

TUNA IMPORTS

HEARINGS BEFORE THE COMMITTEE ON FINANCE UNITED STATES SENATE

EIGHTY-SECOND CONGRESS

SECOND SESSION

ON

H. R. 5693

AN ACT TO AMEND THE TARIFF ACT OF 1930, SO AS TO
IMPOSE CERTAIN DUTIES UPON THE IMPORTATION
OF TUNA FISH, AND FOR OTHER
PURPOSES

FEBRUARY 4, 5, 6, AND 7, 1952

Printed for the use of the Committee on Finance



UNITED STATES
GOVERNMENT PRINTING OFFICE

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TUNA IMPORTS

MONDAY, FEBRUARY 4, 1952

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to notice, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding.

Present: Senators George, Connally, Johnson of Colorado, Kerr, Frear, Millikin, and Martin.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will be in order. The hearing today is on H. R. 5693, a bill which passed the House on October 16, 1951, and came to the Senate too late for action before adjournment of the last session of the Congress.

(H. R. 5693 is as follows:)

[H. R. 5693, 82d Cong., 1st sess.]

AN ACT To amend the Tariff Act of 1930, so as to impose certain duties upon the importation of tuna fish, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph 717 of the Tariff Act of 1930, as amended, is amended by adding at the end thereof the following new subparagraph:

"(d) Tuna fish, fresh or frozen, whether or not packed in ice, and whether or not whole, 3 cents per pound."

(b) Paragraph 1756 of the Tariff Act of 1930, as amended, is amended by striking out "Sea herring, smelts, and tuna fish" and by inserting in lieu thereof "Sea herring and smelts".

(c) The amendments made by this section shall apply only to tuna fish entered, or withdrawn from warehouse, for consumption, on or after the thirtieth day after the date of the enactment of this Act, and prior to April 1, 1953.

SEC. 2. The United States Tariff Commission is directed to undertake an investigation of the competitive position of the domestic tuna industry, including the effect of imports of fresh or frozen tuna fish on the livelihood of American fishermen, and to report the results of its investigation to the Congress on or before January 1, 1953. Such investigation shall be made after due notice and opportunity for hearing to interested parties. The report of the Commission shall indicate the facts relative to the production, trade, and consumption of tuna fish in the United States, shall take into account all relevant factors affecting the domestic economy, including the interests of consumers, processors, and producers, and shall indicate the effect upon the competitive position of the domestic tuna industry of the rate of duty imposed by this Act, so as to assist the Congress in determining what change, if any, shall be made in such rate of duty.

SEC. 3. The Secretary of the Interior shall make a comprehensive study of the long-range position of the domestic tuna industry and recommend such measures as may be appropriate to promote necessary adjustments so that the industry may achieve and maintain a sound position in the domestic economy. In making his study the Secretary of the Interior shall consult with other interested officers and agencies of the Government and may seek information and advice from any

other source he deems appropriate. A report of his study and recommendations shall be submitted to the Congress on or before January 1, 1953.

Passed the House of Representatives October 15, 1951.

Attest:

RALPH R. ROBERTS, *Clerk.*

The CHAIRMAN. There are certain official statements that should go in the record at this time, Senator Knowland and Senator Nixon, if it is agreeable with you.

First is a letter from the State Department, in which it is stated that the Department has not been able to formulate a final position on the bill but hopes to be able to do so before the end of the hearings before the committee.

Then it states:

In our opinion, a more appropriate measure would be to provide for a temporary duty-free tariff quota on some stated amount of fresh and frozen tuna fish, with a 3-cent duty to apply on imports in excess of the quota. The duty-free tariff quota would be based upon the historical relationship of fresh and frozen tuna fish to total United States tuna consumption.

That will be entered in the record at this point.

(The letter referred to is as follows:)

STATE DEPARTMENT, *February 4, 1952.*

HON. WALTER F. GEORGE,
*Chairman, Committee on Finance,
United States Senate.*

MY DEAR SENATOR GEORGE: This is an interim reply to your letter of October 25, 1951, transmitting for the comment of the Department of State a copy of H. R. 5693, "To amend the Tariff Act of 1930, so as to impose certain duties upon the importation of tuna fish, and for other purposes."

As you know, this Department has been intensively studying the tuna situation, gathering data and consulting with other interested agencies of the Government as well as with representatives of the industry and representatives of other countries whose trade would be affected.

We have not yet been able to formulate a final position on the bill but hope to be able to do so before the end of the hearings before your committee. We are already satisfied, however, that the proposal for a 3-cent duty on fresh and frozen tuna fish is inappropriate in the circumstances and should be modified in certain respects.

In our opinion, a more appropriate measure would be to provide for a temporary duty-free tariff quota on some stated amount of fresh and frozen tuna fish, with a 3-cent duty to apply on imports in excess of the quota. The duty-free tariff quota would be based upon the historical relationship of fresh and frozen tuna fish to total United States tuna consumption.

We hope to have a specific proposal along these lines before the completion of the hearings. At that time, we would welcome the opportunity to present the committee a full statement of our reasons for favoring this approach.

Sincerely yours,

JACK K. MCFALL, *Assistant Secretary.*

The CHAIRMAN. From the Department of the Interior there is a report upon this bill in which some general conclusions are reached. I will not read the report. It will go in the record and you will have the advantage of it there.

It is a little more lengthy statement.

(The report referred to is as follows:)

UNITED STATES DEPARTMENT OF THE INTERIOR,
Washington, D. C., February 1, 1952.

HON. WALTER F. GEORGE,
*Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.*

MY DEAR SENATOR GEORGE: Reference is made to your request for a report on H. R. 5693, a bill "To amend the Tariff Act of 1930, so as to impose certain duties upon the importation of tuna fish, and for other purposes."

The proposed legislation would amend the Tariff Act of 1930 by imposing a temporary duty of 3 cents per pound on imports of fresh and frozen tuna which now enter duty free. It also would provide for studies of the domestic tuna industry by the Tariff Commission and the Department of the Interior. The Tariff Commission would undertake an investigation of the competitive position of the domestic tuna industry and the Secretary of the Interior would make a comprehensive study of the long-range position of the industry. These reports would be made to the Congress on or before January 1, 1953, and the temporary 3-cents per pound duty would be in effect only until April 1, 1953.

The Department has a direct interest in H. R. 5693 or similar legislation. Through the Fish and Wildlife Service the Department is responsible for maintaining the domestic fishery resources. Through the Defense Fisheries Administration it is responsible for maintaining the volume of fisheries production required by defense needs and for preserving the producing and processing facilities required to create that production. As a member of the Interdepartmental Committee on Trade Agreements the Department participates in all tariff negotiations relating to fisheries, as well as other, products.

In preparing this report the Department has given the fullest possible consideration to the many interests which are involved. The Pacific Coast tuna industry desires to preserve the livelihood of its fishermen, to maintain its fleet of vessels and its modern tuna canneries, and to continue to draw upon foreign sources of raw material in addition to absorbing the production of the domestic tuna fleet. It also is desirous of preserving the best possible relationships with those Latin-American countries whose territorial waters and ports supply bait and other needs to the United States tuna fleet and off whose coasts, on the high seas, the United States tuna fleet frequently fishes. Likewise the Department has also considered the role which fisheries must play in the economic development of Japan and Latin America.

The small but growing tuna industry in New England and the budding tuna industries in the South Atlantic States and the Gulf of Mexico area are interested in continuing, without change, their imports of frozen tuna from foreign sources while their local domestic fisheries are in process of development.

Finally, the consumer, whether a housewife or an institutional buyer, is interested in an adequate supply of tuna at a fair price.

The situation in the tuna industry is grave. If the domestic tuna fleet is not soon in a position to put to sea the industry may be permanently crippled. If the tuna fleet cannot sell its production for a price which will permit continued operation it either must go out of business or under foreign registry. Domestic canners would then be dependent upon imports of frozen tuna. Should these imports later be retained and canned in the foreign country the domestic canners would follow the fleet out of business or to a foreign country. This has occurred to a certain extent in a somewhat similar situation in the ground fish fillet industry. Should this occur the ultimate consumer would be dependent upon foreign production for canned tuna.

There can be little disagreement about the fact that a serious situation has prevailed in the Pacific Coast tuna industry for about a year. The critical deterioration of the situation unquestionably stimulated passage of H. R. 5693 by the House of Representatives in October 1951. Most fishermen are still ashore and the bulk of their vessels are tied up. The large canneries are not operating in San Diego and cannery help is unable to find other work. Canners' inventories are at a peak and tuna market prices are weak.

The Department can recommend no simple and permanent solution to the problem at this time because the facts needed to develop such a solution require time to collect and to analyze. Under the circumstances the best that can be done is to take what steps are deemed necessary to return the tuna fleet to sea. This will eliminate some of the uncertain aspects in the present situation and restore confidence in the tuna market for at least the immediate future. It will also buy the time required to accumulate the information necessary to render a sound and equitable decision as to the need for tariffs or other remedies.

Although imported fresh and frozen tuna is the problem under consideration imported tuna canned in oil and imported tuna canned in brine are also involved. Tuna canned in oil has been a staple product in the domestic market for years. Prior to the war it was imported under a 45 percent duty and annually accounted for 10.5 to 14.9 percent of the domestic supply of canned tuna. After the war, during the rebuilding of the Japanese fleet, imported tuna canned in oil accounted for only 3.1 to 5.9 percent from 1946 to 1949 although the duty had been halved to 22.5 percent in 1943. In 1950, however, the imports leaped to 17.3 percent as large quantities were rushed in toward the end of the year to avoid the duty of

45 percent which again became effective January 1, 1951. During 1951 the imports of tuna canned in oil dropped to only 2.1 percent.

Tuna canned in brine has been imported in appreciable volume only in 1951. In 1950 imported tuna canned in brine accounted for only 0.2 percent of the total supply available of canned tuna. In 1949 the figure was only 0.1 percent. But in 1951 it made up an estimated 5.3 percent of the supply. The large increase in imports of brine packed tuna—which carries a duty of only 12.5 percent—coincided with the advent of the 45 percent duty on tuna canned in oil. It is apparent that a shift in the method of packing occurred in order to take advantage of the lower duty. Tuna canned in brine and tuna canned in oil, while differing in some respects, are highly competitive in the institutional market but perhaps less so, at present, where the housewife is concerned.

Fresh and frozen tuna has been imported for many years by domestic canners who have packed it in their canneries as tuna canned in oil. From 1931 to 1939 the tuna canned in the United States from imports of fresh and frozen tuna accounted for from 3.2 to 13.3 percent of the annual prewar supply. From 1946 to 1949 while the Japanese fleet was rebuilding after the war the share was only from 0.7 to 3.4 percent. In 1950 it jumped to 9.5 percent and in 1951 to an estimated 16.3 percent. As was the case with the increased imports of tuna packed in brine the much larger imports of fresh and frozen tuna—which is duty free—undoubtedly were due, in large part, to the newly instituted 45 percent duty on tuna canned in oil.

It is apparent that any action taken upon one form of imported tuna will result in compensatory imports of another form if the duties on all forms remain unrelated as is the case at present. Consequently, it is obvious that the duty on imported fresh and frozen tuna proposed in H. R. 5693 cannot be expected to be as effective as would be the case if the duty on tuna canned in brine bore a normal relationship to the 45 percent duty on tuna canned in oil. However, the Tariff Commission has under review, in an escape clause action, the 12.5 percent duty on tuna canned in brine, and, it is hoped, will be able to make whatever recommendations in this matter appear necessary at an early date.

As has been stated earlier, the Department sees no simple way to eliminate the difficulties confronting the tuna industry. Temporary adjustments which will permit the tuna fleet to begin operations again and which will provide sufficient time to analyze the information upon which a more permanent solution can be based are the immediate needs.

It appears, therefore, that H. R. 5693, or similar legislation which will accomplish substantially the same purpose, is the best solution available at this time. The duty to be imposed will not unduly aid the domestic industry because it has been at a low ebb for months and will require time to get back into production. Neither will the duty unduly hamper imports. Presumably a quarter of 1952 will have passed before the legislation can go into effect. Unless the Tariff Commission takes interim action on tuna canned in brine, presumably a still longer period will pass before any change can be contemplated in the tariff rate on that product and, of course, the duration of the duty on fresh and frozen tuna is limited to April 1, 1953.

It may seem that a more equitable solution would be to permit a certain volume of frozen tuna to continue to be imported without duty. This might be based on the fact that, until the sharp increases in 1950 and 1951, an average of 3.7 percent of the total supply of canned tuna available in the United States was derived from imported frozen tuna. During the period from 1931 to 1939 and from 1946 to 1949 the market apparently absorbed about this volume of imports without undue difficulty. Consequently, there may be some justification for legislation permitting about 3.7 percent of the probable total supply available to the United States or of the apparent supply available for consumption to be made up of imported frozen tuna to be entered duty free. On the basis of the probable apparent supply available in 1952 it is estimated that 3.7 percent would amount to about 16 million pounds of fresh and frozen tuna on a raw-weight basis. This compares with imports of about 11 million pounds in 1949 and 62 million pounds in 1951. If the imports over 16 million pounds were dutiable at 3 cents per pound as in H. R. 5693 it would mean that 32 million pounds could be imported at an average duty of 1.5 cents per pound. While the Department would interpose no objection to a limited duty-free quota it considers that the duty-free importation of 16 million pounds of frozen tuna annually, while possibly justifiable on an historical basis, is the maximum adjustment in this direction that will solve the immediate problem.

If the Congress approves a duty for a limited period, as in H. R. 5693, the Department suggests that it not be complicated by formulas attempting to divide the United States market between the importing countries and the domestic producers. A simple duty on a cents-per-pound or an ad valorem basis is preferable and most easily administered for the relatively brief period involved.

The more comprehensive studies and analyses of the tuna industry contemplated by the bill will develop a sound basis for more permanent action. That portion of the study to be made by this Department can and will be made within the limit of funds available or made available for carrying out the purposes of section 3 of the bill.

I have been informed by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Sincerely yours,

DALE E. DOTY,
Assistant Secretary of the Interior.

Canned tuna: Apparent supply available for consumption in the United States, 1926-51,¹ by source and type, and percentage of total supply. (excludes bonito and yellowtail except as indicated in ²)

| Year | Packed in United States from domestic catch | | Made from foreign-caught fish | | | | | | | | | | Total supply available | United States pack | | |
|------------------|---|-------|---|----------|------|--|----------|---------------|--|----------|---------------|------------------|------------------------|--------------------|----------------------------|----------|
| | | | Packed in United States from imported, frozen tuna ³ | | | Imported canned tuna in oil ⁴ | | | Imported canned tuna in brine ⁴ | | | Total foreign | | Total | Percentage of total supply | |
| | | | Thous. of pounds | Per-cent | Duty | Thous. of pounds | Per-cent | Duty, percent | Thous. pounds | Per-cent | Duty, percent | Thous. of pounds | | | | Per-cent |
| 1926 | 18,645 | 100.0 | | | | (⁵) | | | | | | | | 18,645 | 18,645 | 100.0 |
| 1927 | 28,631 | 99.8 | 61 | 0.2 | Free | (⁵) | | | | | | | | 28,692 | 28,692 | 100.0 |
| 1928 | 26,273 | 92.9 | 2,000 | 7.1 | do | (⁵) | | | | | | 2,000 | 7.1 | 28,273 | 28,273 | 100.0 |
| 1929 | 31,191 | 89.9 | 3,521 | 10.1 | do | (⁵) | | | | | | 3,521 | 10.1 | 34,712 | 34,712 | 100.0 |
| 1930 | 41,395 | 91.9 | 3,637 | 8.1 | do | (⁵) | | | | | | 3,637 | 8.1 | 45,032 | 45,032 | 100.0 |
| 1931 | 24,005 | 83.4 | 3,842 | 13.3 | do | 937 | 3.3 | 30 | | | | 4,779 | 16.6 | 28,784 | 27,847 | 96.7 |
| 1932 | 25,236 | 75.1 | 2,423 | 7.2 | do | 5,945 | 17.7 | | | | | 8,368 | 24.9 | 33,604 | 27,659 | 82.3 |
| 1933 | 30,027 | 64.0 | 2,536 | 5.4 | do | 14,382 | 30.6 | | | | | 16,918 | 36.0 | 46,945 | 32,563 | 69.4 |
| 1934 | 42,304 | 79.1 | 3,233 | 6.0 | do | 7,956 | 14.9 | 45 | | | | 11,189 | 20.9 | 53,493 | 45,538 | 85.1 |
| 1935 | 51,707 | 82.5 | 2,827 | 4.5 | do | 8,185 | 13.0 | | | | | 11,012 | 17.5 | 62,719 | 54,534 | 87.0 |
| 1936 | 55,518 | 85.7 | 2,455 | 3.8 | do | 6,843 | 10.5 | | | | | 9,298 | 14.3 | 64,816 | 57,973 | 89.5 |
| 1937 | 64,852 | 79.7 | 5,452 | 6.7 | do | 11,053 | 13.6 | | | | | 16,505 | 20.3 | 81,357 | 70,304 | 86.4 |
| 1938 | 57,651 | 85.4 | 2,645 | 3.9 | do | 7,192 | 10.7 | | | | | 9,837 | 14.6 | 67,488 | 60,296 | 89.3 |
| 1939 | 79,043 | 85.8 | 2,966 | 3.2 | do | 10,126 | 11.0 | | | | | 13,092 | 14.2 | 92,135 | 82,009 | 89.0 |
| 1940 | 94,323 | 92.0 | 1,544 | 1.5 | do | 6,708 | 6.5 | | | | | 8,252 | 8.0 | 102,575 | 95,867 | 93.5 |
| 1941 | 53,300 | 93.5 | 395 | .7 | do | 3,332 | 5.8 | | | | | 3,727 | 6.5 | 57,027 | 53,695 | 94.2 |
| 1942 | 50,090 | 98.0 | 631 | 1.2 | do | 412 | .8 | | | | | 1,043 | 2.0 | 51,133 | 50,721 | 99.2 |
| 1943 | 53,574 | 98.8 | 117 | .2 | do | 511 | 1.0 | 22½ | | | | 628 | 1.2 | 54,202 | 53,691 | 99.1 |
| 1944 | 68,358 | 94.6 | 775 | 1.0 | do | 3,163 | 4.4 | | | | | 3,938 | 5.4 | 72,296 | 69,133 | 95.6 |
| 1945 | 86,481 | 93.5 | 759 | .8 | do | 5,252 | 5.7 | | | | | 6,011 | 6.5 | 92,492 | 87,240 | 94.3 |
| 1946 | 89,498 | 94.3 | 720 | .7 | do | 4,739 | 5.0 | | | | | 5,459 | 5.7 | 94,957 | 90,218 | 95.0 |
| 1947 | 107,314 | 93.6 | 1,192 | 1.0 | do | 6,148 | 5.4 | | | | | 7,340 | 6.4 | 114,654 | 108,506 | 94.6 |
| 1948 | 129,282 | 92.0 | 2,875 | 2.1 | do | 8,289 | 5.9 | | 13 | | | 11,177 | 8.0 | 140,459 | 132,157 | 94.1 |
| 1949 | 133,713 | 93.4 | 4,932 | 3.4 | do | 4,505 | 3.1 | | 79 | 0.1 | | 9,516 | 6.6 | 143,229 | 138,645 | 96.8 |
| 1950 | 153,432 | 73.0 | 20,030 | 9.5 | do | 36,410 | 17.3 | | 381 | .2 | | 56,821 | 27.0 | 210,253 | 173,462 | 82.5 |
| 1951 (estimate:) | 130,186 | 76.3 | 27,914 | 16.8 | do | 3,600 | 2.1 | 45 | 9,000 | 5.3 | | 40,514 | 23.7 | 170,700 | 158,100 | 92.6 |

TUNA IMPORTS

¹ Does not include Hawaiian pack for which data are not generally available
² Converted to net weight of canned fish by considering a 45 percent recovery from fresh and frozen weight shown in import statistics. Data for the years 1937-51 exclude 90 percent of the imports shown from Costa Rica and 60 percent of those from the Canal Zone, believed to represent an approximate proportion of the tuna caught by United States fishing vessels and transhipped to the United States where it entered as an import.
³ Data for 1948 and earlier include bonito and yellowtail as these species were not separately shown in import statistics
⁴ Data not available, prior to 1948. Probably insignificant.
⁵ Not separately classified in import data and probably insignificant.

Source: Compiled by Fish and Wildlife Service, Jan 25, 1952.

The CHAIRMAN. We have a still more lengthy statement from the Tariff Commission, which of course, following the general practice of the Commission, is a study of the subject now before the committee. We will enter this into the record.

(The report referred to is as follows:)

MEMORANDUM TO THE FINANCE COMMITTEE ON H. R. 5693, EIGHTY-SECOND CONGRESS, A BILL TO AMEND THE TARIFF ACT OF 1930, SO AS TO IMPOSE CERTAIN DUTIES UPON THE IMPORTATION OF TUNA FISH, AND FOR OTHER PURPOSES

PROVISIONS OF THE BILL

H. R. 5693 if enacted would amend the Tariff Act of 1930 so as to transfer fresh or frozen tuna fish from the free list, where it is now provided for in paragraph 1756, to the dutiable list, where it would be provided for in a new subparagraph of paragraph 717 at a rate of duty of 3 cents per pound. In the absence of further legislation, these amendments would be effective only until April 1, 1953. With a view to assisting Congress in formulating longer-range legislation, however, the bill would direct the Tariff Commission and the Secretary of the Interior to make investigations regarding the domestic tuna industry and to report to the Congress the results of their studies by January 1, 1953. The Tariff Commission's investigation would be directed primarily to indicating "the effect upon the competitive position of the domestic tuna industry of the rate of duty imposed by this act, so as to assist the Congress in determining what change if any shall be made in such rate of duty." The study of the Secretary of the Interior would be a more comprehensive one of the long-range position of the domestic tuna industry and he would be directed to recommend "such measures as may be appropriate to promote necessary adjustments so that the industry may achieve and maintain a sound position in the domestic economy."

BACKGROUND OF THE BILL

Since 1948 there have been large increases in imports of fresh or frozen tuna (practically all of the imports reported in this classification are frozen) and of canned tuna and similar canned fish.¹ These increases are for the most part attributable to the resumption and expansion of United States trade with Japan. In recent years, however, Peru has also become an important source of imports of tuna and similar fish and several other countries have participated to a minor extent in the trade.

The increase in the imports of tuna that was of greatest importance in 1951 was in the fresh or frozen classification. Practically all, if not all, of such imports are canned in this country, as is also practically all of the domestic catch of tuna, and it appears that almost a quarter of the domestic pack of canned tuna in 1951 was derived from tuna imported in fresh or frozen form.

In 1950 there was a very large increase in the imports of tuna, canned in oil, and such imports in that year were 6 to 7 times as great as the average of immediately preceding years. The large volume of imports of this product in 1950 was no doubt in part attributable to foreknowledge in the trade during the latter part of the year that, on the termination of the trade agreement between the United States and Mexico at the end of the year, the rate of duty on such imports would be increased from 22½ to 45 percent ad valorem. In 1951, under the 45-percent rate imports of tuna canned in oil fell off sharply to a level substantially below the average level of imports in years preceding 1950.

