

LES AUCOIN  
1ST DISTRICT, OREGON



CONGRESS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES  
WASHINGTON, D.C. 20515

February 15, 1979

Dear Colleague:

On February 8 I introduced H.R. 1906, a bill to limit the level of foreign investment in the United States fishing industry and require an annual report on the nature of that investment and its effect on the development of a strong domestic fishing industry.

Since the implementation of the Fishery Conservation and Management Act (200-mile Act) on March 1, 1977, the American fishing industry has experienced tremendous change. That law imposed fees on foreign nations for the right to fish in U.S. fishing waters and limited foreign fishing to a surplus of each fishery not harvested by American fishermen. The law also set up a structure for developing conservation plans necessary for the rebuilding of this badly overused resource. The evidence is already mounting on the fundamental success of the 200-mile Act -- preliminary fishery management plans have provided increased protection for many overfished stocks and there has been a significant drop in the catch taken by foreign vessels in our zone. It is clear the United States has begun to recover control of this important domestic industry.

However, in spite of the fact that the 200-mile Act was designed to control the level of foreign access to U.S. fisheries, foreign interests have energetically sought to circumvent the intentions of the Act by investing heavily in the U.S. fishing industry. I do not oppose foreign investment in this industry as a matter of course. In fact, on the Oregon coast fishermen are working with foreign processing vessels in joint venture arrangements. Here is an example where foreign involvement has created new opportunities for the U.S. industry. But the kind of furtive business activity which is now being exposed goes beyond this.

The result is an avoidance of the foreign fees imposed by the 200-mile Act to fund important fishery management programs, a total circumvention of the priority system used to allocate this limited resource to U.S. fishermen, a loss of revenue to fish-related domestic industries (most notably the food processing industry), and a funneling of American resources abroad at the expense of our economy while we continue to hold onto the illusion that we have regained the economic and social benefits of U.S. control over our commercial fishing industry.

I believe my bill will provide the necessary legislation to ensure that foreign fishing interests continue to be regulated as originally mandated in the legislation. No one knows exactly how successful this investment activity has been. The most recent study of foreign investment in the U.S. commercial fishing industry was done in 1974 when the 200-mile law was still being viewed by foreign interests as a mere possibility, not a real threat to their historic dominance of our fish resources. Yet, in the face of the possible enactment of such a law, between 1970 and 1974, foreign investments in our industry doubled, increasing 30 per cent during 1974 alone. There

is substantial evidence that foreign interests have continued buying into our industry at an alarming rate following enactment of the 200-mile law.

This bill makes several important changes which will result in a reasonable, not isolationist, regulation of foreign investment in the U.S. commercial fishing industry:

1. In enacting the law reserving priority rights to American fishermen, we did not anticipate that a U.S. company wholly owned or controlled by foreign interests could easily meet the legal requirements to fish under the allocation expressly reserved for the U.S. industry. The first part of my bill amends the basic vessel documentation laws of the United States to require that fishing vessels satisfy the same citizenship requirements now imposed on all other seagoing vessels documented in the United States. The citizenship test for corporate vessel ownership is the one used in Section 2 of the Shipping Act of 1916. Applying this definition of ownership would limit to 49% or less, foreign corporate investment in U.S.-documented fishing vessels.

2. The second part of the bill is designed to monitor certain indirect business arrangements which could result in foreign interests accessing U.S. allocated fish. Some of these business contracts may not necessarily be detrimental to U.S. interests. This section of the bill sets up an approval process to evaluate certain types of transactions whereby control of a U.S.-documented fishing vessel, and its priority allocation rights could be transferred to non-citizens.

3. The last part of the bill requires an annual report regarding the level of foreign investment in the United States fishing industry. Similar to the Agricultural Disclosure Act passed in the last Congress, this reporting requirement will, for the first time, give us accurate information on foreign involvement in U.S. harvesting, processing, and fishing vessel construction and repair operations so that we can begin to assess the overall impact which foreign investments have had on the United States fishing industry and whether that investment has adversely effected the development of this important domestic industry.

I urge my colleagues to join me and co-sponsor this bill. If you have additional questions, need more information or would like to become a co-sponsor, please call Amy Becker at 5-0855.

Sincerely,



LES AuCOIN  
Member of Congress