

M E M O R A N D U M

TO: Council, SSC, and AP members
FROM: Jim H. Branson
Executive Director
DATE: December 4, 1986
SUBJECT: Legislative Update

ACTION REQUIRED

Information only.

BACKGROUND

Congress passed its omnibus fisheries bill, S. 991 on October 18, 1986. The legislation was signed by the President on November 14, 1986. The bill was summarized in an October 21, 1986 memorandum to the Council, AP, and SSC members and will not be reviewed at this meeting. Copies of the MFCMA with the new amendments will be mailed to the Council family as soon as they are available.

Legislation of interest to the Council may be considered early in the 100th Congress. Legislation may be reintroduced addressing fishing vessel liability and safety problems. As you recall, H.R. 5013, the Commercial Fishing Vessel Liability and Safety Act of 1986 was defeated in the House on October 13, 1986. Representative Don Young has indicated to the Council his intentions to see that bill pass in the new Congress.

Other fisheries related legislation that may be acted upon early next year relates to the reflagging of foreign processing vessels. As reported to you in the October 14, 1986 Council mailing, three bills were introduced on October 7, 1986 that addressed the matter of registering foreign processing vessels as vessels of the U.S.: S. 2910 (introduced by Senator Murkowski), H.R. 5658 (introduced by Representatives Lowry and Miller), and H.R. 5662 (introduced by Representative Don Young).

No action was taken on any of the reflagging legislation before the 99th Congress adjourned; however, all bills are expected to be reintroduced in the 100th Congress with hearings held in both Houses early next year.

Congressional staff have requested background memoranda on reflagging from the Congressional Research Services, the U.S. Coast Guard, and the U.S. Customs Service. Copies of these memoranda will be made available to the Council.

Mayor Selby
KODIAK ISLAND BOROUGH
RESOLUTION NO. 86-80-R

A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY URGING CONGRESS TO INCLUDE A RESTRICTION ON RE-FLAGGING FOREIGN PROCESSING VESSELS IN THE MAGNUSON FISHERY CONSERVATION AND MANAGEMENT ACT.

WHEREAS, the United States is making positive and constructive progress toward its national goal of full utilization of the groundfish resources off Alaska, and

WHEREAS, American processing of these groundfish resources has not increased at a rate comparable to that experienced by the harvesting sector, and

WHEREAS, the perception exists that foreign interests are presented with an opportunity through current law to re-flag existing foreign processing vessels, and

WHEREAS, such re-flagging of these foreign-built and foreign-owned processing vessels would be extremely detrimental to American processors and their efforts to proceed toward our national goal of full utilization of groundfish resources, and

WHEREAS, these re-flagged foreign processing vessels would not be limited to strictly groundfish, but could process in our traditional fisheries - salmon, crab, shrimp, halibut, and others - thereby destroying the Alaskan fishing industry, and

WHEREAS, the North Pacific Fishery Management Council recently passed, by unanimous vote, a resolution restricting re-flagging foreign processing vessels, and

WHEREAS, American capital formation for investment in domestic owned and controlled processing vessels is impeded and prevented by re-flagging.

NOW, THEREFORE, BE IT RESOLVED by the Kodiak Island Borough Assembly that the United States Congress amend the Magnuson Fishery Conservation and Management Act, and other applicable laws, to include in the definition of a U.S. processing vessel the criteria that it be documented and built in the United States and that such requirement apply to all vessel documentation after September 1, 1986.

PASSED AND APPROVED this 6 day of November, 1986.

KODIAK ISLAND BOROUGH

By *James H. Selby*
Borough Mayor

By *John J. [unclear]*
Presiding Officer

ATTEST:

By *James J. [unclear] CMC*
Borough Clerk

On behalf of the Kodiak Island Borough I am here today to share some good news with you and request two (2) actions from the North Pacific Fishery Management Council. The good news is that the pollock processing plant capacity in Kodiak is rapidly expanding. Because of that expansion the first action requested is that the priority access provision of the Magnuson Fishery Conservation and Management Act be used to allocate at least 82,100 metric tons of the 95,000 metric ton Optimum Yield (OY) pollock quota for 1987 for the Shelikof Strait for American domestic catch and processing. This data does not include domestic floating processors and I understand there was at least one on the grounds last year.

