


M E M O R A N D U M

TO: Council, SSC, and AP members

FROM: Clarence Pautzke 
Executive Director

DATE: June 13, 1988

SUBJECT: U.S. Service Support Industry Proposal

ACTION REQUIRED

Receive recommendations of Maritime Support Group and determine further course of action.

BACKGROUND

In April the Council received the NOAA General Counsel's opinion on the proposal submitted last January by Paul Fuhs that was intended to give U.S. transport and bulk fuel carriers preferential treatment over foreign vessels that now provide those services to the foreign fish processors operating off Alaska. The legal opinion stated that a groundfish amendment probably would not be approved unless it could be tied to conservation and management or enforcement and monitoring. The options were left open, however, for the Council to give preference in its annual joint venture permit review to those operations using U.S. support services, or to directly limit the number of support vessel permits.

The Council-appointed industry committee, the Maritime Support Group, met on May 5, following the Council meeting, to finalize their recommendations to the Council. Their report is under item C-6(a). Dick Knapp chaired the meeting and will be available to present the report and answer questions.

Implementing the Maritime Support Group Recommendations

Check in/Check out Procedure. On April 25, 1988, NMFS published an Advanced Notice of Proposed Rulemaking which, among other things, requested comments on requiring all foreign fishing vessels entering the Bering Sea EEZ with the intent of conducting support operations to make a port call in Alaska to be inspected. Exit inspections also would be required. This would be implemented by amending the foreign fishing regulations in the Bering Sea and North Pacific Ocean [611.90(f)]. NMFS stated that such inspections would be unaffordable under the present NMFS budget. They suggested spot inspections as a more cost effective alternative.

The ANPR is under item C-6(b), a draft of which was reviewed and strongly endorsed by the Council in April. Comments were due by May 25. NMFS will summarize the public comments and present their decision in a notice to be published in late June or early July.

In addition, Congressman Bonker of Washington introduced H.R. 4512 on May 3 requiring among other things, radio check in and check out for all foreign vessels transitting the EEZ. Progress on that bill was reported under agenda item C-1.

Refueling Requirements. Requiring all joint venture vessels that purchase fuel while in the EEZ to use fuel of U.S. origin probably would require a change in the foreign regulations or in permit conditions as well as additional reporting requirements on fuel source.

In a survey of groundfish operations in the Bering Sea and Aleutians in 1985 by the Alaska Department of Commerce and Economic Development, 19 million gallons of fuel were sold and 87.2% or 16.5 million gallons were sold shoreside or from domestic at-sea fueling sources. The remaining 12.8% or 2.47 million gallons came from foreign vessels (87.4% from Soviet vessels, 11.6% from Japanese, and 1% from Portugal). The report states that the Soviet fuel was purchased initially from U.S. suppliers in Dutch Harbor. This leads to the conclusion that 98% of fuel used by U.S. vessels in the Bering Sea in 1985 came from U.S. sources. The sources of fueling in this year's fishery is unknown.

Joint Venture Permit Review. The Council's current policy for reviewing permits has criteria relating to the use of U.S. support services. These criteria could be emphasized in this December's review of applications for 1989. In the past the Council's emphasis on a particular aspect of a country's performance, for example, DAP purchases or pollock catches in the donut hole, has usually brought results. The Council could also go a step further and deny a certain percentage of permits for foreign support vessels. The joint venture policy is under agenda item C-7(c).

M E M O R A N D U M

TO: James O. Campbell
Council Chairman

FROM: Richard Knapp
Chairman, Maritime Support Group

DATE: June 15, 1988

SUBJECT: Maritime Support Group Recommendations

The Council-appointed Maritime Support Group met in Seattle on May 5, 1988, to develop recommendations on the proposal to give preferential treatment to the U.S. support industry over foreign vessel operations providing the same services to foreign processing vessels working in joint ventures off Alaska. An attendance list is attached.

We heard reports from two subcommittees representing the supply and transportation sectors. The supply committee recommended that foreign vessels be required to enter and declare cargo in a U.S. port and that foreign joint venture processing vessels that resupply or refuel in the U.S. EEZ do so from a U.S. port or flag vessel. The transportation committee developed alternatives including status quo, check in/out at a U.S. port for foreign support vessels, a requirement for joint ventures to use U.S. transportation for their products commensurate with U.S. capacity to provide those services, and that the Council establish priorities in reviewing joint venture permits to give preference to those nations or companies that maximize U.S. involvement.

There was considerable discussion on each of the subcommittee recommendations followed by consensus on the following three recommended courses of action for the Council:

1. To be eligible for a foreign fishing permit, the owner/operator of a foreign vessel transporting fish must enter and declare its cargo in a U.S. port and describe the species, tonnage, volume and product form and submit to inspection before and after operations in the U.S. EEZ.

Rationale: Checking in and out through a U.S. port would facilitate inspection of cargo and generate greatly needed, more accurate data on catches and transshipment of product from the U.S. EEZ. The Committee did not designate any particular port for these inspections. Some Committee members felt that requiring foreign ships to come into port would benefit local communities and suppliers. Others thought this impact would be minimal as ships would anchor out and leave shortly after inspection. Concerns also were voiced that such inspection would decrease the flexibility of foreign transport vessels to provide services to the fleet. On the whole the Committee thinks that the benefits of getting better data on cargo volumes and species catches outweigh the disadvantages of port inspections.

