) fishes proceeds at high levels, the upright pyramidal configuration of the moderately-fished population gradually bulges into an approximate diamond shape. There is a huge midsection of intermediate-sized panfishes and other prey. Intense predation by the abundant intermediate-size prey fishes, on the eggs and fry of all species, severely restricts reproductive success, survival, and growth of newly-hatched fishes (both predator and prey species).

To effectively manage fish populations over the long term for optimum catch-rates of comparatively large fish—when fishing effort is great—harvest of predator-fish species must be restricted to moderately-low levels.

The purpose of fish management is to serve man's needs in some useful manner, while assuring that the fish resources will continue to flourish. For the recreational fisheries, it means to maintain water quality and to manipulate the physical aquatic environment in ways conducive to production of an abundance of varied fish life. It also means to maintain and enhance fish populations and their habitats to assure their availability to anglers in desirable variety, quantity, and size range, also their accessibility.

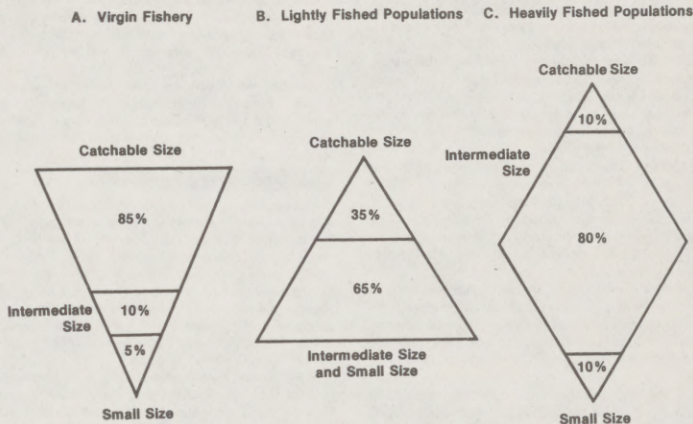


Figure 2. Simplified schematic progression in redistribution of weight among major ecological fractions of fish populations in response to increasing angling intensity (after Martin 1974).



The recreational fisheries have long featured optimum-yield (OY) management. The latter differs markedly from the concept of maximum sustained yield (MSY), traditional to commercial marine fisheries management. MSY looks exclusively toward maximum nutritional yield, whereas OY looks in addition toward broader ecological and socioeconomic objectives.

OY management best accommodates the elusive element of "quality" in the recreational fisheries—i.e., considerations of species, sizes, and quantity of fishes involved, situations in which found, and capture method. OY management also requires maintenance of ecological reserves of some species in order to support other desired species, as well as novel safety margins in total allowable catches.

By 2000, as already noted, average daily catches of marine fishes will undoubtedly decline dramatically, though total harvest will surely increase. In the freshwater fisheries, presently-low daily catch rates will be maintained, with intensified management of both fish and their habitats, but catch composition will become substantially altered. Harvest of predator fishes will gradually decrease, while harvest of prey fishes will rapidly increase. As in Great Britain, the common carp will doubtless become much prized—along with other presently less-popular species.

Effective means of helping to maintain the fish/angler ratio include: continued multiple-use of large reservoirs; construction of community fishing lakes—especially in near-urban locations, and farm ponds; construction of artificial marine fishing reefs and piers, adding angler-outwalks to bridges spanning coastal waters, capping and railing of coastal jetties; opening to fishing of inaccessible or poorly-accessible estuaries, coastal lagoons, bays, and beaches, also streams and rivers, lakes and reservoirs.

Selected inland waters can be fertilized to multiply fish yields manyfold, especially man-made community fishing lakes. Yields of catchable-size fishes can be augmented through selective chemical treatment, netting to reduce competing fishes, drainage or chemical renovation and restocking desired species, introducing carefully-selected predator or prey species.

Catchable-size trout, stocked during the cooler months in marginal waters, serve to divert many casual anglers from sensitive natural trout waters. Spawning deficiencies may be corrected, as with deep-water rock reefs for lake trout and walleyes, as with artificial spawning channels for salmonids, etc.

Catch-and-release regulations applied to stream trout have reduced the numbers of anglers participating (about half), temporarily improved angling quality (catch-rates) for dedicated anglers, but seldom affect population structure measurably in long term. Several state fisheries agencies (California, Georgia, Indiana, Kansas, Michigan, Missouri, perhaps some others) are now experimenting with 12-, 14-, and 15-inch length limits to maintain populations of freshwater bass as needed predators in selected waters.

The regulation of harvest has been the traditional means of management in the marine commercial fisheries.