Similarly the second action request is that the priority access provision also be used to allocate at least 120,000 metric ton of the 1988 Optimum Yield (OY) for Shelikof Strait for American domestic catch and processing. If our plant capacity is more than 120,000 metric ton, we will be back next year to ask for sufficient allocation to equal the plant capacity.

First, the good news. There has been a dramatic increase of plant capacity in Kodiak since last year. Kodiak now has six plants capable of processing in 1987 and three more which may be processing before the end of 1987. There are at least six Baader 189s in Kodiak at the cost of \$125,000 each and each capable of processing 100,000 pounds per 18 hour day. There are at least two Baader 182 machines in town and one more on order at a cost of \$260,000 each and processing capability of 200,000 pounds per day. There are at least two Baader 184 machines in Kodiak at a cost of \$125,000 each and capable of 100,000 pounds per day.

There is one Baader 190 on order at a cost of \$150,000 and a capacity of 125,000 pounds per day. Thus, Kodiak will soon have the capacity to process 1.5 million pounds per day as a result of the processing industry investing approximately \$2 million in equipment. Additional supporting equipment such as ice making machines, freezers and other support have also been purchased.

Known plant capacity of processing plants in Kodiak not including domestic floating processors is 82,100 metric tons in 1987 and an estimated 120,100 metric tons in 1988. These figures were compiled from plant capacity statements indicated by the plant managers or Borough estimates as follows:

	<u>1987 Capacity</u>	
	23,000	MT
	6,100	MT
	22,000	MT
	1,500	MT
	9,500	MT
	<u>20,000</u>	MT
Total	82,100	MT
Additional Plants in 1988		
	20,000	MT
	20,000	MT
1988 Total	122,100	MT

Hence, the plant capacity supports the Kodiak request for 1987 and 1988. There are rumors of additional plants by 1988 but we will wait and see.

In 1988, there'll be a bigger and better quality pollock harvest than in 1987. The total catch will be greater, the fillet recovery rate will improve and the roe recovery percentage will be higher because the average pollock will be more mature than in 1987. This improvement should continue in 1989, and it is my understanding should increase to an annual sustained yield of 800,000 MT. And quite frankly folks, I would like to see the day that all 800,000 MT is processed on Kodiak Island.

Now is the opportunity to give the U.S., Alaska, Kodiak and the Alaskan fishing industry an economic boost at the same time that we move forward on the Americanization of the fishery. I know you folks probably understand the economic significance of the information I just gave you better than I do but please bear with me and let me give you an example of the economics involved in this request so it is on the record.

If Kodiak is awarded between 120 and 150 thousand tons of pollock in 1988, fishermen, alone, will earn \$13.5 to \$18 million dollars if the dockside price remains at \$.06 per pound.

If each surimi line requires 960 manhours per day at \$5.50 per hour for 250 days per year, processing people will earn \$3.9 to \$5.25 million dollars.

If each of the smaller plants employs 36 people per day (18 people per eight hour shift) smacking pollock roe for 40 days, those people will earn \$126,000 to \$253,000 dollars.

So just between the fishermen and the processors, Kodiak will see \$17.5 to \$23.5 million new dollars in 1988 if we can persuade you and the Secretary of Commerce to reserve adequate Shelikof pollock for American processors.

In reality, more income than this will be earned in Kodiak when the Shelikof pollock come to town. Many more citizens in other jobs will work more hours each week just keeping the pollock business running smoothly. They include welders, electricians, diesel mechanics, hydraulic specialists, provisioners, net repairmen, truckers, longshoremen, waiters and waitresses, bartenders, home builders, real estate salesmen, plant managers, hardware salesmen, fuel dock attendants, harbormasters, bank personnel and taxi drivers, just to name a few.