Another development in the past few years has been the importation of tuna, canned in brine, and imports in this form in 1951 were a factor of some importance in domestic markets. This is a form in which tuna has only recently begun to be packed abroad and there is no domestic pack of the product. The interest of the Japanese tuna industry in this trade has no doubt been promoted by the fact that such imports into the United States are dutiable at 12½ percent ad valorem, as compared with the former rate of 22½ percent and the present rate of 45 percent on imports of tuna, canned in oil.

In addition to the factors mentioned above, imports of canned bonito and yellowtail in oil have increased greatly since 1948. Bonito and yellowtail are fish similar to tuna but are not classified as tuna under the tariff and may not be

¹ For statistical data on United States imports of tuna in various forms and related products, see the table attached to this report as appendix II.

labeled as tuna in the United States. Very little bonito and yellowtail are canned in the United States. Bonito and yellowtail are inferior in quality to tuna but are, at least in some outlets and in some degree, competitive with tuna. Imports of canned bonito and yellowtail in oil are dutiable at 15 or 22 percent ad valorem, depending upon the value per pound; with prices of these products at the present level, the effective rate is 15 percent.

The present tariff treatment of imports of the commodities of interest to the domestic tuna fishing and canning industries are shown in appendix I. The tabulation there given also shows the history of the trade-agreement commitments of the United States on these products.

The long run trend of the domestic catch of tuna has been sharply upward for several decades and in the past 5 years has averaged about twice as large as in the years immediately preceding the war. The catch of 1950, estimated at 398 million pounds, exceeded by about a fifth the catch of 1949, and the catch of 1949 was itself the highest on record up to that time. In 1951 the position of the domestic fishing industry deteriorated. This was partly reflected in a decline in the catch and also in part by a weakening of prices. In part this deterioration was attributable to the extremely large pack of canned tuna in this country in 1950 and to the extraordinarily large imports of tuna canned in oil in that year. A contributing factor, however, was also the continuing increase in the imports of fresh or frozen tuna in 1951. Other factors in the situation have been the competition which domestic canned tuna has been meeting from imports of tuna canned in brine and the considerable quantities of canned bonito and yellowtail that have been imported.

The developments above referred to have been subjects of great concern to domestic tuna fishing and canning interests. That concern was reflected in September 1951 in the introduction in the House of Representatives of eight bills proposing changes in the tariff with respect to tuna. All of these bills proposed to transfer fresh or frozen tuna from the free to the dutiable list. The bills differed, however, with respect to the rates of duty they proposed to impose on imports of fresh and frozen tuna and also differed in that some of them did, and some did not, provide for increases in the duties on imports of other commodities of interest to the tuna fishing and canning industries. Some of the bills, in addition to providing for the imposition of duties on imports of fresh or frozen tuna, would also increase the present duties on imports of fresh or frozen bonito and yellowtail and on all the canned products discussed above except tuna canned in oil. As has already been observed, the duty on the latter product was increased effective January 1, 1951, from 22½ to 45 percent ad valorem as a result of the termination of the trade agreement between the United States and Mexico and the 45-percent rate is much higher than those presently applicable to tuna canned in brine and to canned fish of related species.

When the bills discussed in the preceding paragraph were referred to the Committee on Ways and Means, that committee established a Subcommittee on Tuna Imports. The subcommittee held public hearings and submitted a report to the House of Representatives.² The subcommittee did not report on any of the bills relating to the tariff treatment of imports of tuna which had been previously introduced in the House, but instead drafted a new bill which was introduced in the House of Representatives by the chairman of the subcommittee and which became H. R. 5693. With amendments subsequently made in the bill in the Committee on Ways and Means, H. R. 5693 was reported favorably to the House of Representatives by that committee.³ The bill in its present form was passed by the House of Representatives on October 15, 1951.

The report of the subcommittee indicates that much of its attention was given to consideration of the rate of duty that should be applied to imports of fresh or frozen tuna. The subcommittee also gave much attention to the question of whether the imposition of duties on imports of fresh or frozen tuna should be accompanied by increases in the existing rates of duty applicable to imports of tuna canned in brine and of canned bonito and yellowtail. In particular the subcommittee apparently was concerned about the possible effects on the competitive position of the domestic tuna canning industry of the duties that might be imposed on imports of fresh and frozen tuna if the duties on the several classifications of canned tuna, bonito, and yellowtail should be left at the existing rates. The importance of this question arises from the fact that imports of fresh or frozen tuna are raw materials, along with the domestic catch, for the canned tuna produced by domestic canners and the output of the domestic canneries is

² Imports of Tuna (subcommittee print) October 12, 1951, House of Representatives, 82d Cong., 1st sess.
³ Rept No. 1153, Union Calendar, No. 367, Imposition of Duties on Tuna Imports.

marketed in competition with imports of the canned products. If the cost of fresh or frozen tuna to the domestic canners should be increased by the duty above the cost of such fish to foreign canners by approximately the amount of the duty, the protection afforded to the domestic canners by the present duties would be considerably reduced unless an additional duty compensating for the duty on fresh or frozen tuna be imposed on the canned products.

In connection with the subcommittee's consideration of the question of the range of products on which it might appropriately recommend changes in existing tariff treatment, the subcommittee gave attention to the fact that while the present tariff treatment of imports of fresh or frozen tuna is not the subject of any trade-agreement commitment by the United States, the present rates of duty on the other classifications of imports above referred to, except tuna canned in oil, are the subjects of such commitments. As a result, any increases in the rates of duty now applicable to the trade-agreement items would contravene international obligations of the United States unless modifications of the obligations involved were made in accordance with the terms of the agreements.

On account, apparently, of the foregoing considerations, the subcommittee felt unable to formulate and recommend permanent legislation. Instead, the subcommittee recommended enactment of the proposed legislation here under consideration, providing temporarily for the imposition of a duty of 3 cents a pound on imports of fresh or frozen tuna and for studies by the Tariff Commission and the Secretary of the Interior which would provide the basis for congressional consideration of permanent measures.

The Committee on Ways and Means of the House of Representatives in connection with its consideration of proposals for changes in the tariff protection of the tuna fishing and canning industries requested the Tariff Commission to compile as complete and up-to-date data as possible on imports of tuna and related products and such other information as feasible on the current situation in the tuna industry. This material, in 10 tables, was submitted at the public hearing of the Subcommittee on Tuna Imports. The tables have been revised in the light of the data that have more recently become available and certain corrections of minor importance in the whole picture of the situation have been made. These tables are attached as appendix II of this memorandum. Also attached as appendix III is the Tariff Commission's Summary of Tariff Information on Tuna Fish, Fresh or Frozen. This summary has recently been revised for submission in connection with this memorandum.

In accordance with the request of the Senate Finance Committee, members of the staff of the Tariff Commission who may be able to present information of interest to the committee in connection with its consideration of H. R. 5693 will be present at the hearing on this matter which the Committee has tentatively announced for February 4, 1952.

APPENDIX I

UNITED STATES TARIFF TREATMENT OF TUNA AND TUNA-LIKE FISHES IN VARIOUS FORMS

Fresh or frozen

Tuna (par. 1756): Free, not subject to any international commitment.

Bonito and yellowtail (par. 717 (a)):

If product of Cuba: Two-fifths cent per pound, effective January 1948, subject to international commitment to Cuba.

Under the Tariff Act of 1930 the duty was four-fifths cent per pound. This duty was reduced to the present level in the General Agreement on Tariffs and Trade.

Other than product of Cuba: One cent per pound. Not subject to international commitment per se. However, the commitment to Cuba combined with the international commitment under the General Agreement on Tariffs and Trade not to increase the margin of preference between the Cuban and the general rate, in effect binds the general rate at 1 cent per pound.

The present rate is the same as that originally provided for in the Tariff Act of 1930.

Canned, in oil

Tuna (par. 718 (a)): 45 percent ad valorem, effective January 1951—not subject to any international commitment.

Under the Tariff Act of 1930 tuna canned in oil was dutiable at 30 percent ad valorem, the rate to Cuba being 24 percent. The statutory rate was increased to 45 percent (the Cuban rate to 36 percent) ad valorem by Presidential procla-

mation, effective January 1934, under section 336 of the Tariff Act of 1930. In the trade agreement with Mexico the duty was reduced to 22½ percent ad valorem, effective January 1943. With the termination of the trade agreement with Mexico the duty was restored to 45 percent ad valorem effective January 1951. Since 1948 there is no Cuban preferential rate on tuna canned in oil.

Bonito and yellowtail (par. 718 (a)): 15 percent ad valorem if valued over 9 cents per pound; 22 percent ad valorem if valued at not over 9 cents per pound—subject to international commitments to Cuba, effective January 1948, and Peru, effective October 1951, under the General Agreement on Tariffs and Trade.

Under the Tariff Act of 1930 bonito and yellowtail canned in oil were dutiable at 30 percent ad valorem regardless of value, the Cuban preferential rate being 24 percent. Effective January 1934 the duty on bonito and yellowtail canned in oil, if valued not over 9 cents per pound, was increased to 44 percent ad valorem by Presidential proclamation under section 336 of the Tariff Act of 1930 and the Cuban preferential rate was set at 35½ percent ad valorem. Bonito and yellowtail canned in oil, if valued over 9 cents per pound, continued to be dutiable at the statutory rates. In the trade agreement with Cuba, effective September 1934, the United States guaranteed to continue the Cuban preference (20 percent) whatever the duties may be in the future. Effective January 1948, under the General Agreement on Tariffs and Trade the duty on the lower value bracket was reduced to 22 percent and on the higher value bracket to 15 percent ad valorem, both rates applicable to the products of Cuba only. The rates of duty on products other than those of Cuba were not specified in the General Agreement but had to be adjusted to 30½ percent ad valorem on the lower value bracket and to 21 percent ad valorem on the higher value bracket in order to prevent the increase in the Cuban preference. This was accomplished by Presidential proclamation of January 30, 1948. Effective October 1951 the rates of duty on products other than those of Cuba were reduced to 22 percent ad valorem on the lower value bracket and to 15 percent ad valorem on the higher value bracket. This commitment under the General Agreement eliminated the Cuban preferential rates.

Canned, not in oil

Tuna (par. 718 (b)): 12½ percent ad valorem, effective November 1943, subject to international commitment to Iceland.

Under the Tariff Act of 1930 tuna, canned, not in oil was dutiable at 25 percent ad valorem, the Cuban preferential rate being 20 percent. In the trade agreement with Iceland this duty (affecting the whole basket paragraph) was reduced to 12½ percent ad valorem, effective November 1943; the Cuban preferential rate then became 10 percent. Under the General Agreement on Tariffs and Trade the reduced duty was bound (to China) against increase, effective May 1948. The withdrawal of China from the General Agreement did not affect the rate of duty because the commitment to Iceland is still in force. Since 1948 there is no Cuban preferential rate on tuna canned not in oil.

Bonito and yellowtail (par. 718 (b)):

If product of Cuba: 10 percent ad valorem effective November 1943, subject to international commitment to Cuba.

Under the Tariff Act of 1930, bonito and yellowtail, canned, not in oil, if product of Cuba, were dutiable at 20 percent ad valorem. By virtue of the trade agreement with Iceland, this duty was reduced to 10 percent ad valorem, effective November 1943. Under the General Agreement on Tariffs and Trade the 10 percent ad valorem duty was bound against increase, effective January 1948.

Other than product of Cuba: 12½ percent ad valorem, effective November 1943, subject to international commitment to Iceland.

Under the Tariff Act of 1930, bonito and yellowtail, canned, not in oil and other product of Cuba were dutiable at 25 percent ad valorem. This duty was reduced to 12½ percent ad valorem in the trade agreement with Iceland, effective November 1943. The effect of the commitment under the General Agreement on Tariffs and Trade not to increase the margin of preference between the Cuban rate and the general rate is a binding of the 12½-percent rate against increase on bonito and yellowtail, canned, not in oil, which are not products of Cuba.

APPENDIX II

STATISTICAL INFORMATION RELATING TO TUNA AND TUNALIKE FISHES

TABLE 1.—Tuna, fresh or frozen, and tuna, canned, in oil: United States production and imports for consumption, specified years 1931 to 1951

| Year | Fresh or frozen | | | Canned, in oil | | |
|------------------------------------|----------------------|------------------|--|------------------|------------------|--|
| | Production | Imports | Ratio (per-cent) of im-ports to production | Production | Imports | Ratio (per-cent) of im-ports to production |
| Quantity (1,000 pounds) | | | | | | |
| 1931 | 64,263 | 7,858 | 12.2 | 27,847 | 937 | 3.4 |
| 1933 | 76,367 | 5,936 | 7.8 | 32,563 | 14,382 | 44.2 |
| 1935 | 124,228 | 6,283 | 5.1 | 54,617 | 8,185 | 15.0 |
| 1937 | 170,684 | 14,411 | 8.4 | 70,304 | 11,053 | 15.7 |
| 1938 | 138,250 | 13,694 | 9.9 | 60,296 | 7,192 | 11.9 |
| 1939 | 172,246 | 14,595 | 8.5 | 82,009 | 10,126 | 12.3 |
| 1943 | 126,333 | 1,310 | 1.0 | 53,973 | 511 | .9 |
| 1944 | 167,149 | 3,475 | 2.1 | 69,133 | 3,163 | 4.6 |
| 1945 | 182,549 | 3,074 | 1.7 | 87,240 | 5,252 | 6.0 |
| 1946 | 221,838 | 4,167 | 1.9 | 96,013 | 4,739 | 4.9 |
| 1947 | 268,946 | 9,204 | 3.4 | 108,506 | 6,148 | 5.7 |
| 1948 | 328,270 | 9,143 | 2.8 | 182,157 | 8,254 | 6.2 |
| 1949 ¹ | ¹ 333,707 | 20,606 | 6.2 | 138,645 | 4,505 | 3.2 |
| 1950 ¹ | ¹ 398,000 | 56,712 | 14.2 | 173,462 | 36,496 | 21.0 |
| 1951 ² | 320,000 | 75,000 | 23.4 | 155,000 | 3,500 | 2.3 |
| Value (1,000 dollars) ³ | | | | | | |
| 1931 | 3,041 | 579 | 19.0 | 7,031 | 160 | 2.4 |
| 1933 | 3,317 | 233 | 7.0 | 6,601 | 1,969 | 29.8 |
| 1935 | 5,999 | 395 | 6.6 | 11,848 | 1,263 | 10.7 |
| 1937 | 9,586 | 867 | 9.0 | 17,915 | 2,034 | 11.4 |
| 1938 | 7,855 | 803 | 10.2 | 14,143 | 1,252 | 8.9 |
| 1939 | 8,858 | 749 | 8.5 | 19,147 | 1,669 | 8.7 |
| 1943 | 14,600 | 99 | .7 | 30,505 | 165 | .5 |
| 1944 | 19,683 | 319 | 1.6 | 40,435 | 1,097 | 2.7 |
| 1945 | 21,628 | 433 | 2.0 | 46,713 | 2,054 | 4.4 |
| 1946 | 26,611 | 612 | 2.3 | 57,343 | 1,952 | 3.4 |
| 1947 | 43,399 | 1,237 | 2.8 | 85,093 | 3,241 | 3.8 |
| 1948 | 59,986 | 1,616 | 2.7 | 107,981 | 4,770 | 4.4 |
| 1949 ¹ | 53,933 | 2,922 | 5.4 | 96,040 | 2,199 | 2.3 |
| 1950 ¹ | (⁴) | 7,693 | (⁴) | 112,136 | 14,410 | 12.8 |
| 1951 ¹ | (⁴) | (⁴) | (⁴) | (⁴) | (⁴) | (⁴) |

¹ Preliminary.² Estimated.³ Value of imports is foreign value.⁴ Not available.

NOTE.—Statistics of imports of fresh and frozen tuna include certain quantities of tuna caught by United States fishing vessels which would remain free of duty even if H. R. 5693 were enacted. For detailed discussion see United States imports and exports in revised Summary of Tariff Information on Tuna Fish, Fresh or Frozen.

Source: Production, official statistics of the U. S. Fish and Wildlife Service; imports, official statistics of the U. S. Department of Commerce.

TUNA IMPORTS

TABLE 2.—Tuna, fresh or frozen: United States imports for consumption, by principal sources, specified years 1931-50, and January-November 1950 and 1951

| Country | 1931 | 1935 | 1939 | 1943 | 1946 | 1947 | 1948 | 1949 ¹ | 1950 ¹ | January-November ¹ | |
|---|--------------|--------------|---------------|--------------|--------------|--------------|--------------|-------------------|-------------------|-------------------------------|---------------|
| | | | | | | | | | | 1950 | 1951 |
| Quantity (1,000 pounds) | | | | | | | | | | | |
| Costa Rica..... | | | 8,003 | 1,051 | 2,854 | 7,283 | 3,059 | 10,078 | 9,621 | 9,621 | 3,294 |
| Japan..... | 6,812 | 5,688 | 5,202 | | | | 2,392 | 2,839 | 25,369 | 24,831 | 35,591 |
| Canal Zone ² | 17 | 226 | 741 | | | | | 956 | 5,904 | 4,704 | 9,314 |
| Canada ³ | 140 | 173 | 349 | 128 | 536 | 897 | 220 | 1,234 | 891 | 891 | 68 |
| Mexico..... | 889 | 196 | | 131 | 773 | 916 | 1,984 | 1,990 | 50 | 50 | 3 |
| Ecuador..... | | | | | | | 1,003 | 1,026 | 973 | 973 | 720 |
| Peru..... | | | | | | | 485 | 2,327 | 13,256 | 11,108 | 19,911 |
| All other..... | | | 300 | | 4 | 108 | | 156 | 648 | 648 | 531 |
| Total..... | 7,858 | 6,283 | 14,595 | 1,310 | 4,167 | 9,204 | 9,143 | 20,606 | 56,712 | 52,826 | 69,432 |
| Foreign value (1,000 dollars) | | | | | | | | | | | |
| Costa Rica..... | | | 355 | 66 | 334 | 821 | 397 | 1,527 | 1,382 | 1,382 | 408 |
| Japan..... | 530 | 365 | 328 | | | | 536 | 442 | 4,000 | 3,932 | 5,186 |
| Canal Zone ² | 1 | 18 | 33 | | | | | 129 | 773 | 596 | 1,244 |
| Canada ³ | 8 | 8 | 15 | 20 | 138 | 253 | 61 | 217 | 102 | 102 | 10 |
| Mexico..... | 40 | 9 | | 13 | 140 | 154 | 480 | 323 | 10 | 10 | (*) |
| Ecuador..... | | | | | | | 112 | 131 | 130 | 130 | 82 |
| Peru..... | | | | | | | 30 | 131 | 1,196 | 1,003 | 1,750 |
| All other..... | | | 18 | | (*) | 9 | | 22 | 100 | 99 | 64 |
| Total..... | 579 | 395 | 749 | 99 | 612 | 1,237 | 1,616 | 2,922 | 7,693 | 7,254 | 8,744 |
| Unit value (cents per pound) ⁴ | | | | | | | | | | | |
| Costa Rica..... | | | 4.4 | 6.2 | 11.7 | 11.3 | 13.0 | 15.2 | 14.4 | 14.4 | 12.4 |
| Japan..... | 7.8 | 6.4 | 6.3 | | | | 22.4 | 15.6 | 15.8 | 15.8 | 14.6 |
| Canal Zone ² | 6.0 | 5.9 | 4.5 | | | | | 13.5 | 13.1 | 12.7 | 13.4 |
| Canada ³ | 5.3 | 4.9 | 4.2 | 15.8 | 25.8 | 28.2 | 27.6 | 17.6 | 11.4 | 11.4 | 14.6 |
| Mexico..... | 4.5 | 4.3 | | 10.1 | 18.1 | 16.8 | 24.2 | 16.2 | 19.7 | 19.7 | 11.6 |
| Ecuador..... | | | | | | | 11.2 | 12.7 | 13.4 | 13.4 | 11.4 |
| Peru..... | | | | | | | 6.1 | 5.6 | 9.0 | 9.0 | 8.8 |
| All other..... | | | 6.0 | | 8.7 | 9.1 | | 13.4 | 15.3 | 15.3 | 12.0 |
| Average..... | 7.4 | 6.3 | 5.1 | 7.5 | 14.7 | 13.4 | 17.7 | 14.2 | 13.6 | 13.7 | 12.6 |

¹ Preliminary.² Data for 1931 and 1935 are for Panama, including the Canal Zone.³ Includes Newfoundland and Labrador beginning 1950.⁴ Less than \$500.⁵ Calculated on the exact (i. e., unrounded) figures.

NOTE.—The figures shown above for Costa Rica and the Canal Zone include substantial quantities of tuna that were caught by United States fishing vessels and are, therefore, products of American fisheries rather than imports from foreign countries.

Source: Compiled from official statistics of the U. S. Department of Commerce.

TUNA IMPORTS

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TABLE 3.—Tuna, fresh or frozen—United States imports for consumption, by months, 1950, and January–November 1951

| Year and month | Quantity | Foreign value | Year and month | Quantity | Foreign value |
|--------------------------------------|---------------------|----------------------|--------------------------------------|---------------------|----------------------|
| | <i>1,000 pounds</i> | <i>1,000 dollars</i> | | <i>1,000 pounds</i> | <i>1,000 dollars</i> |
| 1950 ¹ | | | 1951: ¹ | | |
| January..... | 965 | 92 | January..... | 4,759 | 669 |
| February..... | 420 | 46 | February..... | 2,767 | 282 |
| March..... | 2,194 | 156 | March..... | 3,163 | 395 |
| April..... | 638 | 74 | April..... | 8,752 | 761 |
| May..... | 6,096 | 816 | May..... | 6,391 | 596 |
| June..... | 4,320 | 552 | June..... | 5,864 | 831 |
| July..... | 8,239 | 1,257 | July..... | 14,062 | 1,873 |
| August..... | 13,213 | 2,143 | August..... | 11,656 | 1,827 |
| September..... | 6,798 | 908 | September..... | 8,141 | 1,111 |
| October..... | 3,613 | 476 | October..... | 2,460 | 215 |
| November..... | 6,330 | 734 | November..... | 1,417 | 184 |
| Total (January–November)..... | 52,826 | 7,254 | Total (January–November)..... | 69,432 | 8,744 |
| December..... | 3,886 | 439 | | | |
| Total (January–December)..... | 56,712 | 7,693 | | | |

¹ Preliminary.

NOTE.—See notes in tables 1 and 2.

Source: Compiled from official statistics of the U. S. Department of Commerce.

