

Executive Director's Report

Council Chairmen's Meeting

A meeting of Council Chairmen is tentatively scheduled for February 7-9, 1991, in New Orleans or Tampa, most likely the latter. I would like your suggestions for agenda topics. Other Councils have suggested a review of the latest Magnuson Act amendments and their implementation, limited entry as it is being considered in different parts of the country, criteria for allocating Council funding, and commonalities and differences in marine fisheries management approaches. An additional topic that may be worth pursuing is how to go about developing a regime to govern the incidental taking of marine mammals in commercial fisheries after October 1, 1993. That is when the current five-year agreement, developed through amendment to the Marine Mammal Protection Act in 1988, will expire. NMFS, USFW, and the Marine Mammal Commission need to hold workshops with the Councils in 1991. The Secretary of Commerce is supposed to submit a recommended plan to Congress by January 1, 1992.

Please let me know of any other burning issues that should be brought to that forum.

Council Budget Gets Boost

Congress increased the total funding to the eight Councils from \$7.315 million in FY 1990 to \$8.5 million in FY 1991. Our administrative budget has been increased by \$170 thousand. I'll be prepared at the January meeting, after I know total expenditures for this year, to brief you on the potential for adding staff and consultants to help with the workload. This is the first major increase we've had in several years.

Following through on the Fishery Planning Committee's recommendation, in October we sent a request to NMFS for funding of social impact assessments. Dr. Fox responds in item B-1(a) that NMFS is reviewing their program needs with an eye toward future budget initiatives to support economic and social analyses.

Foreign Ownership Concerns

Apparently the General Accounting Office has just completed a study on the effects of the Anti-Reflagging Act of 1987. I do not have the study in hand, but a news release is under this tab as item B-1(b). The whole issue of foreign ownership seems to be heating up, and I would like to agenda the topic for the January meeting along with a discussion of 1989 legislation that apparently allows foreign investors to purchase U.S.-flagged vessels at bankruptcy auctions. An article on the topic from the Marine Digest was sent to you in the October 19 mailing. I will also seek a status report on the GAO study that the Council requested concerning foreign ownership patterns in North Pacific fisheries.

Council Member Orientation

Rick Lauber and Wally Pereyra attended the NMFS orientation in October in Washington, D.C. Possibly they could give us an overview of what new things they learned at the hub and whether it was a worthwhile experience.

Overfishing Definitions

Our crab overfishing definition and the replacement salmon overfishing definition were forwarded to Secretarial review on November 21, two days ahead of the deadline for submission. The brunt of the work was done by Region staff, an effort most appreciated.

The groundfish overfishing definition in Amendment 16/21 was approved by the Secretary. Though a full blown discussion of the overfishing definition has not been scheduled for this meeting, as earlier intended, the teams and SSC will comment on this topic as the Council considers individual species ABCs. Any further changes to the groundfish overfishing definition would require a plan amendment.

Salmon Amendment Approved

Amendment 3 to the salmon plan has been approved by the Secretary of Commerce and was published as a final rule on November 15, 1990. The amendment defers management authority to the State of Alaska and the Pacific Salmon Commission, while retaining Council oversight. The rule takes affect on December 10, 1990.

A Note from our Administrative Officer

Judy requests that members of the AP, SSC and Council submit their travel claims for 1990 as soon as possible so we can start closing out the books.

NOV 30 1990



AGENDA B-1(a)
DECEMBER 1990
UNITED STATES DEPARTMENT
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
1335 East-West Highway
Silver Spring, MD 20910
THE DIRECTOR

NOV 26 1990

Mr. Don W. Collinsworth
Chairman
North Pacific Fishery Management
Council
605 West 4th Avenue
Anchorage, AK 99501

Dear Mr. ^{Don} Collinsworth:

Thank you for your letter regarding funding for social impact assessments. Your point that solutions to fishery management problems are increasingly allocational in nature is well taken, and I recognize the need for better economic and social data and analyses of allocation impacts. As you note, Councils are receiving requests from industry for these studies to make sure that allocations are fair and equitable to all user groups affected, and the Magnuson Act states that limited access schemes must take into account the cultural and social framework of the fishery.

Funds for fishery impact studies by the Councils and/or the National Marine Fisheries Service are limited. We have previously focused resources on the biological assessment areas, which had the most urgent need for attention. Now that we have achieved virtually full utilization of our domestic fisheries, allocation issues will, more than ever, need social and economic impact assessments. Unfortunately, funds do not currently exist to provide these assessments. We are undertaking a review and evaluation of our science activities and I am hopeful that we will be in a position to fund some of our unmet economic and social assessment needs when the review is completed. In addition, the review will provide us with information necessary to support future budget initiatives, including requests for funds for economic and social impact assessments.

Sincerely,

A handwritten signature in cursive script that reads "Bill".

William W. Fox, Jr.

THE ASSISTANT ADMINISTRATOR
FOR FISHERIES



GAO says fisheries act failed

Grandfather clause keeps almost all foreign-owned vessels eligible

By **DAVID WHITNEY**
Daily News reporter

WASHINGTON — Legislation passed in 1987 to ensure American control of domestic fisheries is failing to stem the access of foreign-owned companies to U.S. fishing grounds, the General Accounting Office said in a report released Wednesday.

That finding was reached after a review of 91 fish-processing vessels and factory trawlers

operating off the coast of Alaska earlier this year. The GAO said 86 percent of those vessels could continue fishing in U.S. waters even if they were sold to foreign-owned companies.

Foreign ownership over these vessels can continue virtually indefinitely because of the way the Coast Guard is interpreting a loophole in the Commercial Fishing Vessel Anti-Reflagging Act, the GAO said.

The act was signed into law in January 1988 in an attempt to "Americanize" commercial fishing within the U.S. 200-mile exclusive economic zone.

The intention was to stop foreign-owned vessels from qualifying to catch fish within American waters simply by being reflagged in the United States.

The act also required that most of the stock in a fishing

vessel be owned by Americans. However, the law exempted vessels licensed by the United States prior to July 28, 1987.

The Coast Guard has interpreted this "grandfather" provision to mean the exemption remains with the fishing vessel even if it is later sold to a foreign-owned company.

"This interpretation is signifi-

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GAO: Agency says law fails to keep foreign owners out

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cant for the U.S. fishing industry because of the large number and percentage of vessels that apparently meet the act's grandfather exemptions," the report said.

Of the 29,000 vessels the Coast Guard licensed by the July 1987 cutoff, "nearly all of them" would continue to qualify for fishing in U.S. waters if they were sold, the report said.

The consequence may be especially significant for the bottom-fish industry off the Alaska coast, where so many factory trawlers and processing ships are working that the pollock season had to be closed last week, the report said.

The Coast Guard estimated that of the 29,000 exempted vessels fishing in U.S. waters, about 800 "are well suited for rebuilding or conversion into factory trawlers or other types

of relatively large vessels that now dominate the ground-fish operations in Alaska."

"Thus, any number of these vessels could, at any time in the future, enter the Alaska ground-fish fleet without needing to meet the new American-control provisions," the GAO said.

The report did not say if any exempted vessels had been bought by foreign companies since the law was enacted. Gary E. Ziebarth, the GAO evaluator

in Seattle who prepared the report, could not be reached for comment Wednesday afternoon.

The GAO did not criticize the Coast Guard for the way it was interpreting the law. It noted a lawsuit is challenging the agency's view of the law.

The GAO said Congress should change the law if it wishes to prevent foreign companies from buying exempted vessels to get into the domestic fishery.