Pollution must be abated and water quality improved.

Competing uses for the fish, the water, or the bottom materials are the chief sources of potential major conflicts affecting recreational fishing.

Resource development and the engineering works of man often diminish the fish resource base, even to complete destruction of some part, often through dramatic modification of water quality. Thermal pollution and toxic wastes have damaged fish populations and diminished recreational fishing. Agriculture generates huge silt loads, muddying waters, and organic pollutants, draining from cattle feedlots, have frequently impoverished fish populations.

Little reason exists for anglers or fisheries administrators to fear the future, given certain actions, though some people are pessimistic about the impact of projected angling demand.

Badly needed is much greater financial support for research into the life histories, ecology, behavior, and population dynamics of fish life in both fresh and salt water. Particularly urgent is detailed information with regard to food-chain relationships, and the influence on fish community structure of predation and the size of the prey (food) base.

Cutting across the entire spectrum of the recreational fisheries is an urgent need to understand better the effects of various man-generated external influences resulting from agricultural, industrial, commercial, and residential development.

Another universal need is to develop better understanding, leading to eventual quantification, of the variety of factors entering into a determination of optimum yield under a wide range of socio-economic and biological fish management objectives.

Urgently needed administrative and statutory actions relate to equitable sharing of coastal fish stocks, control of stream channelization, lake site reservation in near-urban areas, and development of access to public waters.

**W/re sharing of coastal fish stocks.** More specific recognition is needed, both at national and regional levels, of a recreational entitlement to shares in marine fish stocks. Such recognition is justified based partly on traditional recreational fishing rights and partly on broadened interpretation of the "full utilization" principle.

**W/re stream channelization.** There is a clear need to emphasize land use practices that enhance infiltration rather than run-off of rainwater. Identification of flood-prone land and its restriction to uses compatible with flooding, is needed. Enlightened policy would preclude widening or straightening of stream channels.

**W/re lake sites.** It is increasingly desirable to identify and reserve for future fishing use, in advance of other development, all the feasible sites for community lakes. Sites should be reserved that would provide for lakes from 50 to 1,000 surface acres (or more) having depths from 10 feet up to about 50 feet maximum, with drainage-area/surface ratios ranging from at least 10 to not more than 25.



become assured to about 125 million acres of fishing waters—especially urgent with respect to estuaries, coastal lagoons, and embayments. Advantage must be taken of the imminent repair and replacement of many highway bridges between islands and across inlets along the coastline in cooperation with highway agencies, to incorporate points of access and outwalks for anglers to fish from.

Without perpetually-assured public access to the nation's public waters, all other efforts to accommodate recreational fishing demand become increasingly academic.

The newest and most challenging development in recreational fisheries is certainly the Fishery Conservation and Management Act of 1976 (P.L. 94-265), which establishes extended national fisheries jurisdiction over a contiguous 200-mile-wide Fishery Conservation Zone.

Will marine recreational fisheries interests get their reasonable share of the resource fish pie? Will optimum yield management work? Will the need for ecological reserves of prey species to sustain large populations of predator fishes (and seabirds and marine mammals) be recognized, delineated, and implemented? Etc., etc.?

#### SAFMC RESOLUTIONS

At its February 22-24, 1977, meeting at Jensen Beach, Florida, The South Atlantic Fishery Management Council adopted the following well-taken, timely Resolutions:

##### REGARDING URGENTLY NEEDED

##### PREY-PREDATOR RELATIONSHIP RESEARCH

WHEREAS, the Fishery Conservation and Management Act of 1976 (PL 94-265) assigns to a series of newly-established Regional Fishery Management Councils the responsibility to develop Fishery Management Plans for stocks of marine fish found within the 200-mile-wide Fishery Conservation Zone of the United States; and

WHEREAS, such Fishery Management Plans are required to take ecological factors fully into account in determining the optimum amount of fish yield available for harvest, yet the quantitative relationships of supplies of prey fishes and invertebrates to yields of various species of economically valuable food and game fishes, as well as of other marine predators such as seabirds and marine mammals, are poorly if at all known; now, therefore,

BE IT RESOLVED, that the South Atlantic Fishery Management Council established under provisions of PL 94-265 herewith urges the National Oceanic and Atmospheric Administration as a matter of great urgency and high priority to undertake and support a comprehensive program of research and review designed to define in detail the quantitative relationships between various prey species, such as menhaden, anchovies, sardines, mackerels, sauries, squids, and other invertebrates, and various species of economically important carnivorous or predator finfishes, seabirds, and marine mammals that commonly occur within the 200-mile-wide Fishery Conservation Zone adjacent to the United States land mass.