TUNA IMPORTS

TABLE 4.—*Tuna, fresh or frozen: United States imports for consumption, by principal countries, by principal customs districts, 1950 and January–November 1951*

[Quantity in thousands of pounds; value in thousands of dollars]

| Districts and countries | 1950 ¹ | | 1951 (January–November) ¹ | |
|---------------------------------|-------------------|---------------|--------------------------------------|---------------|
| | Quantity | Foreign value | Quantity | Foreign value |
| Oregon: | | | | |
| Japan..... | 14,929 | 2,463 | 9,875 | 1,580 |
| Costa Rica..... | 8,633 | 1,296 | 1,267 | 200 |
| Canal Zone..... | 3,054 | 410 | 4,560 | 714 |
| Peru..... | 2,578 | 387 | 2,800 | 420 |
| Other..... | 4 | 1 | 670 | 101 |
| Total..... | 29,198 | 4,557 | 19,172 | 3,015 |
| Washington: | | | | |
| Japan..... | 1,339 | 182 | 2,999 | 447 |
| Costa Rica..... | | | | |
| Canal Zone..... | | | | |
| Peru..... | 1,204 | 66 | 185 | 10 |
| Other..... | 452 | 67 | | |
| Total..... | 2,995 | 315 | 3,184 | 457 |
| San Diego: | | | | |
| Japan..... | | | | |
| Costa Rica..... | | | | |
| Canal Zone..... | | | 460 | 29 |
| Peru..... | 1,800 | 108 | 1,846 | 115 |
| Other..... | 269 | 20 | 183 | 12 |
| Total..... | 2,069 | 128 | 2,489 | 156 |
| Los Angeles: | | | | |
| Japan..... | 8,523 | 1,280 | 13,154 | 1,841 |
| Costa Rica..... | 988 | 86 | 2,027 | 209 |
| Canal Zone..... | 2,570 | 328 | 4,294 | 501 |
| Peru..... | 5,398 | 457 | 9,545 | 716 |
| Other..... | 754 | 120 | 100 | 4 |
| Total..... | 18,233 | 2,271 | 29,120 | 3,271 |
| Other Customs Districts: | | | | |
| Japan..... | 578 | 75 | 2,563 | 1,318 |
| Costa Rica..... | | | | |
| Canal Zone..... | 280 | 35 | | |
| Peru..... | 2,276 | 178 | 5,535 | 489 |
| Other..... | 1,083 | 134 | 369 | 38 |
| Total..... | 4,217 | 422 | 15,467 | 1,845 |
| Grand total..... | 56,712 | 7,693 | 69,432 | 8,744 |

¹ Preliminary.

² Includes 6,401,000 pounds, valued at \$685,000, entered through the San Francisco customs district, and 1,391,000 pounds, valued at \$169,000, entered through Hawaii.

³ Includes 2,516,000 pounds, valued at \$291,000, entered through the New York customs district, and 2,288,000 pounds, valued at \$125,000, entered through the San Francisco customs district.

NOTE.—See notes in tables 1 and 2.

Source: Compiled from official statistics of the U. S. Department of Commerce.

TABLE 5.—Tuna: Prices paid by United States packers for fresh or frozen domestic tuna 1946-51

[Cents per pound]

| Oregon-Washington | | Southern California | | | |
|-------------------|-------|--------------------------|-----------|----------------------------|-----------|
| Albacore | | Albacore | | Yellow fin | |
| Period | Price | Period | Price | Period | Price |
| 1946..... | 19.7 | 1946—January-May..... | None | 1946—January-June..... | 10.0 |
| | | June-August..... | 19.5 | August..... | 10.0 |
| | | July-September-December. | 20.5 | September-October..... | 12.0-14.0 |
| 1947..... | 27.1 | 1947—January-May..... | None | November-December..... | 15.5 |
| | | June-August..... | 20.5 | 1947—January-November..... | 15.5 |
| | | September-December..... | 24.0 | December..... | 17.0 |
| 1948..... | 30.9 | 1948—January-June..... | None | 1948—January-December..... | 17.0 |
| | | July..... | 32.0 | | |
| | | August..... | 28.0 | | |
| | | September..... | 28.0 | | |
| | | October..... | 28.0 | | |
| | | November..... | 28.0 | | |
| | | December..... | 28.0 | | |
| 1949..... | 17.8 | 1949—January-May..... | None | 1949—January-July..... | 17.0 |
| | | June..... | 20.0 | August-December..... | 15.5 |
| | | July-August..... | 20.0 | | |
| | | September..... | 20.0 | | |
| | | October..... | 17.5 | | |
| | | November-December..... | 20.0 | | |
| 1950..... | 19.7 | 1950—January-May..... | None | 1950—January-December..... | 15.5 |
| | | June..... | 20.0 | | |
| | | July..... | 18.8 | | |
| | | August..... | 20.0 | | |
| | | September..... | 20.0 | | |
| | | October..... | 20.0 | | |
| | | November..... | 20.0 | | |
| | | December..... | 18.8-20.0 | | |
| 1951 to date ... | 15.0 | 1951—June..... | 17.5 | 1951—January-June..... | 15.5 |
| | | to July 25..... | 17.5 | July..... | 15.5 |
| | | to Aug 23..... | 16.2 | | |
| | | Aug. 23 to date..... | 15.0 | | |

Source. Compiled from reports to U. S. Fish and Wildlife Service.

TUNA IMPORTS

TABLE 6.—Tuna, canned in oil: United States imports for consumption (total and by principal sources), in specified years 1931 to 1950, and January–November 1950 and 1951

| Country | 1931 | 1935 | 1939 | 1943 | 1946 | 1947 | 1948 | 1949 ¹ | 1950 ¹ | January–November | |
|---|------------------|------------------|--------|------------------|-------|------------------|-------|-------------------|-------------------|-------------------|-------------------|
| | | | | | | | | | | 1950 ¹ | 1951 ¹ |
| Quantity (1,000 pounds) | | | | | | | | | | | |
| Japan..... | 649 | 7,113 | 7,764 | ----- | ----- | (²) | 645 | 1,782 | 31,895 | 23,959 | 2,233 |
| Philippine Republic..... | ----- | 424 | 991 | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| British Malaya..... | ----- | ----- | 716 | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Peru..... | ----- | ----- | ----- | 341 | 3,363 | 4,547 | 4,647 | 1,561 | 2,286 | 1,708 | 937 |
| Portugal..... | 2 | (³) | 59 | (³) | 572 | 935 | 1,842 | 299 | 1,098 | 567 | 99 |
| All other..... | * 286 | 648 | 596 | 170 | 804 | 666 | 1,120 | 776 | 1,217 | 581 | 117 |
| Total..... | 937 | 8,185 | 10,126 | 511 | 4,739 | 6,148 | 8,254 | 4,418 | 36,496 | 26,815 | 3,386 |
| Foreign value (1,000 dollars) | | | | | | | | | | | |
| Japan..... | 127 | 1,158 | 1,314 | ----- | ----- | (⁴) | 418 | 884 | 12,801 | 9,792 | 937 |
| Philippine Republic..... | ----- | 56 | 178 | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| British Malaya..... | ----- | ----- | 102 | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Peru..... | ----- | ----- | ----- | 86 | 1,271 | 2,445 | 3,006 | 734 | 818 | 614 | 309 |
| Portugal..... | (⁴) | (⁴) | 9 | (⁴) | 356 | 455 | 831 | 140 | 375 | 201 | 35 |
| All other..... | * 39 | 49 | 66 | 79 | 325 | 341 | 515 | 375 | 416 | 226 | 43 |
| Total..... | 166 | 1,263 | 1,669 | 165 | 1,952 | 3,241 | 4,770 | 2,133 | 14,410 | 10,833 | 1,324 |
| Unit value (cents per pound) ⁵ | | | | | | | | | | | |
| Japan..... | 19.6 | 16.3 | 16.9 | ----- | ----- | (⁶) | 64.8 | 49.6 | 40.1 | 40.9 | 42.0 |
| Philippine Republic..... | ----- | 13.2 | 18.0 | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| British Malaya..... | ----- | ----- | 14.2 | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Peru..... | ----- | ----- | ----- | 25.2 | 37.8 | 53.8 | 64.7 | 47.0 | 35.8 | 35.9 | 33.0 |
| Portugal..... | (⁶) | (⁶) | 15.3 | (⁶) | 62.2 | 48.7 | 45.1 | 46.8 | 34.2 | 35.4 | 35.4 |
| All other..... | 13.6 | 7.6 | 11.1 | 46.5 | 40.4 | 51.2 | 46.0 | 48.3 | 34.2 | 38.9 | 36.8 |
| Average..... | 17.7 | 15.4 | 16.5 | 32.3 | 41.2 | 52.7 | 57.8 | 48.3 | 39.5 | 40.4 | 39.1 |

¹ Preliminary.

² Less than 500 pounds.

³ Includes 197,000 pounds valued at \$15,000 from Mexico.

⁴ Less than \$500.

⁵ Calculated on the rounded figures.

⁶ Imports too small for computation of significant unit value on thousands.

Source: Compiled from official statistics of the U. S. Department of Commerce.

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TABLE 7.—*Tuna, canned, in oil: United States imports for consumption, by months, 1950 and January-November 1951*

| Year and month | Quantity | Foreign value |
|--------------------------------|--------------|---------------|
| | 1,000 pounds | 1,000 dollars |
| 1950 ¹ | | |
| January | 445 | 183 |
| February | 1,274 | 501 |
| March | 1,332 | 618 |
| April | 1,813 | 706 |
| May | 2,141 | 815 |
| June | 2,183 | 830 |
| July | 2,579 | 983 |
| August | 4,102 | 1,594 |
| September | 4,136 | 1,763 |
| October | 3,504 | 1,461 |
| November | 3,306 | 1,379 |
| Total (January-November) | 26,815 | 10,833 |
| December | 9,681 | 3,577 |
| Total (January-December) | 36,496 | 14,410 |
| 1951: ¹ | | |
| January | 653 | 269 |
| February | 235 | 94 |
| March | 612 | 257 |
| April | 365 | 148 |
| May | 615 | 215 |
| June | 249 | 85 |
| July | 177 | 66 |
| August | 102 | 39 |
| September | 70 | 30 |
| October | 112 | 46 |
| November | 196 | 75 |
| Total (January-November) | 3,386 | 1,324 |

¹ Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

TABLE 8.—*Wholesale prices of tuna in oil, light meat, solid pack, 7-ounce cans, 48 to case, broker to wholesaler, per case, f. o. b. Los Angeles, 1948-51*

| Month | 1948 | 1949 | 1950 | 1951 |
|-----------------|---------|---------|---------|---------|
| January | \$16.75 | \$16.75 | \$14.25 | \$14.90 |
| February | 16.75 | 16.75 | 14.25 | 15.00 |
| March | 16.75 | 16.75 | 14.25 | 15.00 |
| April | 16.75 | 16.75 | 14.25 | 15.00 |
| May | 16.75 | 16.15 | 14.25 | 15.00 |
| June | 16.75 | 15.75 | 14.25 | 14.12 |
| July | 16.75 | 15.75 | 14.45 | 12.95 |
| August | 16.75 | 15.65 | 14.94 | 12.75 |
| September | 16.75 | 15.25 | 14.81 | 12.75 |
| October | 16.75 | 15.25 | 14.75 | (1) |
| November | 16.75 | 15.25 | 14.75 | (1) |
| December | 16.75 | 15.25 | 14.75 | (1) |
| Average | 16.75 | 15.94 | 14.49 | 14.16 |

¹ Not available.² January-September average.

Source: Compiled from official statistics of the Bureau of Labor Statistics, Average Wholesale Prices and Index Numbers of Individual Commodities.

TUNA IMPORTS

TABLE 9.—*Certain kinds of fish (virtually all tuna) canned, not in oil: United States imports for consumption, by principal countries, 1948-50, and January-November 1951.*

| Country | 1948 | 1949 ¹ | 1950 ¹ | January- November 1951 ¹ |
|------------------------------|---------------|-------------------|-------------------|---|
| Quantity (pounds) | | | | |
| Peru..... | 185 | 23,112 | 205,944 | 573,985 |
| Japan..... | | 11,250 | 73,235 | 7,326,554 |
| Chile..... | 12,596 | 40,432 | 75,721 | 42,147 |
| Portugal..... | | | 11,651 | 9,088 |
| Angola..... | | | 7,496 | 56,803 |
| Italy..... | | 2,149 | 3,367 | 50 |
| All other..... | 103 | 2,414 | 3,503 | 6,094 |
| Total..... | 12,884 | 79,357 | 380,917 | 8,014,721 |
| Foreign value | | | | |
| Peru..... | \$105 | \$6,165 | \$44,778 | \$137,490 |
| Japan..... | | 2,500 | 22,503 | 2,804,760 |
| Chile..... | 5,366 | 13,046 | 16,825 | 9,065 |
| Portugal..... | | | 3,355 | 2,613 |
| Angola..... | | | 2,387 | 16,429 |
| Italy..... | | 1,726 | 2,185 | 115 |
| All other..... | 41 | 1,876 | 1,163 | 1,669 |
| Total..... | 5,512 | 25,313 | 93,196 | 2,672,141 |
| Unit value (cents per pound) | | | | |
| Peru..... | 56.8 | 26.7 | 21.7 | 24.0 |
| Japan..... | | 22.2 | 30.7 | 34.2 |
| Chile..... | 42.6 | 32.3 | 22.2 | 21.5 |
| Portugal..... | | | 28.8 | 28.8 |
| Angola..... | | | 31.8 | 28.9 |
| Italy..... | | 80.3 | 64.9 | 230.0 |
| All other..... | 39.8 | 77.7 | 33.2 | 27.4 |
| Average..... | 42.8 | 31.9 | 24.5 | 33.3 |

¹ Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

TABLE 10.—*Bonito and yellowtail, canned, in oil, valued at more than 9 cents per pound, including the weight of the immediate container; United States imports for consumption, by principal countries, 1948-50 and January-November 1951*

| Country | 1948 | 1949 † | 1950 † | Jan.-Nov 1951 † |
|------------------------------|-----------|-------------|-------------|--------------------|
| Quantity (pounds) | | | | |
| Peru | 260,789 | 8,017,101 | 8,038,308 | 8,546,200 |
| Chile | 39,000 | 76,863 | 82,481 | 932,551 |
| Spain | | 3,125 | 10,690 | 1,102 |
| Japan | | | 2,595 | 10,500 |
| All other | 6,319 | 2,100 | 1,028 | 8,226 |
| Total | 306,108 | 8,099,189 | 8,135,102 | 9,498,578 |
| Foreign value | | | | |
| Peru | \$105,655 | \$2,960,138 | \$2,602,128 | \$2,577,994 |
| Chile | 13,445 | 25,056 | 23,584 | 225,342 |
| Spain | | 3,248 | 5,098 | 463 |
| Japan | | | 765 | 3,545 |
| All other | 2,476 | 1,218 | 579 | 2,333 |
| Total | 121,576 | 2,989,660 | 2,632,154 | 2,809,677 |
| Unit value (cents per pound) | | | | |
| Peru | 40.5 | 36.9 | 32.4 | 30.2 |
| Chile | 34.5 | 32.6 | 28.6 | 24.2 |
| Spain | | 103.9 | 47.7 | 42.0 |
| Japan | | | 29.5 | 33.8 |
| All other | 39.2 | 58.0 | 56.3 | 28.4 |
| Average | 39.7 | 36.9 | 32.4 | 29.6 |

† Preliminary.

NOTE.—There were no imports of bonito and yellowtail valued at over 9 cents per pound including weight of immediate container in 1948-50, and January-November 1951.

Source: Compiled from official statistics of the U. S. Department of Commerce.

COMMENT

Description and uses

Several species of fish are known in different countries as tuna. In the United States, however, only six species are entitled to be labeled "tuna" when canned, and this practice follows generally with respect to the fish marketed fresh or frozen. These species are:

- (1) Albacore (*Germo alalunga*)
- (2) Yellowfin (*Neotheunnus, acropterus*)
- (3) Bluefin (*Thunnus sp.*)
- (4) Skipjack (*Katsuwonus pelamis*)
- (5) Oriental tuna (*Thunnus orientalis*)
- (6) Little tuna (*Euthynnus alleteratus*)

The closely related species, bonito (*Sarda sp.*) and Pacific yellowtail (*Seriola dorsalis*), are not marketed as tuna, although they are generally caught by tuna fishermen, and a large part of the catch is packed by tuna canners in substantially the same manner as tuna.

Tuna is marketed for human consumption in several forms: Fresh, frozen, canned, salted, boiled, and dried. A substantial proportion of the frozen tuna is canned before reaching the ultimate consumer. Waste from the processing and packing plants is utilized in the production of fish oil and fish meal, which are dealt with in other summaries under paragraphs 52 and 1780, respectively.

World production and trade

One or more of the six species of tuna named above are found in varying quantities in tropical and temperate waters throughout the world. The more important known fisheries, however, are off the Pacific coast of the Western Hemisphere from the northwestern United States to Chile, off southern Japan and the Bonin and Ryukyu Islands, and off the Philippine Republic, the Hawaiian Islands, the Union of South Africa, Portugal, and the Mediterranean countries.

In the decade before World War II the annual world catch of tuna averaged about three-quarter billion pounds. Japan was the largest producer, accounting for almost two-thirds of the world catch; the United States catch (including Hawaii) amounted to about one-fourth of the total; south European and north African countries and the Philippines Republic accounted for most of the remainder.

Available data are insufficient for estimating the world catch of tuna since the war. It is known, however, that it declined substantially from prewar levels, and that there has been a decided shift in the volume of the catch by the different countries. The United States annual catch since the war has greatly exceeded that of any prewar year, the 1950 catch (estimated at 398 million pounds) being the largest in the history of the industry. (See table 1.) There were also substantial increases in the catches of other countries which theretofore were of relatively minor importance in world production, but these increases have not offset the great war-induced decline in the catch by Japan. Recent information indicates, however, that the tuna fisheries of Japan are recovering rapidly from the effects of the war, and it is estimated that the 1951 catch has reached 280 million pounds.

The great bulk of the Japanese catch of tuna was, and continues to be, marketed within that country and a large part of the supply marketed there is consumed raw. Most of the tuna frozen in Japan before World War II was for export, and about 95 percent of the total exports came to the United States for canning by the domestic canning industry. Only a small part of the Japanese catch was canned in that country, and almost all of the canned product was for export. In the immediate postwar period Japanese exports of fresh and frozen tuna to the United States were nil or relatively small, but in 1950 and in the first 10 months of 1951 they reached levels several times as high as those prevailing in the prewar years and constituted over 90 percent of total Japanese exports of fresh or frozen tuna. Also, most recently Japan has begun to export to the United States a new product—tuna canned in brine—which enters at a rate of duty of 12½ percent ad valorem.¹ The increase in imports into the United States of this product in 1951 is attributable largely to the fact that the 12½ percent ad valorem duty on tuna canned in brine is a relatively low duty in comparison with the duty of 45 percent

¹ Under the Tariff Act of 1930 tuna canned in brine was dutiable at 25 percent ad valorem. This rate was reduced to the now applicable 12½ percent ad valorem in the trade agreement with Iceland, effective November 1943

ad valorem on tuna canned in oil which became effective with the termination of the trade agreement with Mexico.²

Most other foreign countries engaged in the tuna fishery can a part of their catch, but the proportion so utilized is not known. Some foreign countries, particularly those which have first become important producers in the postwar period, can the bulk of their catch and export the canned product rather than the fresh or frozen fish. United States capital is invested in some of these foreign fishing and canning enterprises.

United States production

Although there have been decided fluctuations from year to year in the United States catch of tuna, there has been a distinct upward trend almost from the inception of the tuna-canning industry in about 1907. The total catch was only 25 million pounds in 1916; it increased to 64 million pounds in 1931, to 183 million pounds in 1945, and to an estimated 398 million pounds in 1950, but declined to an estimated 320 million pounds in 1951. (See table 1.) United States catch, by species, is shown in table 2.

TABLE 2.—Tuna fish, fresh or frozen: United States production, by species, specified years 1931 to 1949

| | 1931 ¹ | 1935 ¹ | 1937 ¹ | 1939 | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 |
|--------------------------------|-------------------|-------------------|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Quantity (1,000 pounds) | | | | | | | | | | | |
| Albacore..... | 37 | 2,448 | 3,520 | 18,922 | 37,519 | 52,795 | 39,483 | 24,142 | 26,844 | 49,493 | 54,794 |
| Bluefin or horse mackerel..... | 3,855 | 25,739 | 13,717 | 12,785 | 10,659 | 21,173 | 21,968 | 23,216 | 21,925 | 9,526 | 7,128 |
| Little tuna..... | | | | | | | 302 | 340 | 662 | 602 | 730 |
| Skipjack or striped..... | 22,630 | 22,070 | 59,891 | 30,121 | 28,894 | 30,037 | 33,348 | 41,088 | 52,749 | 60,554 | 80,512 |
| Yellowfin..... | 37,741 | 73,971 | 93,556 | 110,418 | 49,261 | 63,144 | 87,448 | 127,247 | 153,510 | 199,427 | 190,543 |
| Total..... | 64,263 | 124,228 | 170,684 | 172,246 | 126,333 | 167,149 | 182,549 | 221,838 | 268,946 | 328,270 | 333,707 |
| Value (1,000 dollars) | | | | | | | | | | | |
| Albacore..... | 3 | 200 | 307 | 1,009 | 6,104 | 8,666 | 7,697 | 4,784 | 6,780 | 14,659 | 10,039 |
| Bluefin or horse mackerel..... | 191 | 1,161 | 761 | 637 | 1,032 | 2,054 | 2,226 | 2,340 | 3,435 | 1,310 | 920 |
| Little tuna..... | | | | | | | 6 | 10 | 27 | 60 | 52 |
| Skipjack or striped..... | 810 | 932 | 2,958 | 1,300 | 2,583 | 2,694 | 2,982 | 4,283 | 7,628 | 9,534 | 11,923 |
| Yellowfin..... | 2,037 | 3,706 | 5,560 | 5,912 | 4,881 | 6,269 | 8,717 | 14,614 | 23,920 | 33,406 | 30,999 |
| Total..... | 3,041 | 5,999 | 9,586 | 8,858 | 14,600 | 19,683 | 21,628 | 26,611 | 43,399 | 59,986 | 53,933 |
| Unit value (per pound) | | | | | | | | | | | |
| Albacore..... | 8.1 | 8.2 | 8.7 | 5.3 | 16.3 | 16.4 | 19.5 | 19.8 | 25.3 | 29.6 | 18.3 |
| Bluefin or horse mackerel..... | 5.0 | 4.5 | 5.5 | 5.0 | 9.7 | 9.7 | 10.1 | 10.1 | 15.7 | 13.8 | 12.9 |
| Little tuna..... | | | | | | | 2.0 | 2.9 | 4.1 | 10.0 | 7.1 |
| Skipjack or striped..... | 3.6 | 4.2 | 4.9 | 4.3 | 8.9 | 9.0 | 8.9 | 10.4 | 14.5 | 15.7 | 14.8 |
| Yellowfin..... | 5.4 | 5.0 | 5.9 | 5.4 | 9.9 | 9.9 | 10.0 | 11.5 | 15.6 | 16.8 | 16.3 |
| Average..... | 4.7 | 4.8 | 5.6 | 5.1 | 11.6 | 11.8 | 11.8 | 12.0 | 16.1 | 18.3 | 16.2 |

¹ Includes the Hawaiian catch.