All these people will broaden the tax base of Kodiak. The community will at least have a chance to replace dollars it may lose from state and federal sources. Now you know why I am here. It is obvious that this request is in the best interest of Kodiak and I am sure you will agree with me that it is in the best interest of Alaska and the United States.

While this amount of money may seem insignificant in the total U.S. economy, the real significance is of course in the Americanization of the fishery in the 200 mile zone. A nation with total deficits and foreign trade deficits as large as ours cannot sneeze at any possible additional economic development.

The economic benefit to the State of Alaska is more significant than to the U.S. just because fishing is the second largest industry in the state and the percentage of the total state economy is much larger. It is my understanding that 1987 may well be the year that the whitefish industry (domestic and joint venture) will exceed the value of the Alaska salmon industry for the first time.

Most significantly, the economic benefit is very substantial to Kodiak. Dockside value of \$18 million would be a real factor in a community who has had a total dockside catch of about \$80 million the last year or two. This represents a 20-25% increase in one year. In addition, the critical importance of Kodiak to the Americanization (Alaskanization) of the pollock fishery is indicated by studies of the NPFMC.

On August 29, 1986, the Gulf of Alaska Groundfish Plan Team, a statistical analysis group that assist the North Pacific Council and the Secretary of Commerce, published its annual RESOURCE ASSESSMENT DOCUMENT FOR THE GULF OF ALASKA GROUND FISH FISHERY. In it the Plan Team reviews the 1986 pollock fishery to date and estimates the population abundance for 1987, 1988 and 1989.

Their analysis highlights the critical importance of Shelikof Strait to any American fishermen and processors who intend to target Gulf of Alaska pollock.

"Although there is evidence of spawning pollock elsewhere in the Gulf besides Shelikof Strait, we do not know of any concentrations that are important or large compared to the Shelikof spawning group. We conclude that most pollock in the Central and Western Areas of the Gulf spawn in the Shelikof Strait region."

This suggests that Kodiak and Chignik are probably the best locations for American shore processing of Shelikof pollock.

A 1984 study by Natural Resources Consultants confirms that AVAILABILITY OF POLLOCK IN RELATION TO POSSIBLE SURIMI PRODUCTION CENTERS, contains a table that describes Kodiak's and Chignik's advantage over three other Gulf fishing ports.

The table shows how close the best pollock fishing grounds are to each city. The approximate location of the 1993 joint venture pollock catches was used as an indicator of the spawning grounds.

	APPROXIMATE SAILING DISTANCE IN MILES			
	60	100	150	200
	(PERCENT OF TOTAL GROUNDS WITHIN REACH)			
Kodiak	25	50	75	100
Chignik	0-25	25-50	50-75	75-100
Homer	0	0-25	25-50	50-75
Sand Point	0	0	10-25	25-50
Seward	0	0	0	0-25

his makes it easier to see the critical importance of Kodiak Island as key to Americanization of this fishery. The largest biomass of pollock in the Gulf surrounds Kodiak. During the spring spawning season, the pollock are concentrated in Shelikof Strait. During the rest of the year, they may disperse to the South End or the East Side.

The Magnuson Fishery Conservation and Management Act, originally called the 200-mile limit law, is ten years old. The prosperity it promised for Alaskans has not really developed.

That's ironic because the 200-mile limit law was nicknamed the Alaska Fishing Act by legislators from other states.

The remarkable legislative skills of Senator Stevens and Congressman Young achieved these advantages for Alaska and when President Ford signed the 200-mile limit bill into law in March of 1976, there were great expectations in most Alaskan fishing towns that longterm prosperity was just around the corner.

That prosperity has been long delayed and is now overdue. Council support for this request could be a small but significant step toward realizing the potential promised to Alaska in the Magnuson Act.

I hope you agree with our position and will give us your wholehearted support.



