

Received from Ray Armouido,  
US State Dept. at May 1978  
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Dear Mr. McIntyre:

Thank you for the opportunity to present the views of the Department of State on S. 3050, a bill to provide for the regulation of foreign fish processing vessels in the U.S. Fishery Conservation Zone.

The Department is opposed to the proposed legislation, which is not consistent with U.S. Government policy regarding controls on exports. We believe that S. 3050 contains several provisions which would be detrimental to the international trade policy objectives of the United States and which could set a precedent for foreign export restrictions on raw materials and supplies needed by American firms.

S. 3050 would prevent American fishermen from selling their catches to foreign fish processing vessels unless U.S. processors are operating at full capacity. The proposed legislation would also require that foreign fish processing vessels be given allotments annually for only the amount and type of fish which U.S. fish processors do not have adequate capacity or do not intend to utilize. These provisions could prevent American fishermen from obtaining the prevailing market price for their fish by creating a buyer's market for U.S. processors. This seems not in the best interests of U.S. fishermen. These provisions also put restrictions on U.S. exports, not because of a serious domestic shortage of the raw material (a basis for export restriction provided by law that has been used in a few excep-

The Honorable,  
James T. McIntyre, Jr., Director,  
Office of Management and Budget.

tional cases) but simply as a means to provide processors abnormally low priced fish for processing. If processors pay the going rate, presumably the fish would be supplied to them.

The U.S. Government has been working in the Multilateral Trade Negotiations to establish international rules on export controls. We also protest vigorously use by other countries of export controls which deprive us of needed raw materials. It would be inconsistent with our efforts in the Multilateral Trade Negotiations and would undercut our general position on this issue if we were to prevent sales of fish to foreign processors on the basis of available domestic processing capacity.

Another element of the proposed legislation which could seriously undermine the international trade objectives of the United States is the provision that the Secretary of Commerce may consider, before granting fishing permits, whether the foreign nations applying for such permits have trade barriers against the importation of U.S. fish or fish products. Such criteria would set a precedent which other countries could cite as justification for placing restrictions on U.S. access to materials in an effort to gain concessions on U.S. tariffs or other import restrictions. For example, foreign countries could deny U.S. vessels the right to fish in their 200-mile zones unless the U.S. lowered its barriers against importation of processed tuna. The United States has consistently held that the sale of raw materials and resources in international markets should be free from restrictions based on trade or political considerations. We are currently negotiating with Japan on access to its market for our processed fish. Japan now has barriers to such imports. We believe that we can obtain concessions without instituting a new restrictive policy that would jeopardize our access to the raw materials of other countries.

The Department suggests that the Department of Agriculture be given the opportunity to present its views on the propose legislation, since it touches on matters within the scope of its interests and responsibilities.

Please inform the Department whether there is any objection to the submission of this report.

Sincerely,

Douglas J. Bennet, Jr.  
Assistant Secretary  
for Congressional Relations