NOTE.—The statistics shown above do not include certain quantities of tuna that were caught by United States fishing vessels and were, in fact, products of American fisheries, but were recorded as imports from foreign countries. Such fish became particularly significant beginning with 1949. For detailed discussion, see pp. 16-17 of this summary.

Source: Compiled from official statistics of the U. S. Fish and Wildlife Service.

In the United States substantially the entire catch of tuna is now canned in oil, as is most of the imported fresh and frozen tuna. The domestic tuna fishery is thus dependent upon, and has expanded because of, the increasing domestic demand for the canned product.

² Under the Tariff Act of 1930 tuna canned in oil was dutiable at 30 percent ad valorem. This rate was increased to 45 percent ad valorem by Presidential proclamation, effective January 1934, under sec 336 of the Tariff Act of 1930, following an investigation by the Tariff Commission. In the trade agreement with Mexico the duty was reduced to 22½ percent ad valorem, effective January 1943. With the termination of the trade agreement with Mexico, the duty reverted to 45 percent ad valorem, effective January 1951.

The United States tuna fishery is operated from three widely separated areas: The North Atlantic States, the Hawaiian Islands, and the Pacific Coast States. Considering the tuna fishery as a whole, the Atlantic coast and Hawaiian industries are relatively small.

North Atlantic States.—The catch of the Atlantic coast is limited to two species: (1) bluefin or horse mackerel and (2) little tuna. Most of the catch of bluefin is marketed fresh or frozen, but the bulk of the little tuna is canned. The catch of bluefin is largely the result of fishing operations for other species; the fishery for little tuna is a postwar development. In 1949, the latest year for which statistics are available for this area, the Atlantic coast catch of bluefin was only 2,738,000 pounds and that of little tuna 730,000 pounds.

Hawaiian Islands.—In the Hawaiian Islands tuna-fishing operations before the war were carried on in vessels of the sampan type, owned and operated largely by Japanese nationals residing in the islands. Virtually the entire catch was marketed locally as fresh fish until the establishment of a tuna cannery about 1917. Since then fishing operations have increased greatly, the cannery taking nearly all of the increase in catch, as the demands of the fresh-fish market were not subject to pronounced variations. The catch increased from slightly less than 5 million pounds in 1925 to 15 million pounds in 1940.

Following the attack on Pearl Harbor the cannery suspended operations. Some of the larger tuna sampans were taken for naval duty, and the fishermen of Japanese nationality were not permitted to continue operations. As a result, the catch dropped to only 38,000 pounds in 1942; it gradually increased in subsequent years, particularly after 1944, and in 1949 was 11 million pounds, a large part of which was canned for shipment to continental United States. Since the war exploratory trips have been made to islands within a wide radius of the Hawaiian Islands, with a view to expanding the Hawaiian fishing and canning operations.

Pacific Coast States.—More than 90 percent of the total United States catch of tuna is landed in the three Pacific Coast States. Until about 1937 the commercial fishing for tuna from continental United States ports was almost exclusively a California industry.

The Washington-Oregon tuna fishery began in 1937, in which year the catch amounted to 1.5 million pounds; in 1940 it was 10.6 million pounds. Plants in the area, geared to canning other species of fish, were not immediately able to handle the entire catch of tuna as landed. Consequently, some of the fish were frozen and sold to California packers for canning in their plants. Expansion in Washington and Oregon, however, was soon undertaken and the local canning plants caught up with the landings. These landings of albacore increased to 18.2 million pounds in 1945, dropped to 6.1 million pounds in 1946; they reached 14.3 million pounds in 1948 but declined to 9.8 million pounds in 1950.

Until about 1947 the Washington-Oregon tuna fishing and canning industries were confined entirely to albacore. Since the war, however, the industry of these States has undertaken the operation of floating refrigerator-transport vessels in conjunction with fishing vessels operating in distant waters. In the years 1948-50 these transport vessels landed several cargoes of tuna at Astoria, Oreg., which were caught below the international boundary line as far south as the Galápagos Islands. The landings consisted of yellowfin, bluefin, and skipjack, with yellowfin the predominant species. Some of these entries were not recorded in preliminary statistics of United States production, nor as imports into the United States from a foreign country, but as products of American fisheries received at ports of the United States.

As previously stated, nearly all tuna caught by United States fisherman, or imported fresh or frozen, is now taken by the canning industry. The fishing and canning industries, particularly of California, are thus closely allied; some of the canneries have an invested interest in some of the tuna-fishing vessels, and some of the vessel owners and operators own stock in the canneries.

Tuna canning was first undertaken in California about 1907; in 1911 two packing plants in southern California canned 480,000 pounds of tuna, utilizing about 850,000 pounds of fresh fish. From this modest beginning the California fishery has expanded to a catch of 99 million pounds in 1930, and to an estimated 375 million pounds in 1950.

During the early years of the tuna operations in California, albacore was the only species caught and canned, but as supplies of albacore off the California coast were somewhat erratic the canners began utilizing yellowfin, bluefin, and skipjack. Albacore practically disappeared from the California coast about 1927; yellowfin became the leading species caught, and has held that position ever since. The

proportions of the several species in the total California catch in specified years have been as follows:

| Species | 1920 | 1930 | 1940 | 1947 | 1950 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> |
| Albacore..... | 42.1 | 0.3 | 2.8 | 5.6 | 15.2 |
| Yellowfin..... | 4.9 | 57.0 | 58.1 | 63.3 | 50.1 |
| Bluefin..... | 35.2 | 22.1 | 10.2 | 8.9 | .7 |
| Skipjack..... | 17.8 | 20.6 | 28.9 | 22.2 | 34.0 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Increasing demands for the canned product and apparent inadequate supplies of tuna off the California coast led the California fishing fleet to exploit waters off the coast of Lower California. By 1923 dependence upon tuna from the coast of Mexico had become one of the most important developments in the domestic Pacific coast fisheries. Fishing for tuna off the coast of Mexico was developed almost entirely by United States capital and fishermen.

By 1931 the tuna fishery had been extended to equatorial waters, which subsequently became the chief fishing grounds of United States vessels. Both bluefin and albacore reappeared off the coast of California in 1934; but as it was apparent that the runs of these species might be sporadic, the taking of yellowfin off the coasts of Mexico and Central and South American countries became the backbone of the United States tuna-fishing industry. The relation of the catch in waters off California and in waters south of the international boundary to the total California landings, in specified years, has been as follows:

[Percent]

| Area | 1920 | 1930 | 1940 | 1947 | 1949 ¹ |
|---|-------|-------|-------|-------|-------------------|
| Off California..... | 98.8 | 19.1 | 14.1 | 9.8 | 7.3 |
| Waters south of international boundary..... | 1.2 | 80.9 | 85.9 | 90.2 | 92.7 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

¹ Breakdown of landings as to origin is not available for 1950 or 1951. It is probable that the declining importance of the catch off California relative to total California landings has continued.

As the fishery extended its operations below the California-Mexico boundary, the small vessels originally employed in that area were gradually abandoned and larger, faster vessels equipped with refrigeration replaced them. These vessels consist almost entirely of two types—purse seiners and clippers, the latter fishing with hooks and lines and using live bait for chumming. The vessels employed by the albacore fishery remain smaller and catch tuna by trolling or by use of live bait, many of the vessels being able to use both methods.

A large number of the purse seiners are employed in both the tuna and pilchard fisheries, the fishery for tuna being carried on during the closed season for pilchards, which normally extends from March 1 to July 31. Most of these vessels are equipped with refrigeration facilities, and although some of them have operated as far south as the Galapagos Islands, limited cruising range and limited facilities for preserving the catch over an extended period restrict their fishing operations largely to the area off the coast of Mexico.

The tuna clippers or bait boats, on the other hand, fish for tuna the year round. When first introduced these vessels also were restricted in their areas of operation by a limited cruising radius and inadequate refrigeration facilities. Most clippers then preserved their catch with ice. But as the fishery expanded, larger clippers were built, with a cruising range of over 10,000 miles and with mechanical refrigeration systems. Thus equipped, they are generally able to remain away from port until they have a full cargo without risk of spoilage. There are about 220 of these long-range clippers now in operation and they account for more than 70 percent of the yellowfin or skipjack landings or more than one-half of the entire United States catch of all species of tuna.

The purse seiners frequently fish in what the Mexican Government regards as Mexican territorial waters, or put into Mexican ports, and these vessels must obtain for each trip Mexican fishing permits. The tuna clippers, on the other hand, catch most of their tuna on the high seas, but obtain live bait in the terri-

torial waters of Mexico or one of the Central American countries. If bait is to be taken in Mexican waters a bait permit for each trip must be obtained from the Mexican Government before the vessel leaves for the fishing grounds.

Mexican charges for both fishing and bait permits are based upon the registered net tonnage of the vessel. Vessels using Mexican fishing and bait permits are also subject to other charges, generally on an annual basis. These charges are for registration of the vessel, measurement of nets, and individual licenses for members of the crew. There is also an additional trip fee to cover inspection of the catch taken by vessels operating with Mexican fishing and bait permits. The Mexican Government maintains offices in San Pedro and San Diego, Calif., for issuing permits, etc., to United States fishermen and for inspecting the catch by vessels operating under Mexican fishing and bait permits.

The dependence of some of the United States fishing vessels upon bait, port, and fishing privileges in certain Central and South American countries has led these countries also to use these privileges as a means of raising revenue by the imposition of taxes or assessments, generally on a tonnage basis.

United States imports and exports

During the 10 years ended 1940 the average annual imports of tuna were 8.7 million pounds and ranged from 5.0 million pounds in 1932 to 14.6 million pounds in 1939. The share of each country in total imports during this period was as follows:

| Country of shipment: | Percent |
|----------------------|---------|
| Japan..... | 62.3 |
| Costa Rica..... | 23.5 |
| Mexico..... | 5.2 |
| Panama..... | 4.9 |
| Canada..... | 3.1 |
| Other countries..... | 1.0 |
| Total..... | 100.0 |

TUNA IMPORTS

TABLE 3.—*Tuna fish, fresh or frozen: United States imports for consumption, by principal sources, in specified years, 1931 to 1950 and January-October 1950 and 1951*

| Country | 1931 | 1935 | 1939 | 1943 | 1946 | 1947 ¹ | 1948 ¹ | 1949 ¹ | 1950 ¹ | January-October ¹ | |
|---|--------------|--------------|---------------|--------------|------------------|-------------------|-------------------|-------------------|-------------------|------------------------------|------------------|
| | | | | | | | | | | 1950 | 1951 |
| Quantity (1,000 pounds) | | | | | | | | | | | |
| Costa Rica..... | | | 8,003 | 1,061 | 2,854 | 7,283 | 3,059 | 10,078 | 9,621 | 9,367 | 3,294 |
| Japan..... | 6,812 | 5,688 | 5,202 | | | | 2,392 | 2,839 | 25,369 | 20,248 | 35,591 |
| Canal Zone ² | 17 | 226 | 741 | | | | | 956 | 5,904 | 4,254 | 8,374 |
| Canada ³ | 140 | 173 | 349 | 128 | 536 | 897 | 220 | 1,234 | 891 | 859 | 68 |
| Mexico..... | 889 | 196 | | 131 | 773 | 916 | 1,984 | 1,990 | 50 | 50 | 3 |
| Ecuador..... | | | | | | | 1,003 | 1,026 | 973 | 973 | 610 |
| Peru..... | | | | | | | 485 | 2,327 | 13,256 | 10,098 | 19,544 |
| All other..... | | | 300 | | 4 | 108 | | 156 | 648 | 647 | 531 |
| Total | 7,858 | 6,283 | 14,595 | 1,310 | 4,167 | 9,204 | 9,143 | 20,606 | 56,712 | 46,496 | 68,015 |
| Foreign value (1,000 dollars) | | | | | | | | | | | |
| Costa Rica..... | | | 355 | 66 | 334 | 821 | 397 | 1,527 | 1,382 | 1,344 | 408 |
| Japan..... | 530 | 365 | 328 | | | | 537 | 442 | 4,000 | 3,383 | 5,186 |
| Canal Zone ² | 1 | 13 | 33 | | | | | 129 | 773 | 531 | 1,110 |
| Canada ³ | 8 | 8 | 15 | 20 | 138 | 263 | 61 | 217 | 102 | 100 | 10 |
| Mexico..... | 40 | 9 | | 13 | 140 | 154 | 480 | 323 | 10 | 10 | (⁴) |
| Ecuador..... | | | | | | | 112 | 131 | 130 | 130 | 65 |
| Peru..... | | | | | | | 30 | 131 | 1,196 | 922 | 1,716 |
| All other..... | | | 18 | | (⁵) | 9 | | 22 | 100 | 100 | 65 |
| Total | 579 | 395 | 749 | 99 | 612 | 1,237 | 1,616 | 2,922 | 7,693 | 6,520 | 8,560 |
| Unit value (cents per pound) ⁶ | | | | | | | | | | | |
| Costa Rica..... | | | 4.4 | 6.2 | 11.7 | 11.3 | 13.0 | 15.2 | 14.4 | 14.4 | 12.4 |
| Japan..... | 7.8 | 6.4 | 6.3 | | | | 22.4 | 15.6 | 15.8 | 16.7 | 14.6 |
| Canal Zone ² | 6.0 | 5.9 | 4.5 | | | | | 13.5 | 13.1 | 12.5 | 13.3 |
| Canada ³ | 5.3 | 4.9 | 4.2 | 15.8 | 25.8 | 28.2 | 27.6 | 17.6 | 11.4 | 11.6 | 14.6 |
| Mexico..... | 4.5 | 4.3 | | 10.1 | 18.1 | 16.8 | 24.2 | 16.2 | 19.7 | 19.7 | 11.6 |
| Ecuador..... | | | | | | | 11.2 | 12.7 | 13.4 | 13.4 | 10.7 |
| Peru..... | | | | | | | 6.1 | 5.6 | 9.0 | 9.1 | 8.8 |
| All other..... | | | 6.0 | | 8.7 | 9.1 | | 13.4 | 15.3 | 15.3 | 12.0 |
| Average | 7.4 | 6.3 | 5.1 | 7.5 | 14.7 | 13.4 | 17.7 | 14.2 | 13.6 | 14.0 | 12.6 |

¹ Preliminary.

² Data for 1931 and 1935 are for Canal Zone and Panama combined.

³ Includes Newfoundland and Labrador beginning 1950.

⁴ Includes 328,000 pounds, valued at \$62,000, from Norway.

⁵ Less than \$500.

⁶ Calculated on the exact (i. e., unrounded) figures.

NOTE.—The figures shown above, particularly for Costa Rica and the Canal Zone and particularly since 1949, include substantial quantities of tuna that were caught by United States fishing vessels and are, therefore, products of American fisheries rather than actual imports from foreign countries. Such fish are estimated to have constituted from 15 to 20 percent of total recorded imports shown above. For detailed discussion see pp. 16-17 of this summary.

Source: Compiled from the official statistics of the U. S. Department of Commerce.

Imports from Canada during the prewar decade consisted almost entirely of bluefin tuna or horse mackerel, which was entered through the United States east coast ports and nearly all sold for immediate consumption in the New England and Middle Atlantic States. Imports from other sources entered almost entirely through the Los Angeles and San Diego customs districts, where they were taken by the domestic canning industry.

Prior to 1932 imports from Japan consisted almost exclusively of frozen albacore; but in subsequent prewar years, bluefin, yellowfin, and skipjack constituted about one-third of the total. Imports from other sources consisted primarily of yellowfin tuna.

From the outbreak of World War II until 1948 there were no imports of tuna from Japan, and total imports dropped to a low of 1.3 million pounds, of which 1.1 million pounds came from Costa Rica. Since the end of the war, however, im-

ports have increased greatly and beginning with 1949 they far exceeded the prewar volume (see tables 1 and 3), reaching a peak of 68 million pounds in the first 10 months of 1951.

In the immediate postwar period most of the imports came from Central and South American countries, but beginning with 1950 Japan assumed a commanding lead as the principal supplier and maintained that position during the first 10 months of 1951 as well. In the latter period the percentages of total imports supplied by the several countries were as follows:

| Country of shipment: | Percent |
|----------------------|---------|
| Japan..... | 52.8 |
| Peru..... | 28.7 |
| Canal Zone..... | 12.3 |
| Costa Rica..... | 4.9 |
| All other..... | 1.8 |
| Total..... | 100.0 |

In using the statistics of imports given in this summary, it should be noted that, particularly since 1949, the statistics include not only tuna caught by foreign vessels and shipped to the United States but also tuna caught by United States fishing vessels and transferred at sea to freezer-transport vessels of foreign or United States registry, and then entered at United States ports as imports from a foreign country. Also, some quantities of the tuna caught by United States fishing vessels were landed in a foreign country, frozen there and transhipped to the United States where they too were entered as imports. Inasmuch as imports of fresh or frozen tuna caught by foreign fishing vessels enter free of duty under paragraph 1756 as do the products of American fisheries under paragraph 1730 (a), there is no financial incentive for the importer of fresh or frozen tuna to distinguish between actual imports and products of American fisheries. The recent practice of entering such shipments as imports under paragraph 1756 rather than as products of American fisheries under paragraph 1730 (a) is attributable to the fact that under the latter paragraph, in addition to the regular entry papers, the importer also must go to the additional trouble of producing affidavits and other documentary proof that the conditions of entry under paragraph 1730 (a) have been complied with. Thus entry under paragraph 1756 is much simpler than entry under paragraph 1730 (a).

It is not known precisely what proportions of the fresh or frozen tuna reported in official statistics as imports were actually caught by United States fishing vessels and should have been classified as products of American fisheries. It is believed, however, that in the case of one or two Central American countries which are known to have virtually no fishery industries, a large part of the imports recorded from those countries actually resulted from United States rather than from foreign fishing operations. Of the total recorded imports from all countries probably less than 20 percent in 1950 and probably less than 15 percent in 1951 were products of American fisheries rather than actual imports.

Before World War II more than 90 percent of the total imports from all sources entered through the San Diego and Los Angeles customs districts and were taken by the California canners. Since the war increasing proportions of the total imports have entered through the Washington and Oregon customs district for canning in those States. Such imports were 57 percent of the total in 1950, but only 33 percent in the first 10 months of 1951. The San Diego and Los Angeles customs districts accounted for about 36 percent of the total imports in 1950 and for 45 percent of the total in the first 10 months of 1951. A postwar development has been the importation from Peru of substantial quantities of tuna which entered through the New York customs district and was taken by Atlantic coast canners.

United States exports of fresh and frozen tuna are not separately reported, but they are known to be negligible.

(The reports of the Departments of Agriculture and Commerce were subsequently supplied for the record:)

DEPARTMENT OF AGRICULTURE,
Washington, D. C., February 7, 1952.

HON. WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate.

DEAR SENATOR: This will acknowledge your request of October 25, 1951, for a report on H. R. 5693, an act to amend the Tariff Act of 1930, so as to impose certain duties upon the importation of tuna fish, and for other purposes.

This act, which has passed the House of Representatives and is now pending before the Senate Committee on Finance, would impose a duty of 3 cents per pound on importations of fresh or frozen tuna fish for a limited period terminating prior to April 1, 1953. Fresh or frozen tuna fish at present is duty free and is not included as an item in any trade agreement. Tuna fish canned in oil is subject to a duty of 45 percent ad valorem, and tuna fish canned in brine is subject to a duty of 12½ percent ad valorem.

The act also would direct the Tariff Commission to undertake an investigation of the competitive position of the domestic tuna industry, and to report the results of its investigation to the Congress on or before January 1, 1953. Such report would indicate the effect upon the competitive position of the domestic tuna industry of the rate of duty that would be imposed, so as to assist the Congress in determining what change, if any, should be made in such rate of duty.

The Secretary of the Interior would be required to make a comprehensive study of the long-range position of the domestic tuna industry and to recommend such measures as may be appropriate to promote necessary adjustments so that the industry may achieve and maintain a sound position in the domestic economy. A report of his study and recommendations would be submitted to the Congress on or before January 1, 1953.

Generally speaking, responsibility for fish and fish products, including tuna, is vested in the Secretary of the Interior rather than in this Department, and we understand that you have requested a report on H. R. 5693 from that Department. The Department of Agriculture has some limited responsibilities for fish, such as those given us as part of our over-all responsibility for food, under the Defense Production Act of 1950, as amended. These latter include responsibility for determining requirements for fish, for making any necessary allocations of fish supplies to claimants, and, if required, for domestic distribution controls over fish and fish products.

Under these circumstances, our comments will be limited to the effect of the proposed bill on the Nation's food supplies and on exports of agricultural commodities to those countries now supplying us with fresh and frozen tuna.

The proposed bill probably would have little effect on supplies of canned tuna (the principal form in which fresh tuna is consumed in this country) or on other nations' food supply. As indicated in the hearings before a subcommittee of the Committee on Ways and Means, House of Representatives, on H. R. 5429 (a bill to amend the Tariff Act of 1930, so as to impose certain duties upon the importation of tuna fish), there is some question as to whether the duty of 3 cents per pound would prohibit all imports of fresh tuna fish. These hearings also indicated that the domestic tuna fishing industry is large and apparently is capable of expanding its catch to meet any domestic demand for tuna fish in the foreseeable future. Canned tuna is important in the total supply of canned fish, representing about one-third of the annual per capita consumption of 4¼ pounds of canned fish. However, it is a relatively small part of our total per capita consumption of fish.

This Department must also consider possible indirect effects of any bill, such as H. R. 5693, on our exports of agricultural commodities. If foreign countries are unable to market their products in this country, their potential dollar earnings are not realized and their purchases from this country may be correspondingly restricted.

Imports of fresh and frozen tuna had a foreign value of nearly \$8 million and represented about 14 percent of estimated domestic production of fresh tuna in 1950.

The four countries (Japan, Costa Rica, Ecuador, and Peru) which supplied us with the largest quantity of fresh tuna fish in 1950 purchased a total of \$379 million of agricultural commodities, the equivalent of 70 percent of our total exports to such countries. Japan, which supplied over half of our imported fresh

and frozen tuna fish, imported \$219 million of United States cotton alone and \$135 million of other agricultural products in 1950.

While not objecting to the passage of the bill, we feel it necessary to point out that a reduction of imports of fresh or frozen tuna fish might result indirectly in a reduction of our agricultural exports.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

CHARLES F. BRANNAN, *Secretary.*

DEPARTMENT OF COMMERCE,
Washington, March 6, 1952.

HON. WALTER F. GEORGE,
*Chairman, Committee on Finance,
United States Senate, Washington, D. C.*

DEAR MR. CHAIRMAN: I understand that the proposed legislation with respect to tariffs on fresh or frozen tuna, H. R. 5693, is now before your committee.

It is the view of this Department that the imposition of the proposed import duty of 3 cents per pound on an article which has entered duty free under the Tariff Acts of 1922 and 1930 is premature and that it fails to take account of the conflicting interests involved. If it is assumed that the duty will benefit our domestic tuna-fishing industry, it is reasonable to expect that the interests of our canners, carriers, dealers, and consumers will be adversely affected. Even the expectation of more profitable fishing operations by our tuna fleet may be to some extent illusory, if the upward pressure on prices discourages consumption, or if the imposition of the duty on fresh fish acts as a stimulus to imports of canned tuna in brine, because of its relatively more favorable tariff status.