##### REGARDING URGENT NEED FOR RECREATIONAL FISHERIES STATISTICS

WHEREAS, the Regional Fishery Management Councils established pursuant to provisions of the Fishery Management and Conservation Act of 1976 (PL 94-265) are charged with responsibility to develop management plans for fish stocks other than tunas within the 200-mile-wide Fishery Conservation Zone of the United States; and

WHEREAS, the provisions of PL 94-265 require that such Fishery Management Plans must be formulated on the basis of optimum yield, defined as "maximum sustainable yield as modified by any relevant economic, social, or ecological factor," and that in this context "optimum" means, further, "the amount of fish—which will provide the greatest overall benefit to the nation with particular reference to food production and recreational opportunities"; and

WHEREAS, there is a dearth of urgently-needed data in useful detail within desirable limits of statistical reliability with respect to the numbers of Americans participating in the marine recreational fisheries, the effort they exert to catch marine fish, and the extent and nature of their harvests, and

WHEREAS, the National Marine Fisheries Service piecemeal effort to collect such data, without which the Regional Fishery Management Councils cannot discharge their legally-mandated responsibilities, is an inadequate effort; now, therefore,

BE IT RESOLVED, that the South Atlantic Fishery Management Council, considering the urgent necessity on a high-priority basis of securing statistically-reliable definitive marine recreational fisheries statistics in all coastal marine regions, does herewith urge the Director of the National Marine Fisheries Service, the Administrator of the National Oceanic and Atmospheric Administration, the Secretary of Commerce, the Director of Management and Budget in the Office of the President of the United States of America, and the United States Congress to work in cooperation with the States to accelerate the marine recreational fisheries statistical program of the National Marine Fisheries Service so as to yield by the end of FY 1978 a body of detailed, reliable, and definitive marine recreational fisheries statistics adequate for the preparation by the Councils of the required Fishery Management Plans.

##### REGARDING ATLANTIC FOREIGN PELAGIC LONGLINE FISHERY EIS/PMF

WHEREAS, the South Atlantic Fishery Management Council, in view of time consideration, strongly urges that appropriate action be taken to conserve the billfish stocks in the Atlantic Ocean; and

WHEREAS, the Federation of Japan Tuna Fisheries Cooperative Association, representing 1,328 vessels of 325,422 metric tons, has indicated to the Council a sincere interest in meeting the needs of the U.S. recreational fishery; and

WHEREAS, the South Atlantic Fishery Management Council recognizes the need to avoid the potential conflict between the U.S. recreational fishery and foreign pelagic longline vessels and to assure the highest quality of use of billfish stocks; and

WHEREAS, the South Atlantic Fishery Management Council recognizes the responsibility of the Councils, State and Federal Governments, and the recreational fishery community to define the need and to develop strategies to provide for cooperation between U.S. interests and foreign longline interests;

NOW, THEREFORE, the South Atlantic Fishery Management Council advises the Secretary of Commerce that the following provisions must be incorporated into the Atlantic Foreign Pelagic Longline Fishery Preliminary Management Plan:

1. Permits or some other registration mechanism shall be required for all foreign pelagic longline fishing vessels.
2. U.S. observers must have boarding privileges and full



right to inspect both fishing operations and cargo at any time without prior announcement on all foreign pelagic longline fishing vessels.

3. There shall be no hooks set at depths less than 100 meters in order to eliminate the taking, catching or harvesting of any species above the depths where tunas are normally taken.

4. There shall be no possession of any billfish at any time within the FCZ, even if they were taken prior to entering the FCZ.

5. All billfish taken alive by foreign pelagic longline vessels in the FCZ shall be returned to the water in such a fashion as to ensure maximum probability of survival.

6. The National Marine Fisheries Service shall pursue a cooperative program to tag billfish released from foreign pelagic longline vessels.

7. All data required to be reported in the Atlantic Preliminary Fishery Management Plan shall be collected; and, in addition, data on the condition of released fish shall be provided.

#### ROBERT HERBST OF INTERIOR

At the recent annual meeting (March 26, 1977) of the National Wildlife Federation, the then- "Designate" (since confirmed by Congress) Assistant Secretary for Fish, Wildlife, and Parks (Department of the Interior), **Robert L. Herbst**, was a featured speaker who promised to take "A New Look at Wildlife." Some of his remarks, especially those at the beginning, are especially helpful in gaining an insight into the kind of man President Carter has placed at the Federal Fish and Wildlife helm, viz:

Some say the Assistant Secretary for Fish and Wildlife and Parks is the "glamour" job in Interior. I look at it as the most challenging subcabinet post in Government and certainly one of the important positions in helping to provide a quality of life for our citizens—all citizens. In accepting this appointment by President Carter subject to Senate confirmation I did so because of my firm belief that the President and Secretary Andrus are sincere in their desire to move ahead significantly on environmental programs.