2. Foreign vessels that refuel in the U.S. EEZ must do so from an American source (the actual refueling can be from either a U.S. or foreign flag vessel).

Rationale: All Committee members agreed that foreign vessels refueling in the U.S. EEZ must use fuel of U.S. origin. This will promote the development of the U.S. fuel supply infrastructure and benefit taxing authorities.

3. The Council ^{get} must give higher priority during permit review to joint ventures with greater U.S. involvement (including supply and transportation).

Rationale: The Committee strongly endorses the Council giving highest priority to joint ventures that maximize U.S. involvement. The Council's Permit Review Policy has three criteria that emphasize this full utilization of domestic industry:

- Level of U.S. industry involvement in all phases of nation's joint operations (harvesting, processing, marketing, or others).
- Enhancement of U.S. employment at sea and ashore.
- Economic contribution of nation's joint ventures to U.S. harvesting, processing, and support industries.

During the Council's annual permit review in December, the Council should strongly scrutinize the operations, whether on a country or company level, and give preference to those that use U.S. services and transportation over those that use foreign assets. The Committee feels this is in keeping with the goals of the Magnuson Act and will go a long way to promote the development of the U.S. support industry.

Those are the recommendations of the Maritime Support Group. We urge the Council to act affirmatively on them.

Attendance List

Maritime Support Group Meeting
May 5, 1988

Tony Barr	Sea-Land Service, Inc.
Ted Evans	Alaska Factory Trawlers Association
Paul Fuhs	Unalaska
Tom Garside	Crowley Maritime
Shari Gross	Southwest Alaska Municipal Conference/Gross & Assoc.
Fred Kirkes	American President Lines
Dick Knapp, Chair	Alaska Railroad
Hans Mauritzen	SunMar Shipping
Elwood Peterson	International Shipping Services
Tom Reuter	North Star
Max Soriano	Delta Western
Peter Strong	Coastal Transportation
Jim Touza	American High Seas Fisheries Association
Mary Truitt	Alaska Maritime Agencies

Also attending were Jay Hastings, Neil Gordon, Ed Luttrell, and Clarence Pautzke.

difficulty in distinguishing whether any fish aboard came from the EEZ or from outside waters. (FFV logs usually do not implicate the vessel as having fished illegally in the EEZ.)

One approach to this enforcement problem is to limit processing and transfer operations in the Bering Sea EEZ to activities involving only fish that is harvested in U.S. waters. This could be accomplished by amending § 811.93, either (1) by directly prohibiting in the EEZ any activities supporting the harvest of fish taken seaward of the Bering Sea management area (BSMA), as defined in § 811.93(a)(1); or (2) by requiring FFVs entering the BSMA to conduct joint ventures with U.S. fishing vessels to enter with empty holds. Mere transit of the BSMA with non-EEZ fish aboard would be allowed. Either alternative could be combined with Option 3, described below.

Option 2 essentially would require vessels engaged in "donut hole" fishing to remain outside the EEZ, or to conduct processing operations in Alaskan internal waters, if allowed by the Governor of Alaska. "Donut hole" operations and fishing in U.S. waters would be separated in time and space. The only way an FFV could hide "donut" fish or fish illegally taken in the EEZ would be by underlogging, which is subject to detection by observers or by enforcement boardings.

While Option 2 is attractive from an enforcement viewpoint, it sacrifices opportunities to gain information on Bering Sea harvests. FFVs operating only in the "donut hole" would have no need for U.S. permits, and thus would not be subject to reporting, inspection, or observer requirements. It would also place burdens on foreign fishing fleets, which prefer the calmer waters of loading zones inside the EEZ for transfer operations.

Option 3—Inspections

It has been suggested that all FFVs entering the Bering Sea EEZ with the intent of conducting support operations should be required to make a port call in Alaska to be inspected; exit inspections of such vessels would also be mandatory. This could be accomplished by amending the regulations governing foreign fishing in the Bering Sea and North Pacific Ocean (§ 811.90(f)).

This proposal could not be carried out under the present budget of the National Marine Fisheries Service (NMFS). During 1987, there were 4,364 foreign fishing vessel entries to and exits from the EEZ off Alaska. The NMFS Enforcement Office in Alaska estimates a cost of \$95,000 per month, plus salaries, to ensure full inspection of each FFV entering and exiting the EEZ. Without assistance from a private or other governmental source, this option is not viable.

Option 3A, a variation on 100 percent inspection, would be to inspect in port only some of the FFVs entering and exiting the Bering Sea management area (BSMA), as defined in § 811.93(a)(1). Section 811.90(f) would be revised to add an inspection opportunity before the FFV leaves the BSMA and to clarify that entry and exit inspections may occur at sea or in port. Within the 24 hours following a BEGIN or SHIFT (into a BSMA area) message, NOAA would send notice to the FFV that it must come to port to be inspected before it could begin any "fishing" operation (as redefined in today's emergency rulemaking). Within the 24 hours following a CEASE message, NOAA would send notice to come to port before leaving the BSMA. If no notice were received, the FFV would be free to begin fishing or to leave the area. The cost of Option 4A would obviously depend on the number of FFVs called into port.