The bill recognizes the complexity of the problem, due partly to the interdependence of the trade and tariff status of tuna in its chief commercial forms, by providing for investigation by qualified experts of the industry's short and long-range problems. In a sense, however, it anticipates the findings of these investigators and provides for the temporary application of a substantial duty on total imports.

From the viewpoint of the domestic economy our chief concern is the risk inherent in tariff legislation of favoring one group at undue expense to others, including those who suffer indirectly through a loss of export markets. We would also like to avoid any unnecessary restriction of imports by means of higher import duties, because of the inflationary effect exerted by a reduction in the total supply of goods and the upward pressure on prices.

We have also considered the international economic implications of the proposed duty and are troubled by its effect on our trade and over-all economic relations with Japan and Latin America. Since the United States is the best overseas customer for Japanese tuna, an export product exceeded in importance only by silk, any material impairment to marketing opportunities in this country might have serious repercussions on the Japanese economy. Several Latin-American countries, including important suppliers of materials essential to our defense effort, have expressed concern at the prospect of an import duty on fresh or frozen tuna, and we may find it difficult to reconcile the erection of this new tariff barrier with our traditional cooperative approach to hemisphere trade and economic development problems.

A review of available statistics on domestic production and imports of tuna in the three main categories does not seem to indicate a need for the proposed protection. Our catch has been increasing steadily, even though imports have been growing with somewhat greater rapidity. During the war and immediate postwar years there were naturally distortions in the trade picture, and in 1950, due to a combination of circumstances, the competition from imports became more severe. In 1951, however, imports declined, and in the early weeks of 1952 the pressure of imported fish on the market seems to have eased still further.

For the reasons hereinbefore stated, the Department of Commerce is opposed to legislation such as H. R. 5693. If, however, the enactment of such legislation appears to be inevitable, we are inclined to favor such a modification in the provisions of H. R. 5693 as would make the 3 cents per pound duty applicable to imports in excess of a specified quantity. Such a duty-free quota might be established on an annual basis of between 25 and 30 million pounds, and probably should be made subject to allocation by countries and quarterly periods, so that it can be administered equitably and in a manner designed to spread

TUNA IMPORTS

imports through the year. Such a quota does not appear excessive in the light of annual imports during the last 3 years, which have averaged about 40 million pounds, or in relation to our domestic catch, which is estimated to have averaged 350 million pounds during the same period.

You will appreciate, I am sure, that these suggestions are based on our feeling of responsibility for the welfare of all segments of our economy and an earnest desire to do what we can to preserve a cordial atmosphere in our commerce with friendly countries.

We are advised by the Bureau of the Budget that it would interpose no objection to the submission of this report to your committee.

If we can be of further assistance to you in this matter, please call upon us.

Sincerely yours,

CHARLES SAWYER, *Secretary of Commerce.*

The CHAIRMAN. We also have a number of letters which will be entered in the record.

One from W. L. Clayton of Anderson, Clayton & Co.

Mr. Clayton was formerly in the State Department.

One from the San Francisco Chamber of Commerce through its president, to which is attached a report from the world trade committee and World Trade Association of the San Francisco Chamber of Commerce.

One from the Federation of Economic Organizations, Tokyo, Japan.

A statement from the general manager of the Tuna Boat Owners' Association of Honolulu.

A statement from the International Bank, Washington, D. C., which should go in this morning with the other official letters.

A statement from the National Foreign Trade Council, Inc., of New York, on the bill before the committee.

Also from the Wisconsin Council of CFU Lodges, through its president.

And one from the Japan Chamber of Commerce and Industry.

(The letters referred to are as follows:).

ANDERSON, CLAYTON & Co. (Incorporated),
Houston 1, Tex., December 21, 1951.

HON. WALTER GEORGE,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: My attention has been called to H. R. 5693 which I believe is now before your Finance Committee. I am informed that the bill has already passed the House.

I know nothing about the tuna fisheries business but I am thoroughly convinced that the principle involved in H. R. 5693 is a vicious one and if applied generally would completely destroy our reciprocal trade agreements program.

This bill proposes to impose a heavy duty on the importation of tuna fish and then have the Tariff Commission to make an investigation to see whether such duty is justified. I respectfully submit that the investigation should take place first. You know how difficult it is, once a tariff rate is frozen into our statutes, to get it out.

May I respectfully say that the present world position of the United States economically, financially, and politically demands that our policy should be such as to greatly increase our imports from the rest of the world. If, under these circumstances, we start devising means of reducing these imports in order to satisfy small groups of selfish domestic producers, who really are never satisfied until they have a complete monopoly of the market, we will be setting the clock back half a century.

Asking your usual earnest and careful consideration of this matter and with kindest regards and every good wish to you and your family for Christmas and 1952, I remain,

Sincerely yours,

W. L. CLAYTON.

SAN FRANCISCO CHAMBER OF COMMERCE,
San Francisco 4, Calif., December 28, 1951.

HON. J. LEROY JOHNSON,
The House of Representatives, House Office Building,
Washington, D. C.

MY DEAR MR. JOHNSON: The San Francisco Chamber of Commerce has long supported an international trade policy based on a free competitive system in order that two-way trade may be developed to the fullest extent. It has always supported the reciprocal trade agreements program which has obtained concessions for United States exports in exchange for reductions in our tariff rates to permit increased imports into the United States.

In several recent instances the Congress has taken precipitate action in establishing a duty or permitting a control to be applied through administrative provision, thus circumventing the established procedures of the Congress.

In recent action, the House of Representatives approved the imposition of a 3-cent import duty on imports of fresh and frozen tuna fish. We feel that such action was taken without full consideration of all factors involved. We feel that no duty should be imposed until all information has been obtained from all interested parties through established procedure of hearings before the United States Tariff Commission.

Our board of directors has approved a recommendation as embodied in the attached report that the Senate Finance Committee defer the imposition of this duty until everyone is heard. We hope that you will review our views as we are convinced that the international trade policy of the United States is in jeopardy unless we follow the orderly procedures established by the Congress.

Sincerely yours,

ALAN J. LOWREY, *President.*

DECEMBER 18, 1951.

To: Board of Directors.

From: World Trade Committee and World Trade Association.

Subject: Proposed customs duty on import of tuna fish.

REQUESTED ACTION

Whereas the San Francisco Chamber of Commerce advocates an international trade policy based upon the American free enterprise system that trade be conducted with a minimum of restrictions on a competitive basis recognizing the importance of the development of two-way trade among the nations of the world; and

Whereas this chamber of commerce has long supported the reciprocal trade agreements program which is designed to exchange concessions between the United States and other countries by the lowering of our tariffs on imported goods in exchange for reduced tariffs and removal of other trade barriers: Now, therefore, be it

Resolved, That the San Francisco Chamber of Commerce requests the Senate Finance Committee to defer any action on the enactment of legislation to place an import duty on the imports of fresh and frozen tuna fish until full and complete information has been made available to the committee by all interested parties through the established procedure of hearings before the United States Tariff Commission.

STATEMENT

The San Francisco Chamber of Commerce has long supported an international trade policy based upon the American free enterprise system, that trade be conducted with a minimum of restrictions on a competitive basis recognizing the importance of the development of two-way trade among the nations of the world. This chamber of commerce has long supported the reciprocal trade agreements program which is designed to exchange concessions between the United States and other countries, the lowering of our tariffs on imported goods in exchange for reduced tariffs and the removal of other trade barriers. During the past 17 years of this program it has proved successful in that two-way trade has been expanded, the negotiations and exchange of tariff reductions and concessions conducted on such an orderly basis that practically no harm has resulted to American industries or agriculture.

The method under which the House of Representatives, through suspension of rules and by a voice vote, approved H. R. 5693 called for an imposition of 3 cents

per pound duty without hearing all interests concerned and full study of all factors involved established a precedent not in the best interests of the public of the United States and violates the spirit of good congressional procedures for which leaders in the Congress have been striving. It permits undue influence by minority interests and precludes informed action by the Congress. The House action calls for an extensive survey of the tuna fish industry by the Tariff Commission and the Department of the Interior to be submitted not later than January 1, 1953. During this interval, our international economic policy could be destroyed by retaliatory measures of other countries fearing similar action on other products.

The imposition of this duty is directed against Japanese imports. However, such duty will be effective on the imports from a number of Latin-American countries who also supply fresh and frozen tuna, namely: Peru, Costa Rica, Ecuador, Mexico, and Panama, as well as Canada. The duty unquestionably could lead to retaliation by these countries and also by Japan in increasing their tariffs and/or erecting other trade barriers against imports from the United States. Furthermore, action taken by these countries might seriously affect the freedom with which our fishing fleet now operates in waters adjacent to these countries. This mainly applies to the Latin-American countries since today the American fleet does the bulk of its fishing in waters off their coasts.

Hasty action by the Congress in the imposition of such duties upon the insistence of an interested industry without thorough investigation to determine all factors entering into the problem, is a violation of the spirit of our own economic policy built up over recent years and destroys the confidence of all nations in the permanency of our policy. The attitude of these countries toward the United States in such matters can also seriously affect their cooperation in the present mobilization of the free nations to combat the threat of communism. We have only to cite reactions from a number of important European countries to precipitate action of the Secretary of Agriculture last October when he added cheese to the list of items on the import control list, and by establishing quotas on cheese importations. The leading European countries affected, at the Geneva meeting on the General Agreement on Tariffs and Trade restrictions, threatened to withdraw from the agreement which the United States has strongly supported and carefully fostered for a long period.

These actions by Congress and others can only invite retaliation in the form of new barriers against American exports which could result in great harm to large American industries normally heavily dependent on exports such as many agricultural products, machinery and others. Our markets for the future could be thoroughly destroyed by a world-wide movement to raise tariffs and increase barriers against American products.

A very important factor in this picture is the economic situation of Japan. Japan needs foreign trade in great volume to survive. She can only be strong economically and therefore a competent ally of the United States if she is permitted access to the markets of the world for her products. Otherwise, her economy would collapse resulting in heavy unemployment, distress and unhealthy economic conditions within the country that could invite communism. Furthermore, if Japan is unable to develop her export business in the markets of the world, particularly in the United States, American taxpayers will find that they will have to continue to carry the burden through direct financial support. During the occupation years, the United States expenditures and grants to Japan have averaged from 300 to 400 million dollars annually.

Further curtailment of imports into the United States by increased duties and controls can increase the potential damage to American export trade by increasing the dollar shortage in foreign countries. The principal supply of dollars in the hands of foreign countries to pay for American goods is created by our purchases of their products.

Higher tariffs on frozen fish could also mean serious damage to the American Merchant Marine through the loss of frozen fish cargoes brought to the United States Annually for processing in our canneries.

We recommend that the Congress avoid all such precipitate action in these matters in the future and that thorough study of all factors be made, prior to action, in order that the best interests of all concerned may be better served.

Respectfully submitted.

T. G. FRANCK,
Chairman, World Trade Committee.

VICTOR B. SMITH,
*President World Trade Association of the
San Francisco Chamber of Commerce.*

THE FEDERATION OF ECONOMIC ORGANIZATIONS,
Chiyodaku, Tokyo, December 28, 1951.

HON. ALBEN W. BARKLEY,
Vice President of the United States,
United States Senate Building, Washington, D. C.

DEAR HONORABLE BARKLEY: I beg to be permitted to take this opportunity of calling your attention concerning our tuna industry, which is now forced into the state of paralysis. Starting as of January 1951, the American import duty on canned tuna was raised from 22.5 percent to 45 percent, bringing about much damage. In addition, America is now trying to impose 3 cent per pound tariff on frozen tuna as well. This bill has already passed your House and awaits Senate action in the New Year. In view of the importance of our tuna industry, which is second only to raw silk in our exports to the United States, it is sincerely hoped that your people, under progressive spirit of cooperation, may come to understand this problem of ours and that this understanding will prevent the passage of the bill at your Senate.

Enclosed herewith please find a copy of the statement by Mr. Tatsunosuke Takasaki on this problem.

With warmest regards, I remain
Very sincerely yours,

ICHIRO ISHIKAWA, *President.*

COUNCIL ON TUNA EXPORTS

Chiyoda-Ku, Tokyo, Japan, December 17, 1951

STATEMENT OF DESIRE OF JAPANESE TUNA INDUSTRY

The treaty of peace which the people of Japan have long and eagerly looked forward to—a peace, indeed, of "reconciliation and trust," as its author, Ambassador John Foster Dulles, has characterized it—has been signed. A fisheries convention between the United States, Canada, and Japan, drawn up at a tripartite conference just concluded in Tokyo, now awaits adoption by the governments of the three countries. The striking improvement in American-Japanese relations to which these events attest is a matter of great joy to all the Japanese people.

Notwithstanding the happy trend in our relations with the United States, a profound sense of concern has been created among us by the sudden doubling of American duty on canned tuna (from 22½ to 45 percent, followed by a bill, which has already passed the House and awaits Senate action in the new year, calling for a new duty of 3 cents per pound (or about 20 percent of current prices) on raw tuna which hitherto has been on the free list. Fear is felt by all Japanese that these measures would result in a virtual ban on our tuna exports and as a consequence put thousands of our fishermen and canning workers in distressing circumstances, not to mention the set-back which would be felt by the Japanese economy itself.

Nevertheless it is our firm belief that the various causes which have given rise to this situation can and should be removed by negotiations in a spirit of mutual friendship and mutual understanding which now underlie the relations between our two peoples. We are therefore prepared to discuss and study the problems involved with responsible representatives of the American tuna industry at as early a date as possible.

In the hope and anticipation that such discussions would materialize, the representatives of our canned tuna, frozen tuna, and tuna fishing interests have organized the Council on Tuna Exports with the object of working out improvements in the methods of handling our tuna exports to the United States in a manner which would remove any friction.

In order that our objective may be legally and effectively attained, the Japanese Government, by effecting necessary revisions in the export trade control order, has already taken administrative measures to preclude the possibility of any exports in fact being made to the detriment of amicable relations between interested parties on both sides.

As evidence of the major role which the tuna industry is playing in Japan's present over-all efforts to attain economic recovery, backed by American aid, it is believed sufficient to point out that according to our 1950 trade figures tuna was second only to raw silk in our exports to the United States.

Dreading as we do the possibility that the American measures on Japanese tuna, since they are bound to have heavily adverse effects upon Japan's critical

TUNA IMPORTS

economy, will run counter to the best interests of both the United States and Japan whose relations must continue to be founded upon mutual trust and understanding, it is our earnest hope that wise counsels will prevail and that the bill under consideration will be found to be unnecessary and the duty now in effect on canned tuna reconsidered at an early date.

TATSUNOSUKE TAKASAKI,
Chairman, Council on Tuna Exports.

TUNA BOAT OWNERS' ASSOCIATION,
Honolulu, T. H., January 7, 1952.

SENATE COMMITTEE ON FINANCE,
The Congress of the United States,
Washington, D. C.

GENTLEMEN: It has been brought to our attention that a hearing on H. R. 5693, a bill to amend the Tariff Act of 1930 so as to impose certain duties upon the importation of tuna fish, is scheduled by your honorable committee.

We desire to express our support in favor of passage of H. R. 5693 in as expeditious a manner as is possible, to bring immediate relief to a threatened economy of the tuna industry of Hawaii.

At the outbreak of World War II, precipitated by the attack on Pearl Harbor by Japan on December 7, 1941, all of the boats of Hawaii's tuna fleet were immediately commandeered for patrol and scouting service by the United States Navy, which terminated the existence of the tuna industry in the interest of national defense and its immediate needs.

Upon termination of hostilities and in the period thereafter, the small-business men of the tuna industry, consisting of boat owners, fishermen, and processors, gradually attempted to regain their lost status in the economy of the Territory, at great personal expense and obligation.

We foresee nothing short of economic disaster, not only to ourselves but also of our contribution to the Territory's general economy, if provisions indicated in H. R. 5693 are not put into effect to bring us relief from the threat of increasing imports of tuna fish without adequate tariff for our protection.

We are taking the privilege of requesting the Honorable Joseph R. Farrington, Delegate to Congress from Hawaii, to present this to your committee on our behalf, with the hope that you will give it due consideration.

Respectfully yours,

W. A. KANAKANUI, *General Manager.*

INTERNATIONAL BANK,
Washington 6, D. C., January 24, 1952.

HON. SENATOR WALTER F. GEORGE,
Finance Committee, United States Senate,
Washington 25, D. C.

DEAR SENATOR GEORGE: We understand that a hearing is to be held on January 29, 1952, to determine whether or not a duty of 3 cents per pound should be imposed upon fresh tuna imported into the United States, but excluding tuna caught by fishing boats flying the American flag.

The International Bank of Washington wishes to go on record as being opposed to the introduction of such a duty for the reasons set forth below:

1. This bank is engaged in surveying, planning, and financing industrial enterprises outside the United States. It is widely recognized that the over-all economy of this country is benefited substantially when private American enterprise invests capital abroad and it is our view that our Government and its executive departments should lend every assistance to further this aim. The International Bank and its predecessor companies have invested substantial sums in investigating and surveying the possibility of establishing fishing canneries on the west coast of South America. Our findings indicate that the operation of such canneries in Latin America will materially aid the economic growth of the countries involved. However, capital from the United States will not flow into such enterprises unless a substantial part of the resultant production can be sold in the United States market, firstly, because an economic operation cannot be established if it is based on local consumption and, secondly, because United States capital insists on receiving its reward in the form of United States dollars. The home market of

most of the west coast countries of Latin America is too small to absorb the production of a cannery of economic and efficient size. Passage of the subject bill to increase the duty on fresh tuna will, in our opinion, negate such efforts as we and others have been making to help the economies of the Latin-American countries through the establishment of new fishing enterprises. It is also our considered view that American capital already invested in fishing enterprises in those areas may suffer unjustly and be punished for their initiative, if such a new duty is enforced.

2. It should also be pointed out that the imposition of a duty such as the one under discussion would have an unfortunate psychological effect on the willingness of American capital to invest abroad. We believe that the imposition of such a duty as the one suggested runs contrary to the Government's policy to encourage overseas investment by American industry and American private capital.

3. From our long experience in Latin-American affairs, we venture to suggest that the imposition of such a duty will have a detrimental effect upon the good will which our country might expect from the Latin-American countries which will be affected by such a duty.

For all of the above reasons, we hope that your committee will take into serious consideration the views herein expressed by one segment of American venture capital. It is our impression that the Congress is most conscientious in trying to protect American capital abroad against measures which may be taken against it by foreign governments. We hope that our Congress will likewise take into consideration the fact that Americans investing abroad may sometimes need protection against measures which may be taken within our own country.

Faithfully yours,

INTERNATIONAL BANK,
T. REED VREELAND, *President.*

NATIONAL FOREIGN TRADE COUNCIL, INC.,
New York 6, N. Y., January 25, 1952.

Re Statement relating to proposed imposition of duty on tuna (H. R. 5693).

Mr. Chairman and gentlemen of the Senate Committee on Finance, the National Foreign Trade Council, Inc., desires to place itself on record as opposing the enactment of H. R. 5693.

The National Foreign Trade Council comprises in its membership manufacturers, merchants, exporters and importers, rail, sea and air transportation interests, bankers, insurance underwriters and others interested in the promotion and expansion of the Nations's foreign commerce. Since its inception in 1914 the council has been a staunch supporter of the concept of a large and expanding volume of world commerce achieved through the reduction or removal of tariff and other trade barriers. In particular, the council and annual National Foreign Trade conventions sponsored by it have in recent years called repeatedly for action by the United States, through the trade agreements program and otherwise, to encourage a large expansion in imports of foreign products into this country. For example, the final declaration of the National Foreign Trade convention held in New York City, October 29, 30, and 31, 1951, and attended by more than 2,000 delegates representing foreign trade interests from every section of the country, stated:

"The convention calls for a greatly increased importation of goods and services into the United States, in the interest of the maintenance and enrichment of our domestic economy and in order to provide the dollar exchange needed abroad for the purchase of American products and for the servicing of American foreign investments.

"The first essential to the maintenance and increase of a continuing flow of imports into the United States is the ability of foreign countries to create exportable surpluses. This will require increased productivity, both in order to supply the goods in adequate quantities, and in order to achieve a lowering of costs to make these products attractive to the American buyer.

"The convention reiterates the viewpoint expressed at previous conventions that imports, both of raw materials and of finished products, for the use and enjoyment of the American consumer, can be greatly increased without detriment to the interests of efficient industrial or agricultural producers in this country, and with a resultant net increase in employment in the fields of both production and distribution."

Calling for the removal of barriers to international trade as a means of securing the desired expansion in world commerce and, in particular, to stimulate the flow

of imports into this country, the final declaration of the 1951 convention stated, in part:

"The benefits of increased productivity throughout the free world will not be realized if artificial trade barriers prevent the goods and services produced from moving to the points where they are needed. The convention urges that our Government continue to exert every effort, through trade agreement negotiations and by other available means, to secure the reciprocal reduction of any tariff rates which may still be excessive, and the elimination of other barriers to a free flow of world commerce. The convention records its opposition to the imposition of any new tariffs, import taxes, or other devices designed to increase the impediments presently existing against the flow of imports into this country.

"The United States, as the champion of freer international trade, has taken the leadership in the struggle against economic nationalism. It should conduct its own international economic relations in a manner consistent with the principles for which it stands."

In the opinion of the National Foreign Trade Council, the proposed measure is highly objectionable not only on grounds of principle but also because it would impose additional barriers to the importation of foreign products into this country and because its enactment would undoubtedly lead to the imposition of harmful retaliatory restrictions against exports of American goods.

In addition to its objection to the proposed measure on the above-stated grounds, the council also strongly opposes the manner in which it is sought to put the proposed restrictive legislation into effect. The proposed measure provides first for the imposition of a duty on tuna imports and then for a study of the domestic tuna industry and of causes responsible for its present economic difficulties. The normal procedure in such cases is for a study to be made of the industry seeking tariff or other governmental protection prior to the determination and application of measures to remedy such difficulties.

In line with past practice in such cases, the council respectfully urges that the Senate Committee on Finance make no recommendation regarding Government aid to the domestic tuna industry until after a thoroughgoing study of the industry has been made by the Tariff Commission or other appropriate agency.

Respectfully submitted.

ROBERT F. LOREE,
Chairman, National Foreign Trade Council, Inc.

ENGLISH SPEAKING LODGE,
CROATIAN FRATERNAL UNION NO. 807,
Milwaukee, Wis., January 29, 1952.

HON. WALTER F. GEORGE,
*Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.*

DEAR SENATOR GEORGE: We have been advised by our people in San Pedro, Calif., of the problems they must face because of the unrestricted importation of frozen tuna from foreign countries, particularly Japan and Peru. Tuna imports without the payment of any duty whatsoever, have robbed the American Tuna fishermen of about one-third of their market, and more serious harm threatens.

