Appendix 2

North Pacific Fishery Management Council

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The Honorable Juanita Kreps
Secretary of Commerce
United States Department of Commerce
Commerce Building
Washington, D. C. 20230

Dear Madam Secretary:

At its sixth plenary session in Anchorage, on April 28, the North Pacific Council reviewed 13 permit applications from foreign ships to fish within the Fishery Conservation Zone off Alaska. The Council recommended that seven applications be recommended for approval. These were for the:

#3 Chil Bo San Ho (KS-77-0074)
#5 Chil Bo San Ho (KS-77-0075)
#6 Chil Bo San Ho (KS-77-0076)
Anyo Maru #11 (JA-77-20541-B)
Shinsei Maru #2 (JA-77-20319-B)
Moyo Maru
Jinam 305 (to replace the Soo Gong 51)

The Council recommended that the following permit applications not be approved:

Gae Chuk Ho
Soo Gong 31
Bookneung
Tae Yang #11
Tae Yang #12
Tae Yang #15

The six applications recommended for disapproval are those South Korean vessels belonging to the Korea Marine Industrial Development Corporation which were to have been used in the Gulf of Alaska to buy raw fish from American fishing vessels and process it aboard. The Council, both in its April 27 and 28 meeting and at the fifth plenary session in March, has heard a great deal of testimony from both sides of this controversial question. The Council members both individually and as a group have studied the problem at length and after due deliberation, by a vote of six to two recommend that you not issue these permits.

Three of the voting members were absent when the vote was taken. Two of the non-voting members entered the debate and expressed concurrence with the majority conclusion.

Because of the important policy considerations involved, I will in this letter attempt to summarize the issues raised in the debate on this motion and the comments by the Council members.

Our procedure upon receipt of permit applications is first to refer the applications to an Advisory Panel subcommittee. The deliberations of the subcommittee are open to the public and various individuals participated in the discussion. The subcommittee had the benefit of advice from Mr. Kim White, legal counsel recently assigned by NOAA to Alaska. Legal opinions from private sources bearing on the subject were also considered.

The Chairman of this subcommittee reported to the Council that the majority of the review committee was of the opinion that the applications for vessels belonging to the K.M.I.D. Corporation not be approved at this time. However, the Chairman pointed out that there was considerable division of opinion on this recommendation and several of the subcommittee members were influenced by reservations expressed by Mr. White as to whether the regulations contemplated the licensing of a processing vessel which was not in itself part of a directed foreign fishing effort. This matter, Mr. White wished to research further and indeed the Council had previously requested a review of other legal questions pertaining to foreign fishing.

While the Council members observed the legal question, the debate indicated a more fundamental concern with the consequences of permitting off-loading fishery stocks from domestic catcher boats to unregulated foreign processors in Council waters. This is a matter of principle and the decision not to approve the applications at this time was made primarily to avoid approving a new policy of fishery operation without adequate perception of the consequences and conviction of its general desirability.

It is agreed by all the Council members that it is highly desirable to encourage the entrance of American fishermen into the catching of groundfish and particularly Alaska pollock. It is also not disputed that, at this time, there does not exist

the domestic processing capacity to handle the quantity of pollock which the Korean venture has declared as its objective. Nevertheless, and even though testimony was presented that Alaskan fishermen are very interested in this Korean offer, no domestic fishermen have yet signed up to fish for the venture. Indeed, a resolution was presented from the United Fishermen's Marketing Association, Inc. (headquartered in Kodiak, Alaska) that in part stated that "Unless American processors are afforded the same priority treatment under the Act as American fishermen enjoy, ventures like that proposed by K.M.I.D.C/Devenny could retard the development of American processing and marketing of under-utilized species and potentially destroy present processing of fully utilized species such as shrimp, crab, salmon, herring." The full text of this resolution as well as a resolution of the Board of Directors of the National Fisheries Institute are attached.

The following summarizes the Council's concern:

1. Any short-term benefits to American fisherman to market groundfish by selling directly to floating foreign processors could have a long-term inhibiting effect on the development of U.S. processing capability. The adverse impact on plans of domestic processors was testified before the Council.

2. A serious conservation problem is presented. The total allowable catch for Gulf of Alaska pollock in 1977 was set at 150,000 metric tons, all of which (with the exception of 1,000 metric tons) was allocated to foreign nations. The Korean venture projects a harvest of an additional 60,000 to 80,000 metric tons above the biologically set maximum.

3. A further conservation and management problem is that the fishing would be on mixed stocks. While it is alleged that the venture is directed towards pollock, the permit applications did not specify the species. It is apparent that there would be a substantial bycatch of other species with unknown impact and certainly adverse effect on halibut stocks which legally are required to be returned to the sea.

4. There is no current regulatory method for controling an American trawl fishery by time and area closures or gear restrictions. It is anticipated that in the permanent management plan there will be introduced these regulatory measures, including division of the Gulf of Alaska into the same number of groundfish areas as used by INPFC.

5. An approval of this venture would likely open the door to other nations, with potentially chaotic conditions and we are currently unprepared to manage them.

6. If this venture is officially approved, it will encourage similar arrangements in various other species, with indeterminate consequences in conservation, management, and social and economic impact. The desirability of some kind of primary domestic processing rule will certainly be discussed by the Council.

7. Many millions of dollars have been invested in domestic processing plants by both U. S. and foreign companies and more is contemplated. It is essential that the rules be fixed and not changed in midstream.

From the above, it is apparent that the Council did not want to approve the applications, which appear simple and perhaps isolated on the surface but are fraught with substantive and unreckoned consequences for the future. The Council believes that a policy should be developed to cover these matters and, upon formulation, will forward its recommendations to you.

Sincerely yours,

Elmer Rasmuson
Chairman
North Pacific Fishery
Management Council