Anchorage Daily News/Michael Penn

The Japanese processing vessel Haruna Maru waits in Shelikof Strait as a cod end (a net full of pollack) is hauled in.

Processors fear loophole

Foreign fish-processing fleets could fly U.S. flag

By HAL BERNTON

Daily News business reporter

A congressional showdown is building to decide the fate of a loophole in American maritime law that would allow foreign factory ships to retain a major role in the processing of the multibillion-dollar North Pacific bottom fish resource.

The loophole permits foreign processing companies to reflag their ships as U.S. ships by creating paper corporations that appoint American directors. As American companies, even if 100 percent owned by foreigners, they would be first in line for allocations of fish within the 200-mile U.S. zone off the Alaska coast.

The reflagging loophole strikes fear in the hearts of U.S. processors. This year they are investing millions of dollars in new factory ships in a major push to Americanize a bottom fish processing industry long dominated by foreign factory fleets. They don't think their ships can compete with foreign ships that — under one scenario — might even be manned

with foreign crews.

"My neck is stuck out a mile," said Walter Pereyra, president of ProFish International Inc., a major U.S. processor that is building a \$22 million surimi ship in Seattle in a joint venture with a Korean firm.

If the loophole prompts reflagging of foreign processors, Pereyra fears his surimi ship, saddled with a big debt to banks, would be a white elephant. "The guillotine could come down and cut all this off."

The reflagging prospect also angers Alaska's coastal communities hoping to bring ashore at least part of the high-seas processing industry. During the past decade, the high-seas fleets have reaped billions of dollars in profits from Alaska's offshore waters but contributed little to the economies of the state's coastal communities. Foreigners hold the several thousand jobs on the factory ships.

Dutch Harbor has two shore-based surimi plants struggling to compete with offshore floating factories, and Paul Fuhs, the town's

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mayor, would like to see more.

"They pay a fish tax. They have 40 employees working who spend money. There's a substantial difference from the floating processors."

But he fears the shore-based plants are doomed if they must compete with the foreign factory ships.

Fuhs is president of the Southwest Municipal Conference, a coalition of municipal leaders that last September passed a resolution urging Congress to close the reflagging loophole. That resolution helped prompt the October introduction of three bills requiring that U.S.-registered fish-processing boats be built in the United States and be majority-controlled by U.S. capital.

The bills are expected to be reintroduced in the next session of Congress, according to an aide to Sen. Frank Murkowski, R-Alaska, sponsor of one of the bills.

The measures would amend the 1976 Fishery Conservation and Management Act, which first exerted the U.S. government's power to manage and allocate harvests within the 200-mile zone off the nation's coastlines. Alaska backers of the act hoped it would help spur the Americanization of the foreign-dominated North Pacific bottom fishery, one of the world's richest fisheries.

A decade after the act's passage, its goals finally have begun to be realized as U.S. fishermen — and more recently U.S. processors — move into the bottom fishery.

But not everyone in the U.S. fishing industry favors the new efforts to tamper with the act's loophole.

Some view the older, foreign-built factory ships as a bargain-priced source of ships to add to their own burgeoning fleets.

"This is the last half of the 20th century," said Robert Breskovich, president of Seattle-based Golden Alaska Seafoods. "I have a strong feeling that some people are trying to turn the clock back a hundred years. This is a time that we are going to have to expect foreigners."

Two years ago, Breskovich's firm bought a 12-year-old German-built boat, converted it for North Pacific bottom fish, and launched it as an Alaska offshore processor. The ship, which churns out fillets, now provides employment for about 100 Americans.

"Without a vessel like this — foreign-built, modern design — it would never have been possible for us to participate in this fishery," Breskovich said.

He sees the coastal communities' effort to bring the processing ashore as fighting against the tide. "A shore-based plant is not in the position to service the 10,000 square miles of ocean. It's too far removed from the fishing grounds."

He thinks his ships — as well as shore-based processors — help coastal communities. When docking at Dutch Harbor, for example, the ship sometimes hires local labor, fuels at the docks and unloads fish.