The American fisherman cannot maintain his American standard of living and compete with cheap foreign labor. Many of our good people are dependent on this industry for their livelihood. They are good Americans, and we join them in asking your favorable consideration of H. R. 5693—the tuna bill.

Your earnest consideration will be appreciated by the Wisconsin Council of CFU Lodges, representing eight different chapters of the Croatian Fraternal Union in Milwaukee, Racine, Kenosha, Sheboygan, and West Allis, Wis.

Cordially yours,

GEORGE VUKELIC, *President.*

P. S.: This bill will come before the Senate Finance Committee on February 4

THE JAPAN CHAMBER OF COMMERCE AND INDUSTRY,
Tokyo, Japan, December 20, 1951.

HON. WALTER F. GEORGE,
*Chairman, Senate Finance Committee,
United States Senate, Washington, D. C., U. S. A.*

DEAR HON. GEORGE: We are herewith sending you our statement on the tuna tariff bill before the United States Senate Finance Committee, in regard to which your careful attention and assistance will be very much appreciated.

Yours sincerely,

AIICHIRO FUJIYAMA,
President, Japan Chamber of Commerce and Industry.

STATEMENT ON TUNA TARIFF BILL

The peace treaty of "conciliation and trust" signed in San Francisco, and the tripartite North Pacific Fisheries Convention just concluded in Tokyo, attest the striking improvement in relations between the United States and Japan. Notwithstanding such happy trend, a profound sense of concern has been created among us by the tuna tariff question. It is reported that public hearings will be held on the tuna tariff bill by the Senate Finance Committee, at the beginning of the new year. The measure, we fear, will not only seriously affect the Japanese economy, but the mental effect upon our people will be most important. Believing however that the problem can and should be solved by amicable negotiations, we wish to express our views on the matter as follows, in regard to which your careful consideration will be very much appreciated.

1. Japan, with the friendly aid of the United States, is on the way to build up her economy, but complete rehabilitation is still far distant. With more than half of the population of the United States on an area smaller than that of the State of California, the only way for Japan to live is to achieve an export trade sufficient to cover the import of essential foods and raw materials. The increase of the export trade is the fundamental factor for a self-sustaining economy of Japan. However, this will be an extremely difficult task, in view of the numerous almost insurmountable obstacles now existing, not the least of which is the loss of trade with neighboring countries.

2. Japan must fully utilize all available fishery resources to make up for her own poor natural resources, but the Okhotsk fisheries, which nurtured one of the big export industries before the war, were entirely lost, and of tuna fisheries, our export of canned products has been checked by the sudden increase of duty (from 22½ to 45 percent) in the United States. If, again, the proposed duty of 3 cents per pound, which is about 20 percent of current prices of fresh and frozen tuna, now on the free list, becomes effective, a fatal blow will be dealt to the aquatic products industry which in turn will greatly weaken Japan's economic strength.

3. We hear that the present unbalance of the demand and supply of tuna in the United States is of only a temporary nature, and is not due to the increase of import alone. At any rate, there has been no dumping on the Japanese side. The Japanese industrialists and traders concerned, in view of actual trend of the American market, have organized a council for adjusting the export, and are ready to negotiate with American interests at any time. Such being the circumstances, we believe that the best way to solve the problem and maintain amicable relations is to have a conference between the businessmen of the two countries.

4. Since the Reciprocal Trade Agreements Act of 1934, the United States has adopted the policy of lowering tariff duties by mutual agreement or by negotiation of GATT, and has thus greatly contributed to the promotion of trade within the free world. Great expectations are put on this policy for mutual world prosperity, and Japan is not, of course, an exception. We, therefore, earnestly desire that the United States will not change its established principles, and wisely choose a way of meeting the problem by amicable discussion between the businessmen concerned on both sides.

5. For the above reasons, we, the Japan Chamber of Commerce and Industry, a national association of local chambers, appeal to the fair and impartial sense of all interested parties in the United States, so that a friendly solution of the problem may be reached not by tariff legislation, but by a mutual understanding of the interests involved.

AIICHIRO FUJIYAMA,
President, Japan Chamber of Commerce and Industry.

The CHAIRMAN. We have with us Senators Knowland and Nixon. Senator Knowland.

STATEMENT OF HON. WILLIAM F. KNOWLAND, A UNITED STATES SENATOR FROM THE STATE OF CALIFORNIA

Senator KNOWLAND. Mr. Chairman and members of the Finance Committee, I wish to express my appreciation on behalf of my colleague, Senator Nixon, and myself, for this opportunity to appear before this committee. We both have other important committee meetings this morning. This statement which I will present this morning can be considered a joint statement, on which both Senator Nixon and I have worked for presentation to the committee.

The tuna industry is one of the largest and most valuable fisheries in the United States. In 1950 over 9 million cases of tuna were produced which had a wholesale value of \$113 million.

Senator KERR. May I interrupt, Senator?

Senator KNOWLAND. Yes.

Senator KERR. You are talking about the domestic industry?

Senator KNOWLAND. Yes. The tuna clipper fleet, which is based principally in the San Diego area, produced about 70 percent of all tuna caught by United States fishermen. The tuna fleet consists of over 200 vessels, and has a replacement value of about \$60 million.

In addition to the tuna fleet, the purse-seine fleet, which is based at San Pedro, produced about 17 percent of the United States tuna catch; and the albacore fleet, which is based in practically every west-coast port, catches about 13 percent.

In addition to the boats required to fish for tuna, it should be borne in mind that about 90 percent of the tuna canned in the United States is packed in southern California. The pack is almost evenly divided between San Diego and San Pedro.

At this point in my remarks I desire to read a telegram dated January 24, 1952, from Gov. Earl Warren:

I am advised that the Camp bill, H. R. 5693, has passed the House and is now before the Senate. The bill is designed to give a measure of protection to the tuna industry of California which is in a sorry plight at the present time. I know of your interest in this important industry and am sure that you have the provisions of the bill in mind as well as I do. My main purpose in communicating with you on the subject is to urge as prompt action as possible in the Senate to prevent another disastrous year for our tuna industry such as it had in 1951.

Sincerely,

EARL WARREN, *Governor.*

Senator CONNALLY. May I interrupt you?

Senator KNOWLAND. Yes.

Senator CONNALLY. You say the tuna industry of California. Is there no other tuna fish industry in the United States other than just California?

Senator KNOWLAND. Yes; there is some other tuna industry, but the percentage that I mentioned, over 70 percent, is in California.

Senator CONNALLY. All right.

Senator KNOWLAND. I also have a telegram, which I will not read, but ask to have included at this point in my remarks, from Mr. Harry Lundeberg, president, Seafarers International Union of North America, urging the adoption of the legislation.

I also have a letter from Jeff Kibre, secretary of the northern California ILWU district council, CIO, urging the adoption of the legislation.

Senator MILLIKIN. Was the first one, the one from Lundeberg, an A. F. of L. organization?

Senator KNOWLAND. Yes, the Seafarers International Union of North America, A. F. of L.

(The telegram and letter referred to are as follows:)

SAN FRANCISCO, CALIF., *January 17, 1952.*

HON. WILLIAM F. KNOWLAND,
Senate Office Building, Washington, D. C.

Ever-increasing tuna imports is creating widespread unemployment among our tuna fishermen and allied workers. Over two-thirds of the tuna fishing fleet is now laid up in California and other Pacific coast ports.

H. R. 5693, a bill that passed the House of Representatives with but one dissenting vote at the last session of Congress, is expected to come up for hearing before the Senate Finance Committee the week of January 21.

H. R. 5693, if passed by the Senate, would establish a temporary tariff on fresh and frozen tuna to permit fair competition from foreign imports, by compensating for lower production costs abroad caused by inferior labor standards.

We urge you to do all in your power to pass this bill.

Thanking you for your cooperation,
Sincerely,

HARRY LUNDEBERG,
President, Seafarers International Union of North America.

INTERNATIONAL LONGSHOREMEN'S AND WAREHOUSEMEN'S UNION,
San Francisco 2, Calif., February 1, 1952.

HON. WILLIAM F. KNOWLAND AND HON. RICHARD NIXON,
Senate Office Building, Washington, D. C.

DEAR SIR: On behalf of the Northern California ILWU District Council, and the many thousands of persons employed in the tuna industry, I urge that you give all possible assistance to the matters set forth in the enclosed copy of letter to the chairman of the Senate Finance Committee.

Very truly yours,

JEFF KIBRE,
Secretary, Northern California ILWU District Council.

INTERNATIONAL LONGSHOREMEN'S AND WAREHOUSEMEN'S UNION,
San Francisco 2, Calif., February 1, 1952.

MR. WALTER F. GEORGE,
*Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.*

DEAR SIR: At its meeting of January 31, 1952, the Northern California ILWU District Council, representing 25,000 members requested that the undersigned urge immediate action by Congress to protect the jobs and livelihood of west coast fishermen who are engaged in harvesting tuna.

To accomplish this objective we urge immediate favorable action by the Senate Finance Committee on H. R. 5693. We also urge action to equalize the current tariff rates on imports of tuna packed in brine with the 45 percent ad valorem tariff now imposed on tuna canned in oil.

During the past year a heavy volume of imports of frozen Japanese tuna and Japanese tuna packed in brine has not only brought the west coast tuna industry to a virtual standstill but also to the verge of bankruptcy. Many thousands of fishermen and cannery workers have been deprived of their regular livelihood.

Japanese tuna can be dumped into this country because Japanese fishermen are compelled to work at a wage amounting to a few cents per day. Until the Japanese producers and workers can obtain decent wages and conditions their catches and products can and will be used to destroy the tuna industry and the livelihood of thousands of persons in this country. Once the destruction of our industry is accomplished a monopoly could easily be established which would result in high prices for the consumer.

The International Longshoremen's and Warehousemen's Union is firmly committed to a policy of protecting both the consumer and the conditions of the workers engaged in the tuna industry. Present consumer price levels on domestic canned tuna established this food as a best buy in the protein field. We, therefore, believe that the provisions of H. R. 5693, together with an increase in the rate on brine-packed tuna, could be put into effect within the framework of our policy.

We urge that you give this matter your earliest and most careful consideration.
Very truly yours

JEFF KIBRE,
Secretary, Northern California ILWU District Council.

Senator KNOWLAND. In addition, there are men here who own and operate the boats in the tuna fleet who can tell you first-hand of the economic dislocation which has taken place. There will be fishermen who have been thrown out of work to tell you of the impact upon themselves, their families, and their friends.

In addition, the unions to which these men belong have already made known their vital interest in this emergency legislation.

During the war years the use of tuna in the United States was greatly restricted because many of the tuna boats were taken over by the Federal Government for war purposes, and imports into the United States were negligible. With the cessation of hostilities in 1945, both the domestic production of tuna and the imports commenced to rise. In 1946 tuna imports amounted to about 4 million pounds, and have steadily risen, until in 1950 they amounted to over 56 million pounds, and it appears that the 1951 import figure will be even more because for the first 6 months over 31 million pounds had been imported. During this same period of time the United States fishing industry was increasing their production because the Government was returning boats to the fishermen as well as some new boats being built.

As a result of the rapid increase in the delivery of fish, both domestic and import, the price received by the fisherman has reached a point where it is no longer profitable to send his boats to sea. The fishing industry, like every other industry in the United States, faces increased costs, yet at the same time finds that the sale price of its commodity is declining. One important factor is increased imports which can be sold at a price they cannot meet and stay in business.

Since 1947 the wholesale price of all food commodities has gone up over 19 percent. In the same period of time the wholesale price index of canned tuna has gone down about 16 percent. As a result of the decrease in the price of tuna to the fishermen, the tuna clipper fleet has only been operating at between 15 and 25 percent of its capacity since July 1951. This has resulted in widespread unemployment, both among the fishermen and the canneries in southern California, and it is estimated that between 20,000 and 30,000 are unemployed at this time.

From the facts so far developed, it appears that the health of the American tuna industry has been impaired. We believe that one of the major reasons is because of imports of tuna from low-cost producing foreign countries. Prior to World War II, foreign tuna imports comprised about 6 percent of the United States canned tuna sales. By 1948 they were 7 percent of the United States sales, and in 1949 they comprised about 13 percent. In 1950 the imports jumped to about 30 percent of the canned tuna sales, and it looks as though in 1951 it would make up about 34 percent of the sales.

The situation has gotten so bad that it is feared unless remedial steps are taken the tuna fishing industry will be impaired financially to such an extent that it will be difficult for the industry to recover. If the boat owners are forced into bankruptcy, or are faced to change the register of their boats to some country, like Panama, it would be difficult, if not impossible, to reestablish the industry in this country. That, of course, would mean that jobs in the industry would be lost on a permanent basis.

The tuna industry believes that the adoption of H. R. 5693 would give them sufficient emergency assistance so that a solution can be found to their problem. The Tariff Commission has just concluded a hearing on tuna in brine. This hearing was to determine whether the tariff on this commodity should be maintained at its present level or increased for the protection of the industry. If, as a result of these hearings, the tariff is increased it still leaves the problem of fresh and frozen tuna which H. R. 5693 would correct.

This bill provides for a tariff of 3 cents a pound on fresh or frozen tuna and would remain in effect until April 1, 1953. The legislation directs the United States Tariff Commission to conduct an investigation of the competitive position of the domestic tuna industry, including the effects of import of fresh or frozen tuna and to report the results of its investigations to Congress on or before January 1, 1953. During the period of January 1 to April 1, 1953, Congress would be in a position to determine what permanent solution to the problem, if any, should be taken care of by legislative means.

In addition, section 3 of the bill directs the Secretary of the Interior to make a comprehensive study of a long-range position of the domestic tuna industry and recommend such measures as may assist the industry to achieve and maintain a sound position in the domestic economy.

Mr. Chairman, I wish to emphasize that the bill presently under discussion is an emergency bill which will afford temporary relief until April 1, 1953. The State Department, when they appeared before the House of Representatives, stated:

On balance, however, having in mind the unique nature of the situation, the compelling prima facie case of injury shown in this case, the temporary character of the duty, and the basic studies which are to be undertaken, the Department believes that the proposals contained in H. R. 5693 are not unreasonable. Accordingly, the Department expresses no objection to the bill.

Now, Mr. Chairman, I must say that this morning, when I heard the letter read by the chairman from the State Department, I was somewhat shocked, because it appears to be a rather drastic change from the position which the Department took before the House of Representatives. I fully recognize the fact that Government departments, like any other individuals, have a right to change their minds, but nevertheless, it seems to me that the vacillation on this problem, affecting vitally one of the great industries in my State and one presumably that the Department carefully considered before writing this letter to the House committee, is a rather sudden change, in any event, and one that makes it a little difficult for American citizens, and even Members of Congress, to follow the State Department's economic policies abroad, just as it has been difficult to follow some of their other foreign policies abroad. I hope, upon further con-

sideration, the Department will consistently uphold the position which it took when it wrote to the House of Representatives.

The CHAIRMAN. The State Department expressly says that this is not final but it is just a tentative suggestion.

Senator KNOWLAND. I hope they will give careful consideration to these hearings and the testimony presented by the people that are vitally affected and will testify here.

Now, Mr. Chairman, both my colleague, Senator Nixon, who is here today but, as I pointed out earlier, in the interest of conserving the time of the committee, has agreed that I present this joint statement, and I urge your committee, after you have had a chance to study the evidence and facts presented to you, to report H. R. 5693 favorably to the Senate for its consideration.

Senator CONNALLY. Does Hawaii produce this tuna?

Senator KNOWLAND. I don't know what the facts are in regard to Hawaiian production of tuna, but I assume the later witnesses could give you that information.

Senator CONNALLY. I just thought in the event we passed the Hawaii statehood bill the tariff would not do any good as against Hawaii.

Senator KNOWLAND. I don't think they produce any substantial amount, but I would rather have the answer on that come from those who can give the statistical information.

Senator MILLIKIN. Hawaii produces some, but it is such a small amount that it does not cut any figure.

Senator MARTIN. Senator, when were those boats first built?

Senator KNOWLAND. Some are older boats.

Senator MARTIN. How long has this been in operation? Of course, some have been replaced, but I want to get the time it started.

Senator KNOWLAND. Again, those who are in the tuna industry can best answer that. The tuna industry has been going on for some substantial period of time, long before the war. The Government took over many of these boats during the wartime period. They gradually came into the production when they returned to fishing for tuna. In addition to that, the tuna fleet has been built right along, because, as they found it necessary to go out a greater distance, clear down the coast of South America, it became necessary to get larger boats with greater facilities. As a matter of fact, some of the more modern tuna boats have radar, sonar, and even helicopters to try and locate the tuna schools.

Senator MARTIN. The operation of these ships or boats, I assume, requires a particular technical knowledge.

Senator KNOWLAND. I think, like in all fishing, it requires the knowledge of the fishery grounds and knowledge of fishing and habits of fish.

Senator MARTIN. These men that are out of employment, it would be difficult for them to go into employment of a different character?

Senator KNOWLAND. Well, it is their livelihood. Of course, I would not say these people could not eventually find employment in other lines of industry, but these men are men who have devoted a good deal of their lives to fishing; they are part of the sea. Just like a sailor on a ship, he can, of course, work in a factory, but their lifetime has been pretty largely devoted to this work, just as a farmer or any other person likes to stay with the work he is brought up in.

Senator CONNALLY. Do any of the South American countries produce tuna?

Senator KNOWLAND. Yes.

Senator CONNALLY. Ecuador?

Senator KNOWLAND. Yes, Ecuador. I think we have a list of the countries in the House report.

Senator CONNALLY. They are protesting against this bill?

Senator KNOWLAND. Yes. I think the testimony before the House committee indicated that about six countries had indicated their objection to legislation of this kind. Ecuador happens to be one of them. I think Peru is another, and several Central and South American countries. The Senator is correct on that.

Senator MILLIKIN. I am now advised that Hawaii ships in quite a little amount of tuna and the Hawaiian fishermen take the same position as the fishermen you represent.

Senator KNOWLAND. Yes.

The CHAIRMAN. Senator Nixon, do you have anything to add?

STATEMENT OF HON. RICHARD M. NIXON, UNITED STATES SENATOR FROM THE STATE OF CALIFORNIA

Senator NIXON. As Senator Knowland has already indicated, I join in the statement he made and in the interest of time I will not repeat anything he said. There are two points I would like to make

I note the State Department, in this letter of February 4, 1952, which was referred to by the chairman today, indicated it would have a specific proposal along apparently different lines than it took in the House committee before the completion of the hearings. I know Senator Knowland and myself, and I presume the representatives of the industry, would like an opportunity, if such a statement is filed, for time to study it and present arguments on the other side, in the event we cannot, in good conscience, support the State Department proposal. Of course, we trust the State Department will reach a conclusion which will change its position as stated in that letter.

The other point I would like to make is this: I notice, from the question asked by Senator Martin in regard to the character of the industry, that the point he was obviously driving at was the hardship which would be worked on the people in the industry. I think it is important for us to bear in mind—and I know the industry subsequently will bring this point out also—that this is an industry which does not consist simply of one or two or three very large operators. In an instance where you might have large operators with considerable capital, they would be able to take care of themselves for 1, 2, or possibly 3 years, until the situation eventually worked out, possibly by increasing markets. However, in this instance, we have an industry which is highly competitive, made up of a great number of small operators with limited capital. That means that 1 year of hardship would virtually destroy the operators involved, and that is why there is a necessity for this measure. It is temporary, and that is the point Senator Knowland emphasized, in that it would give them relief only for a period of 1 year. We think that is essential, because otherwise we are going to find a number of small operators who simply will not be able to exist through another year of hardship such as they have experienced during the past year.

The CHAIRMAN. Are there any questions?

Senator CONNALLY. I would like to ask one question. How long has this critical situation existed? How long has the tuna industry been in the dire straits that you say it is in now?

Senator NIXON. The most critical situation has obtained only during the year which we immediately passed through, 1951. As was noted from Senator Knowland's statement, it was during that year that the imports of foreign tuna reached the percentage of approximately 30 percent, as compared with the percentages of 6, 7, and 8 percent in the years before that period. For that reason, as I say, having experienced already one very difficult year, another year on top of that would have a very drastic effect, certainly upon the small operator with a limited amount of capital.

The CHAIRMAN. Has the industry shown any improvement?

Senator NIXON. How is that?

The CHAIRMAN. Has the industry shown any improvement in recent weeks?

Senator NIXON. As far as we have been able to determine, it has shown no improvement. The industry is attempting, let me say, to find a way out of this predicament by developing more markets, by increasing the available markets, so that the imports will not have the impact that they had during the past year. But the industry recognizes that it will take a period of time to carry out such a long-range program. That is why they ask for a year in which to work out the problem themselves. But certainly at the present time the condition of the industry is desperate, and no marked improvement has resulted as yet through the efforts to expand the market.

Senator CONNALLY. Have you any statistics to show the percentage of imports from Hawaii as compared to the other countries?

Senator NIXON. No; I have no statistics, Senator, on that point, but the industry spokesmen, I presume, will furnish the statistics.

The CHAIRMAN. I placed in the record, Senator Connally, a statement from the Tariff Commission which covers the statistical data. It is too lengthy to read.

Thank you very much, Senator.

Senator MILLIKIN. Mr. Chairman, may I make one observation?

The CHAIRMAN. Yes.

Senator MILLIKIN. I have seen some statistics to the effect that the market in tuna has been increasing rapidly, and is expected to increase more rapidly, but that is coupled with the thought that despite the increase in the tuna market, the imports have been of such quantity the price relief has not been forthcoming.

Senator NIXON. I think, as far as the long-range position of the industry is concerned, that fact does indicate what the industry contends, that if they are given some brief spell they may be able to work out this problem without having a permanent tariff-wall protection. But despite the increasing market at the present time they are confronted with these difficulties, and that is why they specifically are supporting a measure that is temporary only in character.

Senator KNOWLAND. I think the Senator is correct.

Senator MILLIKIN. That is an ascertainable certain fact. If our domestic people are losing what might be termed the normal percentage of the market, if it can be established that they are losing that

percentage, in the face of a rising market, it enhances the distress of the domestic tuna industry.

Senator KNOWLAND. I think the Senator is correct, based on the figures. While the consumption in the United States has been increasing, the imports have been increasing at a faster rate, so that the industry is still suffering distress despite the expanding domestic market, because of the large percentage that is being taken by the imports.

The CHAIRMAN. The imports are largely in the fresh and frozen tuna.

Senator KNOWLAND. Yes.

The CHAIRMAN. Or tuna in brine.

Senator KNOWLAND. Yes.

The CHAIRMAN. The tariff is up to 45 percent on canned tuna in oil.

Senator KNOWLAND. Yes.

The CHAIRMAN. So, the pressure is from the fresh and frozen and in brine.

Senator KNOWLAND. That is correct.

The CHAIRMAN. The Tariff Commission held a hearing this last week—I presume it is concluding its hearings today—on the question of increasing the tariff on the tuna in brine. Is that correct?

Senator KNOWLAND. That is as I understand it. But we will still have the problem of the fresh and frozen tuna, which is taken care of by this legislation.

The CHAIRMAN. This bill deals with the fresh and frozen tuna.

Senator KNOWLAND. That is correct.