Either option would facilitate inspection of fish, fish products, and

fishing gear aboard vessels that conduct fishery support operations in the Bering Sea management area. BEGIN messages, which must include the amount of fish and fish products on board upon entry into the EEZ, could be verified. The capacity of vessels arriving with empty holds could be measured, to be compared with cargoes upon exit. Inspection would provide some cross-checking with reports on transfers within the BSMA. And, since some FFVs would be entering the BSMA after harvesting fish in the "donut hole," some information pertinent to that fishery could be gathered.

On the other hand, the proposal would impose substantial costs in lost fishing time, fuel, and pilotage fees on foreign vessels. More important in enforcement terms, one-point inspection would not stop all illegal poaching. An FFV could still proceed to the "donut hole" but re-enter the EEZ at night, during bad weather, or by monitoring U.S. enforcement activities. After loading up with fish, the FFV could check in, ascribe its load to harvest in the "donut," and conduct transfer or joint venture operations in the BSMA. On its way out, the FFV would reverse the strategy, poaching after being inspected in port.

NOAA is allowing only 30 days for comments on these proposals due to the urgency of the situation. We recognize that the two purposes of the rulemaking—improving enforcement and collecting information—cannot each be accomplished to the maximum extent by any of the proposed options; we are seeking an appropriate balance. NOAA also welcomes suggestions for additional measures.

Date: April 20, 1988.

James E. Douglas, Jr.,
Acting Assistant Administrator For Fisheries,
National Marine Fisheries Service.

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BILLING CODE 3510-06-M



June 23, 1988

Mr. Jim Campbell, Chairman
North Pacific Fishery
Management Council
605 West 4th Avenue
Anchorage, Alaska 99501

Dear Jim:

I am writing to re-emphasize the Port of Tacoma's continuing support for proposals that give higher priority to joint ventures which contribute economically to U. S. support industries. The Maritime Support Group's report to the Council which addresses that end, and we concur in their recommendations.

As you know, the Port of Tacoma passed a resolution in support of this issue in January. In addition, both the Tacoma Longshore Labor Union (ILWU Local 23) and the Pierce County Chamber of Commerce have also endorsed the proposal.

Over the past few months we have been working closely with Alaska communities, major shipping lines such as Sea-Land, and companies in Alaska and in the Puget Sound area on this vital issue.

I believe this issue is important to Alaska as well as to businesses and ports in Washington State. By successfully implementing this proposal, it will mean tremendous trade and economic impacts for both Washington State and Alaska alike.

Sincerely,

A handwritten signature in black ink, appearing to read "L. M. Killeen", is written over a faint, larger version of the same signature.

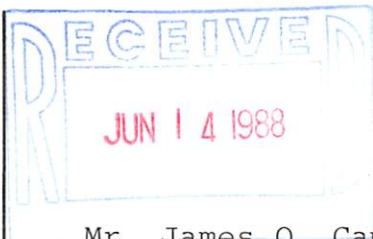
L. M. KILLEEN
Executive Director

LMK:ram

cc: Clarence

Seattle Marine Business Coalition

P.O. Box 70467
Seattle, WA 98107



10 June 1988

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Mr. James O. Campbell
Chairman
North Pacific Fishing Management Council
P.O. Box 103136
Anchorage, AK. 99510

Dear Mr. Campbell,

I write this letter as a representative of the thousands of Seattle-area residents who owe their livelihoods either in whole or in part, to the North Pacific Fishery.

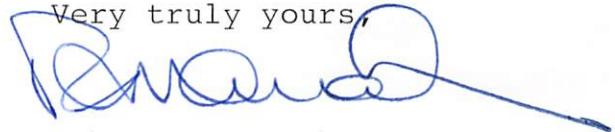
The fishery provides jobs to roughly 25 to 50 thousand local area people. Most of these jobs require some sort of specialized training, and many of them are held by individuals who have spent their entire careers either in the fishery or in direct support of the industry.

Some influential members of the fishing industry seem to be promoting a shift of the shore-based portion of the industry to the coastal communities of Alaska, away from the ports of Washington and Oregon which have traditionally supported the fishery over the years. Some apparently feel that the shift of these jobs from Seattle to Alaskan coastal communities would cause no lasting effect on the Seattle community.

Anyone who has worked in the industry in the Seattle area knows that this just isn't true. Such a shift would cause a considerable hardship. People who depend on the industry for their livelihoods and who have invested years in education and training themselves for their professions don't just change their careers at the drop of a hat.

The North Pacific Fishery doesn't belong to Alaska. If it belongs to anyone, it belongs to the people who have made their livings from it over the years. So, we of the Seattle Maritime Community strongly urge that when the Council considers "coastal communities" it considers all coastal communities that have a long standing stake in the success of the fishery.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'R. McMahon', with a long horizontal stroke extending to the right.

Robert T. McMahon
President

RTM/slb