Foreign ownership also does not trouble Breskovich, as long as the ships meet U.S.

health and safety standards.

"I have no hangup with that. Some people are very concerned about where the profits go. But don't forget, Americans earn profits from investments in foreign countries."

But even Breskovich draws the line at widespread use of foreign labor by reflagged U.S. vessels. That's a development no one has seen yet but appears quite possible under the loophole.

"A technical reading is that if you're not departing from a U.S. port, you're outside the scope of the statute and you need not comply with the citizenship requirement," said William Myhre, in an interview with The Wall Street Journal. "To our knowledge, the issue has not yet been litigated nor has the Coast Guard contested it."

No one is ruling out the possibility of that technical reading soon being tested on the high seas. At a fisheries development meeting last week in Anchorage, Bud Walsh, a Washington attorney, carefully explained some of the dimensions of the reflagging loophole to a group of Korean processors.

Walsh didn't address the labor issue, however. When questioned from the floor by a reporter, he said, "There are ten thousand questions about crews." Doug Humes, a Murkowski aide, said he expects the senator to press the bill as a high priority for the Senate Commerce Committee.

If Congress takes no action to change the loophole, some industry officials expect a flurry of reflagging by foreign companies fighting to retain a presence in the world's richest bottom fishery.

Under this scenario, Japanese and Korean fishing companies would form paper companies with U.S. fishermen who supply their processing boats with fish under joint-venture agreements. In return for a share of the processing profits, the U.S. fishermen would agree to head the foreign-owned U.S. corporations used to reflag the ships.

If that happened, U.S. processors might have to follow suit to survive.

"If reflagging is allowed, we would have to scramble to jump into bed with a foreign partner," Pereyra said. Any new investments in U.S.-built boats would be put on hold, he said.

Pereyra hopes that doesn't happen. He sees the Seattle docks pulsing with new economic life as electronics stores, supply shops and shipyards gear up for the factory-ship building boom.

If the loophole is closed, he sees a continued building boom by U.S. shipyards — and free-for-all competition as U.S.-built ships compete with shore-based processors.

But Breskovich thinks Pereyra's formula for closing the loophole is too drastic. What's wrong with buying foreign-built ships if they help processors produce a cheaper product for the consumer, he asks. Cutting off access to these ships, he thinks, will slow the Americanization of the fishery.

Breskovich supports a more modest reform that would seek only to close the labor loophole, ensuring that all U.S.-registered ships employ U.S. workers.

Loophole in Law Threatens Alaskan Fish-Processors

Competition From Foreign Fishermen Could Hamper U.S. Expansion

By KEN SLOCUM

Staff Reporter of THE WALL STREET JOURNAL
SEATTLE—U.S. fishermen's dramatic expansion into business off the Alaskan coast may be jeopardized by a loophole in the fishing laws.

The loophole is causing foreign fishermen increasingly to consider "re-flagging" as a way of getting around laws giving priority to U.S. fishermen. And, as a result, the north Pacific fishing fraternity from Seattle to Bristol Bay is concerned that it will limit further growth in the lucrative fish-processing industry.

Some, however, argue that the same opportunities are available to U.S. fishermen and that bills recently introduced to plug the re-flagging gap just protect noncompetitive operations.

Top Priority

By re-flagging—that is, transferring the documents of—their fish-processing ships to the U.S. flag, foreign companies instantly get top priority in a U.S. allocation system.

U.S. laws, to protect domestic ship-builders, prohibit the transfer of many types of foreign ships, including vessels that catch fish. But the prohibition doesn't include fish-processing ships.

The U.S. maintains a three-tier system in allocating the number of fish the ships are allowed to catch and the number they can process within its 200-mile limit. Top priority, with the most generous allocations, goes to U.S. caught-U.S. processed operations. U.S. caught-foreign processed operations are second, and foreign caught and processed is considered last.

"The priority that Americans have is where everybody is trying to head; it's a big item," says Rudy Petersen, president of North Pacific Fishing Inc.