One thing I discovered very early in Minnesota is that you have to work with the legislature if you want to get things either moving or done.

I intend to work with the Congress and I trust that I can improve their recognition and understanding of our resource problems, issues, and objectives. I am convinced that Congress expects and deserves to be kept better informed on major issues and policies.

Also, I am going to be relying on my staff experts and you in this audience and your associates, the natural resource professionals and the public and vested interest groups, to tell me what we need for this country's natural resources.

I want to and will listen to all points of view as I have all during my 24 years in professional conservation work.

As head of Minnesota's natural resources agency, I can certainly say I spent hours listening to concerned men and women bemoan the harming of a single hair on the hide of a timber wolf.

As soon as that group left my office, I didn't even have time to get a cup of coffee when who should descend upon me but hunting groups or livestock owners who were just itching for me to do something in Washington about taking the moratorium off the wolves of the state. I'll talk more about wolves later.

I know many problems are awaiting me. Some I knew of, some I didn't. I'm certain there are many unheralded and

sticky ones waiting in the wings. However, problems are to be solved. And in solving them we may also uncover opportunities for enhancement of natural resources in the long run.

One gratifying thing that I discovered within the first few weeks was the professional bureaucrat. Those words should be capitalized, ladies and gentlemen. You can rest easy. Most of those dedicated conservationists have been sitting behind their desks and working their long hours in the field for years. I respect and admire them.

I expect to work through channels to give me the best professional advice and counsel with regard to the difficult decisions facing us. Strictness will be the rule when it comes to organizational loyalty. I expect my people to be party to the decision formulation process and then the decisions made will be a team effort including your input.

The reason I can make a bold assertion like this is because it is my responsibility to deal openly and honestly with you and with the entire public that has an interest in what we are doing as well as the staff.

Like President Carter, I do intend to tell the truth about my work. I will be open and honest and I know that is what you wish.

I intend to use no "top secret" or "secret" stamps in my office. As far as I am concerned this means that information on Interior's programs of interest to you and others will be available unless an embargo is placed upon its release which is beyond my control. Furthermore, I intend to seek advice of groups outside of government in a frank and candid atmosphere.

One of the first things we have to do is communicate better. One example—the regulation setting process. Steps have already been taken to have the English language reinserted into the governmental process. Secretary Andrus has become personally involved in this. I don't know how you and others have survived these last years trying to understand Interior's regulations. Even our lawyers argue over what they mean.

I can't promise you the moon on shaping up those regulations so they can be immediately reprinted in Ranger Rick, but I'm going to at least end the use of sentences that run for 17 solid lines without a pause longer than a semicolon.

There are three differences between my state and Washington. Maybe you've noticed too: traffic, elevators, and ungodly paper flow.

Mr. Herbst then turned to specifics of some of the problems that have confronted him as he assumed his important new role in the Department of the Interior. He identified and commented briefly on endangered species and moves to modify the Endangered Species Act; on timber wolf management policy, which he had delegated to the Director of the Fish and Wildlife Service; on environmental education; on oil spill problems; on protection and rehabilitation of fish and wildlife habitat; on the wetlands inventory and protection program; on the nongame or, as he labelled it, the "Aesthetic Wildlife Program"; and on the steel shot program for waterfowl protection.

The new Assistant Secretary closed his address on the following encouraging note:

I've roamed somewhat across the map of conservation in this maiden address of mine. I've not covered many other programs in Fish and Wildlife and Parks because there was not time to do so. Secretary Andrus this morning gave you the insight on his thinking on parks and refuges in Alaska. And, I want you to know that fish management will not take a back seat either. I believe it has too long, and there are great opportunities to improve this program area. (Emphasis added.)

I thought it was more appropriate on this initial appearance to let you get an idea of the kind of person I am. Then, we can sit down together and start talking and trading facts and fig-



ures about the whole fabulous and challenging opportunities for parks, fish, and wildlife and conservation of our natural resource heritage.

In conclusion, let me share with you my philosophy of conservation—it is found in the first sentence of the Bible: "In the beginning God created the heavens and the earth." He has given us dominion over the works created and charged us as wise stewards.

