Testimony of Edward Naughton
before the North Pacific Fisheries Management
Council.
Homer, Alaska
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Mr. Chairman, members of the Council, my name is Edward Naughton and my adress is Box 1911, Anchorage, Alaska 99510. I work for the Korea Marine Industry Development Corporation (KMIDC).
I want to talk briefly about the agenda items concerned with the Gulf of Alaska FMP for groundfish.

Item #9. Guidelines for estimation of Domestic Annual Harvest and Processing Capacity.
Estimating DAH and DAP can only be accomplished by determining the amounts of product by species that are sold or to be sold by the processors within the regulated year. It is axiomatic in commerce that nothing happens until someone sells something. In the case of fish, until the fisherman knows the quantity of product the processor will buy, they have no way of knowing the quantity necessary to gear up for. The harvest quantity depends upon the DAP requirement to meet sales committments.
Therefore, it is necessary to ascertain with real accuracy the amount of product that each processor has committed to buy and sell. Each processor's indicated capacity must be measured against sales contracts and past records of sales plus comparisons of quality and price .
Another important consideration is the extent that processors are affiliated or associated with corporations that import foriegn caught product. The amount of foriegn caught fish which will be imported has a profound impact on the quantities of U S caught

fish which the U S fishing industry will use.

No preferential treatment should be given to any company that is connected with the import of foreign caught fish products, to do otherwise would fail to meet the purposes spelled out in the FCMA, Sec. 2, (b) (6) which seeks "to encourage the development by the US fishing industry of fisheries which are currently underutilized or not utilized by United States fishermen, including bottomfish off Alaska."

Item #10. Reduction of DAH. During these early years the DAH should be available to US fishermen for sale to joint venture processors if DAP capacity is overestimated. This flexibility is needed to counterbalance the one way flow to TALFF. Fish can go to TALFF but not come back.

Item #11. Release of reserves to TALFF. KMIDC is prepared to purchase all the pollock and by-catch that US fishermen are willing to catch. We anticipate the delivery of at least 36,000 mt of pollock and by-catch by the end of the fishing year. We would urge that at least that amount be retained in the reserves. If the foreign nations find they need more allocation, you might suggest that they buy these tonnages from US fishermen.

Item #12. Closure of areas to joint venture operations.

We are opposed to attempts to close areas to fishing for or operations by joint ventures. You must consider that the regulations promulgated to implement the FCMA are required to meet ~~certain~~ the tests, called National Standards for Fishery Conservation and Management, and are found in Section 301 of the FCMA. I hasten to point out that Congress did not amend these standards when PL 95-354 was enacted.

Section 301 (a) provides "In General- Any fishery management

Risk which the [illegible] fishing industry will use.

The preferential treatment should be given to any company that is connected with the Amount of Foreign capital Risk production, in the otherwise would fail to reach the purchasing power allied out to the TDCA, Sec. 2, (b) (1) which seeks to encourage the development by the US fishing industry of fisheries which are currently underutilized because unlabelled by limited foreign fishermen, insufficient technological data.

Item #11. Reduction of TDCA. Tuning fishing could mean the US should be available to US fishermen for sale to joint venture companies if TDC economy is overestimated. This flexibility is [illegible] by revolving [illegible] allowing flow to [illegible] FDA [illegible] [illegible].

Item #11. Release of measure to DMFMC. Prior to measure to guarantee all the related and by-catch that US fishermen are utilizing to order. The restrictions the delivery of at least 50,000 mt of related and by-catch in the end of the fishing year. The would have that at least that amount is reached in the measure. If the Foreign nations that have had some allocation, now that's amount that they have shown government from US fishery.

Item #12. Fisheries of areas to joint venture operations.

It was proposed to attempts to close areas to fishing for or operations by joint ventures. Can must consider this regulations promulgated to implement the TDCA are required to meet minimum tests, called technical standards for fishery conservation and management, and have found in section 201 of the TDCA. I hesitan to reduce and that fishermen will not such fishing otherwise when of [illegible] are reached.

Section 201 (a) provides the Secretary Any fishery management

plan prepared, and any regulation promulgated to implement such plan, pursuant to this title shall be consistent with the following national standards for fishery conservation and management:

(3) To the extent practicable, an individual stock of fish shall be managed as a unit throughout its range, and interrelated stocks of fish shall be managed as a unit or in close coordination." In this, Congress has mandated that management regulations are to focus on the fish, where ever they go--as opposed to drawing lines on a map or chart to which do not pay h eed. This philosophy is reinforced in Sec 301 (a) (5) which provides "Conservation and Management measures shall, where practicable, promote efficiency in utilization of fishery resources; except that no such measure shall have economic allocation as its sole purpose." And further reinforcement in 301 (a) (4) (B) which provides "... If it becomes necessary to allocate or assign fishing privileges among various United States fishermen, (those who sell to joint ventures and those who do not sell to joint ventures) allocation shall be ...(B) reasonably calculated to promote <u>conservation</u>; emphasis provided. Drawing lines on a map to protect the economics of a processor must meet conservation goals, not economic goals. As to the above cited 301 (a) (5), which requires regulations encourage the promotion of efficiency, I remind you of the analysis by the North Pacific Vessel Owners Association done in 1977 which shows the efficiency lost to fishing vessels that deliver to shore plants as compared to at-sea delivery to processing vessels. Joint venture processor ships provide that efficiency to US catcher vessels. To exclude JV's in an area would remove that efficiency from that area.

Any attempt to draw lines to exclude JV's would be required to observe the requirement in 301 (a) (4) (C) which provides "...If

it becomes necessary to allocate or assign fishing privileges among various US fishermen, (those who sell to JV's and those who do not sell to JV's)such allocation shall be ...(C) carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges." If you draw a line for two processors, and two months into the year one of them reaches his production target quantity, would you erase the line when only one plant was within the line?

Section 3, (2) "... The term "conservation and management" refers to all of the rules, regulations, conditions, methods, and other measures... (B)which are designed to assure that--...(iii) there will be a multiplicity of options available with respect to future uses of these resources. " Any attempt to draw lines to exclude JV's from areas reduces the options available with respect to these resources.

When PL-95-354 was being considered by Congress, many schemes such as this one were put forward but Congress did not adopt them. PL 95-354 provides for foreign fish processor vessels in the Fishery Conservation Zone and requires thatthe Secretary determine the DAP and DAH and that those quantities be reserved from the OY and not available to the TALFF. That is the extent to which Congress contemplates US preference in the FCZ. The processors cannot have it both ways, they cannot import cheap foreign caught fish, against which the US fishermen must compete, and then use the regulatory process to set themselves up as the only market for US fishermen so that they can dictate the conditions on which the US fishermen may produce bottomfish to compete with their imported product.

Bering reserve.