The Alaskan-North Pacific bottomfish industry illustrates the inroads recently

made by U.S. fishermen. The Pacific pollack, the principal bottomfish in the area, constitutes the biggest annual catch in the world, with Alaskan waters accounting for about 30%.

As recently as 1980, Alaskan pollack were caught and processed almost entirely by foreign companies, mostly Japanese, Korean and Russian. But, following explosive U.S. demand for fish as a health food, protective regulations such as the Magnuson Act of 1976—aimed at giving priority to U.S. fishermen in U.S. waters—and U.S. fishermen's recognition of the enormous market for pollack in Japan, U.S. fishermen this year will account for 65% to 70% of the bottomfish catch in U.S. waters off Alaska. They expect their share to continue to soar.

Loss of Jobs

As many as 2,500 jobs, mainly in fish-processing and shore support industries, could be affected by re-flagging, estimates Lee Alverson, managing partner in Natural Resources Consultants. That total is probably a third of all jobs involved in the bottomfish industry in the Northwest and Alaska.

In Alaska's coastal fishing communities such as Kodiak, where multihued buildings cluster around a harbor full of fishing ships and the main street is shoulder to shoulder with fish-processing plants, nautical supply houses and ship-support service shops, fishing is the life blood. The jobs at stake represent a significant impact in a state that has a mere half million population and that was already staggered by the decline in oil prices.

In a regional meeting recently, Alaskan coastal communities voted re-flagging as the single-biggest threat to their economies.

"In southwest Alaska, fishing is all we have," says Paul Fuhs, mayor of Una-

laska, a town of 2,000 "almost 100%" dependent on fishing.

To date, foreign vessels still dominate, processing 90% of the area's fish. But, for the past few years, Americans have been determined to catch up. Some industry officials are estimating they are sinking \$310 million of capital into building about 25 ships that will sweep the foreigners from U.S. waters.

Mr. Alverson thinks the U.S. could take over the bottomfish industry in the Northwest and Alaska. "In 1980 it was a dream—not even the best minds could say we would fully Americanize the catcher aspect by 1987, which we now expect," he says. "We now account for 10% of the processing and you'll see maturation of that in the next three years so fast you won't believe it."

In a recent study, his company calculated the value of the Northwest-Alaskan bottomfish fishery to the U.S. amounted to \$6 million in 1980, and will total \$358 million this year and a half billion dollars in 1987.

"With a dozen U.S. factory (fish-processing) trawlers now operating off the Alaskan coast and large factory trawlers coming on line in the fall, this spells the end for foreigners in the north Pacific," comments a U.S. fishing company official who asked not to be identified.

But re-flagged foreign ships may prevent that from happening.

Maritime Laws Unclear

U.S. maritime laws, even after a recent clarification attempt by the government, remain fuzzy and subject to political and governmental interpretation. But ship-owners and law firms specializing in maritime law say wholesale transfer of foreign fish-processing vessels to the U.S. flag appears legal and has already been done by a few ships. But it hasn't been tested.

While the company owning the re-flagged ship must have U.S. citizens as

top management and a predominantly U.S. board of directors, ownership of the corporation can be totally foreign. As maritime attorneys and the Pacific fishing industry see it, a foreign company with a fish-processing vessel simply forms a U.S. "front" company and puts the ship under the U.S. flag.

Foreign-owned factory ships also have cost advantages because of ship-construction and labor costs.

Foreign nations have had factory ships for decades, while U.S. companies only now are building them. "Their capital costs are an enormous advantage because they don't have any," contends Bart Eaton, a stockholder and director in U.S.-owned Trident Seafoods Corp., which operates catcher-processor vessels in Alaskan waters. "They use their same ships that are all amortized out."

In contrast, Trident still pays carrying costs on some \$45 million of debt. "That economic advantage can put you out of business the first year," Mr. Eaton says.