Senator CONNALLY. May I ask Senator Nixon one other question?

The CHAIRMAN. Yes.

Senator CONNALLY. Do most of these fishermen in California reside in San Diego? Is that their headquarters?

Senator NIXON. I believe that probably the majority of them reside in San Diego, but a great number also reside in the San Pedro and Wilmington areas near Los Angeles.

Senator CONNALLY. Are they all Americans, or are a lot of them of foreign extraction—Hawaiians and Japanese?

Senator NIXON. The great majority of them are American citizens.

Senator CONNALLY. Are most of them Japanese?

Senator KNOWLAND. No. To answer your question, I would think the overwhelming percentage of them are American citizens. Many of them are of Portuguese or Italian ancestry, who have made excellent citizens, but they have people who have devoted their lives to fishing and to the sea.

Senator CONNALLY. All right.

The CHAIRMAN. Thank you very much, Senator Knowland and Senator Nixon.

Senator MILLIKIN. Mr. Chairman, in connection with the decrease in prices in the face of an increase in the market, I would like to call your attention to appendix 2, which I understand comes along with the Tariff Commission report, page 8, which shows the decline in wholesale price of tuna in oil, light meat, solid pack, 7-ounce cans, 48 to case, broker to wholesaler, per case, f. o. b. Los Angeles, during the period 1948 to 1951. Just taking one specific month at random, in September 1948, the price was \$16.75; in 1949, the same month, it

was \$15.25; in 1950, the same month, it was \$14.81; and in 1951, the same month, it was \$12.75. That is a drop of \$4 per case, in the face of a rising market.

The CHAIRMAN. Thank you very much, Senators.

Mr. Ballif is the first witness scheduled from the Tariff Commission.

**STATEMENT OF LOUIS S. BALLIF, CHIEF, TECHNICAL SERVICE,
UNITED STATES TARIFF COMMISSION; ACCOMPANIED BY
LESLIE LOVASS, ECONOMIST, UNITED STATES TARIFF COM-
MISSION**

The CHAIRMAN. All right, Mr. Ballif, you may identify yourself for the record.

Mr. BALLIF. My name is Louis S. Ballif, Chief, Technical Service, United States Tariff Commission. I have with me here Mr. Leslie Lovass, an economist on the staff of the Tariff Commission.

The CHAIRMAN. Mr. Lovass, you may be asked questions also during the morning.

Mr. LOVASS. Yes, sir.

Mr. BALLIF. We are here at the request of the Senate Finance Committee and hope that we will be able to give you factual information that will assist you in your consideration of H. R. 5693. But, first, let me say that the question of whether or not the domestic tuna fishery should be given tariff protection, as provided in the pending bill, involves broad, national policy, which, of course, only the Congress can decide. We, therefore, cannot take a position on that question. We will, however, give you all available information on the problem you have before you. We will also give you our best judgment and opinion on any questions you care to ask, but in doing so we will be giving you our own views and not necessarily the views of the Tariff Commission.

H. R. 5693 would impose a duty of 3 cents a pound on fresh or frozen tuna for the period beginning on the thirtieth day after the date of enactment of the act to April 1, 1953.

Senator KERR. Would you tell me the approximate amount of the tariff on canned tuna?

Mr. BALLIF. On canned tuna in oil, Senator, it is 45 percent.

Senator KERR. I know the percentage, I have heard it.

Mr. BALLIF. The equivalent, in terms of a specific duty, I will discuss later in my statement.

Senator KERR. All right.

Mr. BALLIF. In our opinion, the bill is correctly worded to accomplish this purpose. The bill also directs the Tariff Commission to make an investigation of the domestic tuna industry and report to the Congress on or before January 1, 1953, on the effect upon the competitive position of the domestic tuna industry of the rate of duty imposed by the act, so as to assist the Congress in determining what change, if any, shall be made in such rate of duty. The bill also directs the Secretary of Interior to make a study of the long-range position of the domestic tuna industry and report to the Congress on or before January 1, 1953.

The imposition of a duty on a raw material such as fresh or frozen tuna affects the tariff protection afforded by existing rates of duty on more advanced products made from such or similar raw materials.

In the case of fresh or frozen tuna, which is now free of duty, the imposition of a duty will have repercussions on the tariff protection now afforded the domestic tuna industry by the present duties on tuna canned in oil, on tuna canned in brine, and on bonito and yellowtail canned in oil or in brine. Tuna canned in oil is the tuna product with which we are most familiar and consists of tuna meat, either solid pack, in chunks, or grated, and packed in vegetable oil. Tuna canned in brine is tuna meat packed in salt water. The term "tuna" covers five principal species of fish; namely, albacore, yellowfin, bluefin, skipjack, and oriental tuna. Bonito and yellowtail, hereafter referred to simply as bonito, are tuna-like fish and when canned, either in oil or in brine, resemble tuna but cannot, under the Food, Drug, and Cosmetic Act of 1938, be labeled "tuna."

I will discuss later the probable effect that the imposition of a duty on fresh or frozen tuna might have on the protection afforded the domestic tuna industry by the duties on these canned products.

Senator MILLIKIN. Do all of these products from the species of fish you have described come in duty-free at the present time?

Mr. BALLIF. No, sir; the bonito and yellowtail, fresh or frozen, are dutiable at 1 cent a pound.

Senator MILLIKIN. What is the history of that 1 cent a pound? Was that by trade agreement or Tariff Act?

Mr. BALLIF. I think it was provided by the Tariff Act and is bound in the trade agreement.

Senator MILLIKIN. With Mexico?

Mr. BALLIF. It is in the Cuban trade agreement.

The CHAIRMAN. All right, Mr. Ballif.

Mr. BALLIF. But at this time I should like to give the committee a brief picture of the imports and domestic production of tuna and bonito. For this purpose we have prepared two charts, the first of which shows United States imports of fresh or frozen tuna, of tuna canned in oil, of tuna canned in brine, and of bonito canned in oil. The second chart shows United States production of fresh or frozen tuna and of tuna canned in oil.

I don't know whether these charts are too far away from the committee, but probably we could move them up here so you will see them better.

The CHAIRMAN. Yes.

Mr. BALLIF. This chart on this side shows the United States imports of tuna and tuna-like fish. This other one shows the United States production of fresh or frozen tuna and of tuna canned in oil.

Senator CONNALLY. May I interrupt with one brief question?

The CHAIRMAN. Yes.

Senator CONNALLY. What is the fish that has the 1 cent?

Mr. BALLIF. That is fresh or frozen bonito or yellowtail. It is not tuna but a tuna-like fish.

Senator CONNALLY. That bears the tariff of 1 cent a pound?

Mr. BALLIF. Yes, sir.

Senator CONNALLY. Not tuna but like tuna.

Mr. BALLIF. Like tuna, or tuna-like fish. They can't label it "tuna" when they can it; it has to be labeled "bonito."

Senator CONNALLY. All right.

Mr. BALLIF. From this chart here you will note that from a peak before the war, a peak in 1939 of about 15 million pounds, the impor-

tation of the fresh or frozen, which is the solid line, declined very substantially during the war, almost disappeared entirely, and then began to increase in about 1946, increased slightly in 1947 and 1948, and then began to increase very substantially.

The imports of the tuna canned in oil, which is this dotted line here, the imports of that product followed much the same course as the imports of the fresh or frozen. You notice they increased only slightly following the low point during the war until 1949, and then increased very substantially in 1950, and then declined very substantially in 1951.

Senator KERR. Which one is that?

Mr. BALLIF. That is the tuna canned in oil.

Senator KERR. With reference to which there is a tariff of 45 percent?

Mr. BALLIF. There is a tariff of 45 percent; yes, sir.

Senator MILLIKIN. With respect to the tuna canned in oil, what percent of the import represents purely foreign production and what percent represent production abroad by American-owned companies?

Mr. BALLIF. That is the fresh or frozen, Senator. That is this line here [indicating]. Included in these statistics, particularly in the more recent years, are relatively small quantities of fish caught by United States vessels.

Senator MILLIKIN. Let me get it straight. I am talking only about the tuna canned in oil.

Mr. BALLIF. That question, Senator, applies to fresh or frozen only.

Senator MILLIKIN. All right.

Mr. BALLIF. Included in these import statistics are certain quantities of fresh or frozen tuna that are caught by United States-flag vessels and brought into this country, and those imports would be free of duty if you impose the 3-cent rate. However, we estimate as much as possibly 20 percent in one year and 15 percent in the other would be represented by these imports of what we call products of American fisheries.

Senator KERR. I would like to ask you how an American gets himself out of the category of a domestic producer and into the category of a foreign importer. Is that because his ships are based some place else than an American port?

Mr. BALLIF. It is primarily, Senator, a matter of registry. If they are of foreign registry the fish they bring in is foreign fish.

Senator KERR. You are talking about the ships?

Mr. BALLIF. I am talking about the ships, yes, sir.

Senator KERR. Now the Americans operating so-called foreign registry ships, are they registered in Mexico or Panama or South America, or where?

Mr. BALLIF. Yes; they may be registered anywhere. I think a number of them are registered in Panama, some in Ecuador.

Senator KERR. Some in Mexico?

Mr. BALLIF. I don't know that there are many registered in Mexico. I think there was some operation down there some years ago, but I think it has been discontinued.

Senator KERR. Might it be that these ships are based at the same American harbors at which domestic fisheries have ships located?

Mr. BALLIF. No, sir. If the ships are of foreign registry they cannot land fish in the United States ports, the fish would have to be

landed abroad. They are usually landed abroad, frozen there and then shipped in in regular commercial steamers. A fishing boat of foreign registry cannot land its catch in the United States port.

Senator KERR. Thank you.

Senator MILLIKIN. Why not?

Mr. BALLIF. Well, I think it is in the law.

Senator MILLIKIN. I see. Then to get these fish into this country, that are caught by foreign ships or foreign registered ships, you go through what process?

Mr. BALLIF. Well, if they are caught by ships other than ships of United States registry, they land them at some foreign port and then tranship them here in regular commercial shipping vessels. That is the procedure.

Senator KERR. After they have been processed, I take it.

Mr. BALLIF. Yes. They are usually landed there and frozen. They will have a station in a foreign country where they will accumulate a substantial quantity that will justify transporting them in much larger vessels than fishing boats.

Senator KERR. If an American-built boat registered in Panama wanted to import these products and if it were so equipped that it could put them in brine or freeze them, could it not land them in this country?

Mr. BALLIF. No, sir. It is my understanding that boats of foreign registry, fishing boats, cannot land fish in American ports.

Before I leave this one question that you raised, Senator Millikin, I would like to point out that some of the imports which are reported as imports from foreign countries but actually are products of American fisheries, are caught by American boats that go out to the fishing grounds, boats of American registry with an American captain—I think they have to have at least an American captain on the boat—and they go out with skeleton crews and employ foreign fishermen to fish out there and then bring the fish into the United States as products of American fisheries.

Senator KERR. What kind of figure does that line represent?

Mr. BALLIF. This is 75 million pounds, an increase from about 21 million pounds in 1949 to about 75 million pounds in 1951.

The CHAIRMAN. That is fresh or frozen?

Mr. BALLIF. That is imports of fresh or frozen; yes, sir.

Senator KERR. What is the domestic production curve and figures at the same time?

Mr. BALLIF. That is in this chart here [indicating]. I would like to point out that the two charts are not drawn to the same scale, so the imports appear to be almost as large as the production. That is not actually true. The production of fresh or frozen reached the peak of 400 million pounds in 1950.

Senator KERR. As compared to what in 1948, say?

Mr. BALLIF. As compared with imports in 1950 of 57 million pounds.

Senator KERR. And the domestic production was how much?

Mr. BALLIF. In that year the domestic production was 400 million pounds. Then the domestic production dropped down to a little more than 300 million pounds.

Senator KERR. In 1951?

Mr. BALLIF. In 1951, and imports of fresh and frozen went to 75 million pounds.

Senator KERR. Both these statements are with reference to fresh or frozen?

Mr. BALLIF. Yes, sir.

Senator KERR. At the same time what were the complementary figures of the production and importation of the others?

Mr. BALLIF. Well, imports of tuna canned in oil, represented by this dotted line here [indicating], increased from about 5 million pounds in 1949 to something less than 37 million pounds in 1950, and then dropped down to less than 5 million pounds in 1951.

Senator KERR. That is the imports?

Mr. BALLIF. That is the imports. The explanation is, up to this point right here [indicating 1950] the tuna canned in oil was dutiable at 22.5 percent, and at this point (1951) it was increased to 45 percent and imports dropped way off.

Senator KERR. That is what it took to keep them out?

Mr. BALLIF. Apparently. There are, however, other factors in the situation.

Senator KERR. What was the domestic production in 1948, 1949, 1950, and 1951?

Mr. BALLIF. The domestic production of the tuna canned in oil in 1948 was about 132 million pounds, only slightly larger in 1949, and it increased to 173 million pounds in 1950, and then dropped off to 155 million pounds in 1951.

Senator KERR. If you give me one other figure I believe I will be through. Based on what you told us, is it correct that the total consumption today of both imports and domestic production of both fresh, frozen, and canned is less for 1951 by a considerable amount than it was in 1950, or did the imports of fresh and frozen increase enough in 1951 to offset the reduction in the domestic production and the reduction in the imports of the canned in oil?

Mr. BALLIF. Well, I believe that they did, although you cannot rely too much on these figures, because you have to consider inventories. I understand the inventories of the tuna canned in oil were pretty high and they have been working those off. It would not be reflected in these statistics of domestic production and imports.

Senator MILLIKIN. May I ask a question, Senator Kerr?

Senator KERR. Yes.

Senator MILLIKIN. Regardless of the source of the raw production, regardless of the source of the canned product, what are our domestic consumption statistics in 1948, 1949, 1950, and 1951?

Senator KERR. You are talking about the total domestic and importation?

Senator MILLIKIN. I want to know how much the consumer eats, and of what variety.

Senator KERR. That is the figure I was looking for, the total consumption.

Mr. BALLIF. That would be just the canned product, because we consume very little as fresh and frozen tuna.

Senator KERR. You mean when they import them some domestic operator takes them and cans them?

Mr. BALLIF. Yes, virtually all of it is canned in this country, so the consumption of the tuna in this country would be in terms of the canned. It would be the domestic production plus the imports of the canned. I have not yet discussed the imports of bonito canned

in oil and imports of the tuna canned in brine. (This is the situation on the bonito: Before 1949 the imports of bonito canned in oil were very small, or negligible. They may have amounted to something during the war, but they were relatively small. Then they increased to about 8 million pounds in 1949 and were about the same in 1950, and then increased to about 11 million pounds in 1951.

Now here is the tuna canned in brine [indicating].

Senator KERR. Tuna or bonito, or both?

Mr. BALLIF. Just the tuna.

Senator KERR. The other was bonito?

Mr. BALLIF. The other was bonito. Imports of the tuna canned in brine were negligible before 1950, and then by the end of 1951 the imports increased to a little over 10 million pounds.

Senator KERR. That is 10 million of the canned in oil and 12 million of the bonito. Is that 75 million, that other figure where the man has got his finger on it?

Mr. BALLIF. This is fresh or frozen.

Senator KERR. That is the imports?

Mr. BALLIF. Yes. The imports of canned in oil is 3.5 million pounds.

Senator KERR. What is the imports of fresh or frozen?

Mr. BALLIF. If you are considering the consumption, Senator, I don't think you want to take the fresh or frozen, but just the canned. The domestic production of the canned in oil for 1951 is about 155 million pounds. That would give you roughly, aside from the adjustment of inventories, changes in inventories, what the consumption of tuna was.

Senator KERR. That only adds up to 177 million pounds, and yet the domestic production there is 450 million pounds.

Mr. BALLIF. Of the fresh or frozen. It takes 2.3 pounds of fresh or frozen to make 1 pound of canned.

Senator KERR. It is more than that. You have 75 million, and how much in the other one? Is that 350 million?

Mr. BALLIF. The total here is 320 million.

Senator KERR. And what are the imports?

Mr. BALLIF. That shows 75 million.

Senator KERR. That is a total of 400 million.

Mr. BALLIF. Yes, sir.

Senator KERR. And the total consumption is 175 million in the can.

Mr. BALLIF. Yes. That shows a little more than the 2.3 conversion factor would imply.

Senator KERR. Now give us the figures for 1950 on the same basis, the consumption figures.

Mr. BALLIF. You want the canned in oil?

Senator KERR. Yes.

Mr. BALLIF. The canned in oil in 1950, the production was 173 million pounds.

Senator KERR. Where is that shown on the chart?

Mr. BALLIF. Here [indicating].

Senator KERR. Now let us go back over yonder to the imported meat and imported tuna in brine.

Mr. BALLIF. The imported tuna canned in oil is 36 million pounds. The imports of the bonito canned in oil was 8 million, and imports of the tuna in brine were negligible.

Senator KERR. That would be 217 million in 1950 compared with 177 million in 1951, and I believe from what you told us that differential is explained by the fact that there were large inventories at the end of 1950.

Mr. BALLIF. Yes.

Senator KERR. And included in the production and importation in 1950.

Mr. BALLIF. Yes, sir.

Senator MILLIKIN. Do you have any independent statistics on the actual amount consumed in this country? You are reaching this by deduction?

Mr. BALLIF. Yes.

Senator MILLIKIN. I wonder if you have any statistics?

Mr. BALLIF. None on actual consumption, adjusted for inventories.

Senator MILLIKIN. Are there any trade associations represented here who can give us the figures as far as the market is concerned?

Mr. PHISTER. I am Montgomery Phister and I am the president of the California Fish Cannery Association, the trade association which represents most of the California canners of tuna.

Senator MILLIKIN. Can you tell us how much tuna and these allied products were consumed in 1948, 1949, 1950, and 1951?

Mr. PHISTER. I will give you my recollection of the apparent consumption, that is what I think was consumed. It increased from 1948 of about 6 million cases, that is cases of canned tuna, to approximately 9 million cases in 1951. That increase has been gradual during the year. That increase in consumption in 1951 over the preceding year was accounted for by increased imports and lessened domestic production.

Senator MILLIKIN. But there was an increase in consumption?

Mr. PHISTER. In total consumption.

Senator MILLIKIN. Without if's, but's, or maybe's?

Mr. PHISTER. That is right. This inventory problem, of course, and the making of computations requires some allowance made for that. The increase in inventory was not great, it was less than a million cases, so in talking of an increase of 9 million cases it does not make very much difference. There was an increase in domestic consumption in 1951 over 1950 that was supplied by an increase in imports and decrease in domestic production.

Senator KERR. What does a case weigh?

Mr. PHISTER. Twenty-one pounds, roughly, that is the fish in the case.

Senator KERR. Twenty-one pounds of fish?

Mr. PHISTER. Yes. The container and everything weighs about six additional pounds.

The CHAIRMAN. All right, you may proceed with your statement.

Mr. BALLIF. Well, I think that that concludes our discussion of the charts, unless you have other questions.

Senator CONNALLY. May I ask him a question, Senator?

The CHAIRMAN. Yes; you may ask him.

Senator CONNALLY. Has the domestic production increased over these 3 years you have been talking about, 1949, 1950, and 1951?

Mr. BALLIF. The domestic production increased up to 1950, Senator, and then dropped down in 1951, that is the fresh or frozen.

Senator MILLIKIN. Of all fish?

Mr. BALLIF. The fresh or frozen tuna.

Senator MILLIKIN. You are not talking about the canned product?

Mr. BALLIF. No, sir.

Senator KERR. The canned product dropped down some, too, did it not?

Mr. BALLIF. Yes, the canned product dropped down slightly, too. Here is the fresh and frozen tuna [indicating]. It reached the peak in 1950 and then dropped down to a little over 300 million in 1951.

Senator KERR. It dropped down about 25 percent?

Mr. BALLIF. Yes, it dropped off by about one-fourth on the fresh or frozen. These figures are rough; I am of course reading from the chart.

Senator KERR. I understand.

Mr. BALLIF. The production of the tuna canned in oil decreased from about 173 million pounds in 1950 to a little over 155 million in 1951.

The CHAIRMAN. Very well, you may proceed with your statement.

Mr. BALLIF. Virtually the entire domestic catch and imports of fresh or frozen tuna is made into tuna canned in oil by the canning industry of this country. There is no known production of tuna canned in brine in the United States. Relatively small quantities of bonito are caught by domestic fishermen and bonito canned in oil is produced in the United States on a relatively small scale.

To briefly summarize, the charts show (1) that imports of fresh or frozen tuna are substantial and increasing rapidly; (2) that imports of tuna canned in oil were increasing at a high rate until the duty was raised on January 1, 1951, after which they declined to relatively small quantities; (3) that imports of tuna canned in brine are still small compared with domestic production of canned tuna but rapidly increasing; and (4) that imports of bonito canned in oil are increasing but not as rapidly as the imports of tuna canned in brine. On the production side, we find that the domestic catch of tuna and domestic production of tuna canned in oil increased rapidly through 1950 and then declined substantially in 1951, but is still considerably above the prewar peak.

Before we leave the charts, I should like to point out that the imports of fresh or frozen tuna shown on the first chart include relatively small quantities of tuna caught by United States fishing vessels. The exclusion of the tuna caught by United States fishing vessels from the import statistics, however, would not significantly change the picture presented by the charts.

We have distributed to the members of the committee, a series of statistical tables showing in detail the domestic production and imports of tuna and bonito.

They are in the other reports of the Tariff Commission, and I don't think they need to be included in the record.

Senator MILLIKIN. May I ask this question, Mr. Chairman?

The CHAIRMAN. Yes, Senator.

Senator MILLIKIN. How does the 3-cent per pound duty on tuna, either fresh or frozen, reflect in terms of cents per pound on the canned product?

Mr. BALLIF. I will show that later on, Senator. I am going into that point in some detail.

Senator MILLIKIN. Very well.

Mr. BALLIF. Almost all of the fresh or frozen tuna produced in the United States is landed on the Pacific coast and over 95 percent of the domestic production of tuna canned in oil is produced on the Pacific Coast. In recent years over 80 percent of the imports of fresh or frozen tuna have entered on the Pacific coast and has been processed by west coast canners. Most of the remainder of the imports entered the east coast and were processed by several canners located in the Eastern States, whose principal production consists of products other than tuna.

In 1950 Japan supplied 44 percent and Peru 23 percent of United States imports of fresh or frozen tuna; and in the first 11 months of 1951 Japan supplied 53 percent and Peru 29 percent of the total imports. Japan is also by far the principal source of imports of canned tuna. In the two recent years when imports were insignificant volume, Japan supplied 90 percent of the imports of tuna canned in oil (1950) and 90 percent of the imports of tuna canned in brine (1951). Imports of bonito canned in oil come very largely from Peru, that country having supplied 98 percent of the total imports in 1950 and about 90 percent in 1951.

Senator MILLIKIN. Will you give us figures before you finish of the prewar percentages of these imports?

Mr. BALLIF. We can supply that for the record, Senator. They are in the tables you have there.

Senator MILLIKIN. Give me a rough idea of what the significance of your table is.

