

Extension of Remarks
by Congressman Les AuCoin
in the House of Representatives
May 1, 1980

Mr. Speaker, I want to take this opportunity to acquaint my colleagues with the very serious problems confronting our commercial fishing industry in the Northwest.

Soon, the Merchant Marine and Fisheries Committee will report to the House H.R. 7039, the Comprehensive Fisheries Development Act, to stimulate development of U.S. domestic fisheries and to phase out foreign fishing in U.S. waters over the next four years.

This legislation will speed progress toward the goal of the 200-mile law, enacted by Congress in 1976, which is for the United States to harvest, process and market its own fisheries resources.

Mr. Speaker, an editorial in the April 29 edition of the Capital Journal newspaper in Salem, Oregon helps to illustrate why this comprehensive legislation needs to be enacted promptly.

The editorial follows:

4/29

Editorials C. Journal Fish industry needs help

-AND I SENSE,
DEEP WITHIN YOU,
A REAL FEELING
FOR ISLAMIC NATIONS!

If there ever was a time for a little Yankee ingenuity on the part of the U.S. fishing industry, this is it.

Hard times have hit the industry, exemplified by the financial crisis besetting the Seattle-based New England Fish Co., which has a packing plant at Newport.

As details of New England's problems surfaced last week, industry experts said the problems are not limited to New England, nor are they part of a one-shot, isolated incident. It's a trend that does not portend well for the future.

Marple's Newsletter, an economic publication in Seattle, reports red ink throughout the industry. Big problems began last summer, with one of the largest runs of sockeye salmon ever in Bristol Bay, Alaska. A strike by fishermen ran the price up. As if that wasn't bad enough, processors then overestimated the Japanese market for sockeye.

When the world market plummeted, New England and other processors were stuck with huge inventories, which eventually were unloaded at big losses. For New England, the situation was complicated by a \$2 million loss on salmon that the Japanese rejected as spoiled. All in all, the situation was disastrous.

Last week, New England filed for protection under Chapter 11 of the Bankruptcy Code, which would have allowed the company protection from creditors while it tried to reorganize. But, in the fast-changing situation, the plant in Newport ceased packing operations Monday. Today, the next step is unknown.

We hope it finds a solution to its financial crisis. In Newport, New England supports an annual payroll of about \$1 million and about 30 boats for the plant, which is the largest on the Bayfront.

The experts at Marple's say that as bad as it is, the salmon situation is not the main source of problems for coastal processors. Markets for cod and other bottom fish also are depressed, and an across-the-board boom in the fishing industry in recent years had bid fish prices way up.

A try last year by trawlers to improve the situation by limiting foreign competition also has failed. Trawlers petitioned the U.S. International Trade Commission in Washington, D.C., to establish quotas on imports of bottom fish. The petition was denied by the commission, which said that the biggest problem was not the imports but too many boats.

When prices for fish went up, the fishing fleet expanded. New and larger trawlers were built, encouraged by government incentives. One tax-shelter deal allows fishermen to put profits from one boat into a special, income-tax-exempt fund, if the money is then used to build another boat. Unfortunately, no such plan exists for processing plants. While boats were getting bigger and catches larger, processing plants were standing still and eventually were inundated with fish they couldn't handle.

It seems to us typical of government intervention in an industry that incentives would be given to one segment, without accompanying incentives to the next segment down the line: Rep. Les AuCoin, D-Ore., has proposed a bill to offer the processors tax shelter incentives similar to those that fishermen now get. We support such a bill as a way to get much-needed working capital to companies such as New England.

But the industry could help itself immensely with a little innovative marketing to build acceptance of its product with American consumers.

When world markets softened, U.S. processors had to fall back on American consumers, who just won't pay the price for fish that foreign markets will. Furthermore, Americans don't eat as much fish, either. But as inflation and recession plague the nation, high-protein fish, at reasonable prices, will become more attractive.

Studies show that people eat and do everything else in moderation. Traditionally, the fishing industry has done little in the way of promotion to change those patterns.

The time is ripe for efforts in that direction.



Bill Bebout



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Mort Shapiro looks up at the large portrait of President Carter on the wall of his office and shakes his head.

"I may have to take it down," says Shapiro, the chief executive of the Oregon State Employees Association.

But he won't. Shapiro was a strong supporter of Carter in the 1976 campaign that put the Georgia Democrat into the White House. Shapiro came to Salem from Atlanta in September 1975 to take command of the principal union representing state workers.

He had worked closely with Carter during the Georgian's highly touted reorganization of state government.

And when I was still asking "Jimmy What" in 1976, Shapiro was saying firmly: "Jimmy Carter, and he'd make a damned good president."

I suspect that Shapiro continues to treasure the president's portrait and the warm personal message penned by

services to

bl-d Mart

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