Of course, U.S. fishermen have been competing with foreign-built ships all along but, under the U.S. flag, the foreign vessel is freed of special fees—such as charges on the amount of fish caught in U.S. waters—that are saddled on foreign operations.

Lower-Paid Workers

But the real stunner could be the use on re-flagged ships of foreign workers, which in some instances make a mere fraction of U.S. wages.

U.S. ships have had to use almost totally U.S. labor. At the same time, there appears to be a possibility that if a re-flagged foreign-owned ship never puts into a U.S. port—relatively easy for modern vessels—it can use the cheaper foreign labor and still have top priority.

"A technical reading is that if you're not departing from a U.S. port, you're outside the scope of the statute and you need not comply with the citizenship require-

ment," says William Myhre, a partner in the Seattle-based law firm of Preston, Thorgrimson, Ellis & Holman, who has specialists in maritime law. "To our knowledge, the issue has not been litigated nor has the Coast Guard contested it."

Another law firm dealing in maritime law, Davis Wright & Jones, has asked the U.S. Coast Guard for a ruling on the citizenship issue but has yet to receive an answer. Says Mr. Alverson of Natural Resources Consultants, "Of all the fears, this is the most legitimate."

Despite the hue and cry from U.S. fishermen and processors, some politicians and others—including some U.S. fishermen—say the foreign competitive threat is overstated.

After all, only a few foreign ships have been re-flagged over the past decade and, while some U.S. companies report inquiries from foreign companies about re-flagging their factory ships, there's no evidence that a big push into the U.S. 200-mile zone is planned by foreign companies.

Moves by Congress

Worse, say some U.S. fishermen, the three bills dropped in the hopper late in the last congressional session could actually hurt the U.S. industry by cutting off a source of bargain-priced fishing ships. Generally speaking, the bills—which are expected to be reintroduced in the next Congress—would require the processing ships to be U.S. owned and built.

"I don't see any threat at all from a vessel owned by the Japanese as long as it employs American fishermen," says Robert Breskovich, president of Golden Alaska Seafoods, a U.S. company that owns the re-flagged German processor ship, Golden Alaska. "An American company can buy the foreign (processing) vessel, the same as we did. What's good for the country? Why buy retail when you can buy wholesale? That adds to the national wealth—that's the issue here."

Mr. Breskovich contends that much of the current clamor to plug the loophole comes from shore-based processing plants in Alaska, which he considers inadequate to compete with factory ships processing

at sea. Catcher ships serving a mother factory ship travel only 20 to 30 miles to unload, while those serving shore plants often go 200 miles or more, he says. "Shore plants are as passe as last year's hem line," he contends. "They have a limited future unless foolish laws like these are implemented."

Another company battling efforts to plug the re-flagging gap is Sea-Alaska Products, a division of ConAgra Inc. "My view is the fastest way to totally Americanize this industry is to take existing foreign vessels, re-flag them and crew them U.S.," says Ronald Jensen, president. "We're in the current marketplace to buy as low as possible and keep prices low for the consumer." He adds, "The American way is if an American company is set up, we don't look at who owns it."

Still, some fishing industry sources aren't taking the issue lightly. The North Pacific Fishery Management Council, a federally appointed body that specifies fishing allocations, seasons and equipment in the Alaskan waters, has asked congressmen to look into the re-flagging situation. "There is a real problem here, something to be concerned about," says Ronald Miller, special adviser to the council.

Hayes-Albion Board Clears Revised \$13-a-Share Offer

JACKSON, Mich.—Hayes-Albion Corp. said its board agreed to recommend to its shareholders that they accept a revised tender offer of \$13 a share, or about \$52 million, for the company by Harvard Industries Inc.

Hayes-Albion said that its agreement is subject to negotiation of a definitive merger agreement under which non-tendering shareholders of the auto-parts maker also would receive \$13 a share. The company also agreed to waive certain of its recently enacted anti-takeover measures if it definitively agrees to be acquired by St. Louis-based Harvard, also an auto-parts maker. Harvard previously had offered \$12.50 a share, or about \$50 million.