Most national conservation organizations of record, including the Sport Fishing Institute, supported the nomination of Mr. Herbst, are pleased with his overwhelming confirmation vote in the Congress, and look forward with pleasure to his forthcoming service.

#### OIL PLATFORMS: ARTIFICIAL REEFS

A well-written, superbly illustrated 14-page report, *THE BIOLOGY OF TWO OFFSHORE OIL PLATFORMS*, by Robin A. Simpson, has been published and is available from the Institute of Marine Resources, University of California, La Jolla, California 92093, as IMR Reference 76-13, March, 1977. As summarized therein, the 1975 studies of Platforms Hilda and Hazel revealed an abundant, diverse, and similar marine community associated with each platform. A total of 290 species of mammals, birds, fish, and invertebrates were seen on or under the platforms or found in samples of the fouling community or nearby sediments.

Forty-five species of fish were seen in direct association with the platforms—either swimming under or resting on the structures or feeding upon the invertebrates present on the platforms and the cuttings piles beneath. The number of species seen during a single visit to a platform ranged from 8 to 31. Although about 50 percent of the fish present were rockfish, no one species seemed to make up more than 30 percent of the total fish population.

The abundance of organisms at the platforms appears to have increased in the 17 years since the structures were installed. Biologists' estimates of fish abundance per 1975 visit to a platform were in some cases 500 percent higher than estimates made in the late 1950's. In 1975, the cuttings piles (smooth and silty in the late 1950's) were covered with mantles of shells that were 3 feet deep in some places and offered a low-relief, hard-substrate habitat for a number of fishes and invertebrates. About five times as many fish were sighted near the platforms than in an area of the rocky reef of the same size.

In summary, these offshore oil platforms appear to enhance the soft mud bottom environment upon which they stand, particularly those elements valued by man. The platforms act not only as artificial reefs (providing hard substrates and crevices needed by some animals) but as vertical islands (structures extending from ocean floor to above sea level) and as canopies (shading overhang near the ocean's surface).

The report noted, in concluding, that larger questions about these and other artificial reefs remain to be considered. Do the structures only attract and concentrate marine organisms that would otherwise be more evenly distributed in the general area? Does the presence of the platforms permit the more efficient conversion of the passing microscopic

organic material into an increased production of larger animals? Do the platforms promote ocean productivity that would not otherwise occur and thus enhance the environment of this entire region of the ocean, especially in forms that people value?

Some evidence exists that suggests the answer to the final question is in the affirmative. Although further work would, indeed, be desirable and helpful, findings from a 1964-1965 study by R. W. Menzel and H. H. Mathews at Florida State University, sponsored by the Sport Fishing Institute, indicated that the productivity (carbon fixation rate) of an experimental artificial reef (auto-tire substrate) was greater throughout the year than the productivity of the adjacent water. Reef production was generally lowest in winter.

The technical studies that provide the basis for the U. Cal. IMR report, cited and summarized preceding, and the production of the illustrated report itself, were supported by the American Petroleum Institute (API). Keith Hay, Conservation Director for API, administered both projects. It's an outstanding project (and report) that appears capable of standing up well under the most critical scrutiny. The findings give strong support to the long-time advocacy by the Sport Fishing Institute of long-term preservation as fishing reefs of offshore oil platforms, rather than their dismantlement after cessation of production as presently mandated in federal law.

#### OFF THE PRESS

*THE SECRET LIVES OF FISHES*, by Bernard Ludwig Gordon. Although professional fisheries scientists will find the book informative, this entertaining and highly readable contribution holds its greatest appeal for anglers, amateur naturalists, and other individuals with a more casual interest in the mystique of fish biology and life history. The volume is spiced with historical (sometimes anecdotal) accounts of some 71 fish species, ranging from the tasty pompano to the dreaded white shark, selected to illustrate various facets of man's age-old relationship with fish. A few minor errors cropped up occasionally, such as wrongly identifying the Kamloops strain of rainbow trout as deriving from the state of Washington (instead of British Columbia, Canada). Also, it is unlikely that the author's statement (referring to the initial importation of the grass carp by the U.S. Fish and Wildlife Service in 1963)—"It was hoped that this species would become established throughout the Mississippi River Basin"—would remain unchallenged today. For the most part, however, the volume was well researched and should contribute to a better appreciation of the fascinating world of fishes. Published by Grosset & Dunlap, Inc., 51 Madison Avenue, New York, New York 10010, this fully illustrated 305-page volume is priced at \$12.95, cloth; and \$7.95, paperback.

*RH Stroud*

EXECUTIVE VICE PRESIDENT

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[Whereupon, at 12 noon, the hearing was adjourned.]





