



them as U.S. fishing vessels, and operate them within the U.S. 200-mile jurisdiction with all the rights and privileges (as well as responsibilities) of U.S. citizens. Since the amendment gave blanket approval only for contracts for the construction of new vessels, MARAD approval is still required, however, for the purchase of used vessels by U.S. corporations with more than 49 percent foreign stockholders.

Concern has been expressed that this situation may, among other things, provide a possible means for foreign fishing interests to monopolize both foreign and domestic quotas for some species and make difficult, or impossible, evolution of a citizen-owned fishing capability for some species within our 200-mile jurisdiction.

On the other side, however; the Administration's general policy is against barriers to foreign investment in the United States. Strong arguments would be required to exclude the fisheries situation from this general policy. Those who favor the Administration's general policy have argued that foreign interests will not rush to establish wholly-owned U.S. fishing corporations because their resulting right to fish within our 200-mile zone is not a strong enough incentive to justify incurring the substantial expense associated with constructing new U.S. fishing vessels. Another argument is that new fishing vessels built in the United States for wholly-owned U.S. corporations will be U.S. fishing vessels regardless of who effectively owns and controls them.

We believe this situation is potentially significant enough (it seems to be building toward some kind of Congressional action) to request review and advice from each of you before we attempt to formulate a recommended agency policy. The situation should be discussed with the Regional Fishery Management Councils in order to obtain their views.

We will appreciate your responses as soon as possible. Please specifically justify your positions.

Attachment