Mr. BALLIF. The imports of the fresh or frozen in—the ratio of the imports, fresh or frozen, to domestic production of fresh or frozen was 12.2 in 1931, 7.8 in 1933, 5.1 in 1935, and then it ranged around 8 and 9 percent until 1939. Then it dropped to 1 percent in 1943, 2 percent in 1944, continued very small during the rest of the war, and then in 1947 it amounted to 3.4 percent, 2.8 in 1948, 6.2 in 1949, 14.2 in 1950, and 23.4 in 1951.

Now, the ratio of the imports of tuna, canned in oil, to domestic production of tuna, canned in oil—

Senator MILLIKIN. I am probably dropping a stitch here some place. You said:

In 1950 Japan supplied 44 percent and Peru 23 percent of United States imports of fresh or frozen tuna; and in the first 11 months of 1951 Japan supplied 53 percent and Peru 29 percent of the total imports.

What percentage did Japan supply in 1940 of fresh or frozen tuna, or in 1949?

Mr. BALLIF. The fresh or frozen—

Senator MILLIKIN. I want the prewar figure.

Mr. BALLIF. In 1939 the imports were, total imports, were about 15 million pounds, of which Japan supplied a little over 5 million pounds, or about a third. Costa Rica supplied a little over half of the imports.

Senator MILLIKIN. So that in 1950 Japan supplied a larger percent than she did in 1939; is that right?

Mr. BALLIF. Yes, sir.

Senator MILLIKIN. Now let's take Peru. You attribute 23 percent to Peru in 1950. Let's see what it was in 1939.

Mr. BALLIF. There were no imports from Peru, according to these statistics, prior to 1948. They were either nil or negligible in all

years. Then imports from Peru increased to a little less than a quarter of the total in 1950, and as I indicated, it was 29 percent in 1951.

Senator MILLIKIN. Thank you.

Mr. BALLIF. As indicated previously, fresh or frozen tuna is, and has been for many years, free of duty. H. R. 5693 would impose a duty of 3 cents per pound on this product. A rough indication of the height of such a duty is provided by the following tabulation which shows the ad valorem equivalents of assumed rates of duty of 2, 3, 4, or 5 cents a pound on fresh or frozen tuna, using the average unit foreign values of imports in the first 11 months of 1951 as reported by the Department of Commerce. Because of the rather wide differences in the ad valorem equivalents of a given specific duty on the imports from Japan and from Peru, the data are shown separately for the two countries as well as for the total imports from all countries.

Ad valorem equivalents of assumed rates of duty on fresh or frozen tuna

| Item | 2 cents per pound | 3 cents per pound | 4 cents per pound | 5 cents per pound |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Fresh or frozen tuna imported from: | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> |
| Japan..... | 14 | 21 | 28 | 34 |
| Peru..... | 23 | 34 | 45 | 57 |
| Total imports from all countries..... | 16 | 24 | 32 | 40 |

This tabulation indicates that a duty of 3 cents per pound on fresh or frozen tuna would be equivalent, based on the value of imports in the first 11 months of 1951, to an ad valorem rate of 21 percent on imports from Japan, 34 percent on imports from Peru, and an average of 24 percent on the total imports from all countries.

Senator CONNALLY. Is that fresh or frozen? It is not canned?

Mr. BALLIF. No, sir. I show the effect of the duty on the fresh or frozen on the protection provided by the present duty on the canned a little later on.

Senator CONNALLY. Very well.

Mr. BALLIF. These percentages are compared in the tabulation with corresponding percentages of rates lower and higher than the rate of 3 cents per pound provided in the pending bill.

As I have already stated, the ad valorem equivalents given in the tabulation are based on the foreign values of the imports of fresh or frozen tuna as reported in official Government statistics. These foreign values may be somewhat inaccurate, as the reported foreign values of imported products that are duty-free, such as fresh or frozen tuna, are not reported with the same care as in the case of products subject to ad valorem duties. It is believed, however, that the foreign values used in the calculations are sufficiently accurate to indicate in a general way what the ad valorem equivalents would be on the assumed rates on fresh or frozen tuna.

It is impossible to determine how restrictive on imports of fresh or frozen tuna a duty of 3 cents a pound would be. If the duty was fully effective—that is, raised the price in the United States of fresh or frozen tuna by 3 cents a pound—the competitive position of the domestic producers of tuna would probably be substantially improved. On the other hand, if the foreign producer of fresh or frozen tuna

reduced his price by 3 cents a pound, the price of tuna in the United States would not be affected by the duty and the competitive position of the domestic producers of fresh or frozen tuna would remain unchanged. Of course, the foreign producer may decide to absorb part of the duty and pass the rest on by reducing his price——

Senator MILLIKIN. From your knowledge of his costs, is he in a position to absorb that?

Mr. BALLIF. We have no definite information on the cost of producing the fish abroad. Of course, from our knowledge of Japan's trade in some other products, they have shown an ability to reduce prices considerably. That may apply here, but we can't be sure.

Senator KERR. Apparently the present price of fresh or frozen tuna imported from Japan is about 15 cents a pound and in Peru about 9 cents a pound.

Mr. BALLIF. Yes, sir, that is right.

Senator KERR. So that either the Japanese producer has a lot higher costs than the producer in Peru or he is making a lot more money.

Mr. BALLIF. I think one explanation, Senator, is that the Japanese ship here mainly albacore, which is a species of tuna that commands a higher price than the species brought in from Peru.

Senator KERR. I don't see how a product brought in from Japan could sell 60 percent higher than the competitive one from Peru.

Senator MILLIKIN. From the consumers' standpoint, don't you have a big difference in the relative attractiveness of the different products, whether one is so-called white meat and the other is not?

Is not the Japanese product or were at least a considerable part of the Japanese products so-called white meat?

Mr. BALLIF. Yes, sir; I think that is true.

Senator MILLIKIN. And the product that comes from the south is not white meat?

Mr. BALLIF. The white meat tuna is obtained from the albacore and that is what we get from Japan.

Senator MILLIKIN. Is it possible you could have a landed cost by the Japanese of white meat greater than our own landed price and still because of the attractiveness of the product in the market you would still have quite tough competition?

Mr. BALLIF. That is possible, but I don't think it has quite taken place. The price of domestic fresh or frozen fish, however, has been uniformly higher than the price of the Japanese.

Senator MILLIKIN. You mean the landed price?

Mr. BALLIF. Landed price; yes, sir.

I should like to point out something in addition that is not in my statement here, and that has to do with what might happen to the competitive position of the domestic canners relative to foreign canners if you impose a duty on the fresh or frozen product.

I would like to repeat a little in order to provide continuity.

It is impossible to determine how restrictive on imports of fresh or frozen tuna a duty of 3 cents a pound would be. If the duty was fully effective—that is, raised the price in the United States of fresh or frozen tuna by 3 cents a pound—the competitive position of the domestic producers of tuna would probably be substantially improved. On the other hand, if the foreign producer of fresh or frozen tuna reduced his price by 3 cents a pound, the price of tuna in the United

States would not be affected by the duty and the competitive position of the domestic producers of fresh or frozen tuna would remain unchanged. Of course, the foreign producer may decide to absorb part of the duty and pass the rest on by reducing his price by something less than the amount of the duty.

I should like to point out that when I refer to the duty on fresh or frozen tuna not being fully effective because the foreign producer reduced his price on shipments to the United States market, I am assuming that he would not reduce his price on the fresh or frozen tuna he sold to canners in the foreign country. If the foreign producer of fresh or frozen tuna reduced his price not only on shipments to the United States but also on his sales to foreign canners, the price of fresh or frozen tuna in the United States might not be increased by the imposition of the duty, but the cost of the fresh or frozen tuna would be reduced to the foreign canners and their competitive position vis-à-vis our domestic canners would be improved.

Senator MILLIKIN. Are you in a position to tell us whether either Japan or any of these foreign countries that ship in here are subsidized by the government?

Mr. BALLIF. We have no evidence, Senator, that they are subsidized by the Government. However, I think that they don't have the restrictive antitrust laws that we have here. I think it is easier for the producers and the processors to work jointly over there than it is here.

Senator KERR. How did you happen to contemplate the possibility of a foreign producer of fresh or frozen tuna would reduce the price of his product to the foreign canner, with which this bill, as I understand could not possibly have any application, merely by reason of the fact that in the first place, this duty would be imposed, and, in the second place, if he so decided, he would then decide to absorb all or part of it on what he ships in here?

Do you think it would be a matter of conscience with him? Do you think it would be a matter of feeling that if he was going to have the profit reduced on what he shipped into the United States, that he would want to make an equal reduction in the profit on his product sold somewhere else?

Mr. BALLIF. I think that is a possibility.

Senator KERR. I would like to have your idea of the possibility because I have been sitting here trying to think of one and couldn't.

Mr. BALLIF. If you put a duty of 3 cents a pound on the fresh or frozen tuna, the foreign producer may decide to give up the fresh or frozen market here, or a large part of it, and concentrate on shipping the canned product.

Senator KERR. You said he might decide to reduce his price and absorb that duty himself.

Mr. BALLIF. Well, that is another——

Senator KERR. That is what you said.

Mr. BALLIF. That is another possibility.

Senator KERR. You said you didn't know, but if he did do that, he would feel that he also should make an equal reduction on that part of his product he sold to a foreign canner.

Mr. BALLIF. It is possible.

Senator KERR. What consideration would be in his mind that might bring that about?

Mr. BALLIF. He would have to judge the over-all profitableness of shipping a certain amount of the fresh or frozen here, what the return would be on that compared with shipping a certain amount of the canned tuna in oil here. It is a question of which is most profitable.

Senator KERR. It might be increased by reducing it on what he sold on the outside?

Mr. BALLIF. Yes, sir; that is right.

Senator KERR. That is a bit of mathematical gymnastics that is hard for me to comprehend.

Senator MILLIKIN. Might this be an answer to the Senator's question? To the extent he restricts shipments to the United States he has more fish to dispose of, and therefore he might lower the price abroad.

Mr. BALLIF. That is right.

Senator KERR. The gentleman's statement was that this fellow was going to absorb the duty on the product he was shipping into the United States.

Senator MILLIKIN. I was merely making——

Senator KERR. On the part that he absorbs, his shipments wouldn't be reduced.

Senator MILLIKIN. That is right; except he might not want to take a loss in that item, if there were loss, and if that were true, he would limit his shipments into this country and, having more fish to dispose of, he would have to have more volume abroad.

I don't think it is a direct answer to the Senator's question.

Senator KERR. I think it is answering a question I didn't ask.

Senator MILLIKIN. I agree.

Mr. BALLIF. I am not saying that he will do any of these things, or which of these things he would actually do. That is one of the mysteries in the case, Senator. I am just saying that, based on our past experience, when you impose duties, the foreign producer may do this sort of thing, in order to make the best of the market in this country, that is, if he continues to send his product here.

Senator JOHNSON. As I understand your testimony, the Japanese fisherman gets 15 cents for his frozen fish, the Peruvian fisherman gets 9 cents. What does the domestic, the American fisherman, get approximately?

Mr. BALLIF. I think the last figure was something like \$300, a little over \$300, a ton. That would be about 15 cents. That was a recent price.

Senator JOHNSON. That is the American fisherman?

Mr. BALLIF. Yes, sir.

Senator JOHNSON. Now, on which one of these prices does the American consumer pay? That is, the consumer who buys the can. Which one of those prices is the canned tuna based upon?

Mr. BALLIF. Well, I suppose if a canner was using both imported and domestic fish, he would average his cost in pricing his canned product, average the cost to him of the two, the foreign fish and the domestic fish.

Senator JOHNSON. That is a reasonable supposition, but I am asking which one does he follow?

Mr. BALLIF. Well, I couldn't answer that, Senator. I think there are some people here from the canning industry who would indicate their pricing policy for you.

Senator KERR. I think for the statement he did make to be responsive to the Senator's question the Senator would need to know, and I would be curious to know, whether or not that domestic fresh or frozen tuna that the producer got \$300 a ton or 15 cents a pound for was the white meat fish, which I understand it would have to be in order to be comparable to that imported by the Japanese——

Mr. BALLIF. I think that the 15 cents a pound for the domestic fresh or frozen, I mentioned, was not for albacore, not for the white meat.

Senator JOHNSON. It is the 9-cent grade variety.

Senator KERR. Comparable to the Peruvian imports.

Mr. BALLIF. I think so, so far as the species are concerned, but I believe that that is a question that I am really not competent to answer. I think people right in the trade would be in a better position to give you information on these relative prices.

Senator MILLIKIN. I think your statistics show in 1951 the price ranged from 15 to 17 cents.

Mr. BALLIF. I think that is true.

Senator MILLIKIN. I am quoting from your table 5 on page 5 of your appendix II.

Mr. BALLIF. Yes, sir.

Senator MILLIKIN. Oregon and Washington albacore price 1951 to date was 15 cents, and the albacore, southern California albacore, in June 1951, it was 17½ cents. It has now settled down to 15 cents. Yellowfin, the period January to June 1951, was 15½ cents; July 1951, it was 15½ cents.

Mr. BALLIF. Yes, sir.

Senator JOHNSON. Now to go on with my question, you have stated what the effect would be on the Japanese and the Peruvian fishermen of an increase of 3 cents. What would the effect be on the American consumer? Would it be more than 3 cents a pound? Would you shut out the Peruvian and the Japanese product and then we might have a boost of say 50 percent to the American consumer?

Mr. BALLIF. You can't say how effective this duty will be.

Senator JOHNSON. You can't even guess?

Mr. BALLIF. As I indicate later, you might make sort of an intelligent guess, but it is very difficult to say what the effect will be on the price of the fresh or frozen tuna in this country of imposing this duty; of course what effect the duty has on the fresh or frozen determines what effect it will have on the tuna canned in oil.

But it is impossible to predict with any preciseness what the effect will be.

Senator MILLIKIN. What is the wastage from the raw to the canned?

Mr. BALLIF. Well, it takes 2.3 pounds of the fresh or frozen tuna to make 1 pound of the canned in oil.

Senator MILLIKIN. Two and what?

Mr. BALLIF. 2.3, about 2½.

Senator MILLIKIN. So it costs you 7 cents of duty at the 3-cent rate to get a pound of stuff in the can; is that right?

Mr. BALLIF. Yes, sir; I refer to that compensatory feature later on in my statement.

The CHAIRMAN. You may proceed with your statement. We have a pretty full calendar.

Mr. BALLIF. I will be glad to continue reading it or not, Senator, whatever you wish.

The CHAIRMAN. Go ahead and proceed with your statement.

Mr. BALIFF. Another possibility is that the foreign producer would not reduce his price on the fresh or frozen tuna he shipped to the United States but would reduce his price on the fresh or frozen product he sold to the foreign canners with a view to concentrating the trade in the canned product. Here again the competitive position of the canner in the United States would be worsened because the spread between the cost of fresh or frozen tuna to him and the cost to the foreign canner would be increased. All these considerations point to the importance, as I will show later, of keeping the duties on the fresh or frozen product and on the canned products in the proper relationship. The possibilities I have just mentioned should be kept in mind when I refer subsequently in this statement to the effectiveness of a duty on fresh or frozen tuna.

To the extent that the duty was effective—that is, raised the price of fresh or frozen tuna in the United States market—it would increase the raw material costs to domestic canners and make them less able to compete with foreign canners under the existing duties on the canned products, namely, tuna canned in oil, tuna canned in brine, and bonito canned in oil or in brine.

Stated another way, an effective duty on the fresh or frozen tuna would tend to reduce the tariff protection now afforded the domestic processors by the duties on the canned products. Thus, if the Congress wished to assure to the domestic tuna processors exactly the same protection they now have, it would be necessary to place an additional or compensatory duty on the canned products to compensate for the duty on the fresh or frozen product.

Senator KERR. If you were seeking the balance that you refer to there, you could do it just as well by reducing the import tax on the fresh or frozen where it would compensate for the present import duty on the canned in oil and reach a balance just the same as you could fix the import duty of 3 cents on fresh or frozen, and then raise the import duty on the canned to where the balance was effective, couldn't you?

Mr. BALLIF. I am not sure that I understand your question, Senator, but if I do, the answer, I think, is "No," because, you see, there is no present duty on the fresh or frozen.

Senator KERR. You say:

Thus, if the Congress wished to assure the domestic tuna processors exactly the same protection they now have, it would be necessary to place an additional or compensatory duty on the canned products to compensate for the duty on the fresh or frozen product.

Under what eventuality?

Mr. BALLIF. If you impose a duty on the fresh or frozen.

Senator KERR. Of 3 cents a pound?

Mr. BALLIF. Of 3 cents a pound.

Senator KERR. That is what I said, and I asked you then if you couldn't impose some other figure and have a balance without disturbing the present import on canned in oil, a correspondingly lower figure, on the fresh or frozen.

Mr. BALLIF. On the fresh or frozen?

Senator KERR. Yes.

Mr. BALLIF. Of course, you would reduce the protection you provide the domestic fishermen.

Senator KERR. You wouldn't reduce it from what he now gets, would you?

Mr. BALLIF. No. It would reduce it from a 3-cent rate.

Senator KERR. A hypothetical proposition—I am not asking you about that. This, I understand, is addressed to the securing of a balance of the import duty on the canned in oil and on the fresh or frozen. Isn't that what you are addressing yourself to?

Mr. BALLIF. Yes; if you impose a duty on the fresh or frozen.

Senator KERR. I am asking you if you can't obtain the balance just as effectively by making the import duty on fresh or frozen comparable to the one you now have on the canned in oil, just as certainly as you could do it by imposing the one in the bill on fresh or frozen and then increasing the one you now have on the canned in oil.

Mr. BALLIF. I see your point. I think you are right, and I think it will be explained as I go on.

Senator KERR. If you see it, you ought to know whether the answer is "yes" or "no." I went to a lot of trouble to make it plain to you in order to get an answer, and if I am not going to get an answer, I will strike it from the record.

Mr. BALLIF. I will answer it further in my statement.

Senator KERR. Do you have to read your statement in order to find out?

Mr. BALLIF. No, sir. I will say your statement is right.

Senator KERR. I didn't make a statement. I asked a question.

Mr. BALLIF. The answer to your question is "Yes."

Senator KERR. Thank you.

Mr. BALLIF. I had a little difficulty in following you.

Senator KERR. I had nearly as much trouble leading you.

Mr. BALLIF. Theoretically, the compensatory duties on the canned products should be just high enough to compensate for or offset the effect of the duty imposed on the fresh or frozen product. If the duty on the fresh or frozen product were fully effective in raising the price of that product, the compensatory duty should, of course, be higher than if the duty on the fresh or frozen product were less than fully effective. It is extremely difficult, if not impossible, to predict precisely how effective a duty on fresh or frozen tuna will be. About the best that can be done is to make an intelligent guess.

It is obviously important that the duties on fresh or frozen tuna and the duties on the canned products be kept in the proper relationship. For example, if the duty on the fresh or frozen product were high relative to the duties on the canned products, imports of the canned products might increase sufficiently to offset a decline in the imports of the fresh or frozen, assuming, of course, that the duties on the canned product were not prohibitive of imports. In this situation the total imports—that is, imports of the canned and of the fresh or frozen combined—might be as large as they were before the imposition of the duty on the fresh or frozen product and the over-all competitive position of the domestic industry would not be materially changed. Stated in another way, if tariff protection is to be given to the domestic producers of fresh or frozen tuna—the fishermen—it is quite as important to provide adequate protection on the canned products as it is to provide protection on the fresh or frozen product.

Now, let us consider the possible effect of the imposition of a duty on fresh or frozen tuna upon the tariff protection afforded domestic processors by the present duty on tuna canned in oil which is now 45 percent ad valorem. An average of about 2.3 pounds of fresh or frozen tuna are required to make one pound of tuna canned in oil. If, therefore, a duty of 3 cents per pound were imposed on fresh or frozen tuna and that duty were fully effective—that is, raised the price of fresh or frozen tuna to the processors by 3 cents a pound—the increased cost to the processors in terms of the canned product would be 6.9 cents a pound—2.3 times 3—and the compensatory duty on the canned product would be 6.9 cents per pound.

To assure to domestic processors the same protection they now have, the total duty on tuna canned in oil would then have to be 45 percent ad valorem, the present rate, plus 6.9 cents per pound. It should be emphasized that in this example we are assuming (1) that tuna canned in oil should continue to have a protective rate of 45 percent ad valorem; and (2) that the 3-cent duty on the fresh or frozen will be fully effective. However, neither of these assumptions may be correct.

The following tabulation shows the theoretical effect on the tariff protection now afforded domestic processors by the duty—45 percent—on tuna canned in oil of various assumed rates of duty on fresh or frozen tuna.

Senator MILLIKIN. 6.9 cents per pound reflects how many cents ad valorem?

Mr. BALLIF. That is shown in the table, Senator.

| Item | Assumed rates of duty on fresh or frozen tuna of— | | | |
|---|---|-------------------|-------------------|-------------------|
| | 2 cents per pound | 3 cents per pound | 4 cents per pound | 5 cents per pound |
| Compensatory rates on tuna canned in oil which theoretically would be necessary to compensate for specified assumed tariff rates on fresh or frozen tuna: | | | | |
| Per pound of canned product..... cents..... | 4.6 | 6.9 | 9.2 | 11.5 |
| In terms of percent ad valorem on canned product percent..... | 12 | 18 | 24 | 30 |
| Protection on tuna canned in oil that theoretically would remain (the difference between the present rate of 45 percent and the compensatory rates shown immediately above) percent ad valorem..... | 33 | 27 | 21 | 15 |

You will note that at the top of the tabulation are given assumed rates of duty on fresh or frozen tuna of 2 cents, 3 cents, 4 cents, or 5 cents per pound. The bill you have under consideration would impose a rate of 3 cents a pound; the other assumed rates are for purposes of comparison. As I have already indicated, 2.3 pounds of fresh or frozen tuna are required to make one pound of tuna canned in oil.

Therefore, the compensatory rate for a duty of 2 cents per pound on the fresh or frozen product would be 2.3 times 2 or 4.6 cents per pound on the canned product—this is the first figure in the first line of the tabulation—the compensatory rate for a duty of 3 cents on the fresh or frozen is 6.9 cents a pound on the canned, for a duty of 4 cents it is 9.2 cents, and for a duty of 5 cents it is 11.5 cents. As indicated

previously, if you imposed a duty of 3 cents a pound on fresh or frozen tuna and that rate was fully effective, and if you wanted to continue the same protection that you have now on the tuna canned in oil, then you would have to add a compensatory duty of 6.9 cents a pound—the second figure in the first line—to the present duty of 45 percent ad valorem on the canned product; if the duty were 2 cents on the fresh or frozen you would have to add 4.6 cents; if the duty were 4 cents you would have to add 9.2 cents, and so forth.

The second line in the tabulation shows these compensatory rates in terms of ad valorem rates. This is the question you raised, Senator Millikin. Thus a compensatory rate of 4.6 cents a pound would be equivalent to an ad valorem rate of 12 percent on tuna canned in oil; the compensatory rate of 6.9 cents a pound would be equivalent to 18 percent ad valorem, and so forth.

Now, we should consider what would happen to the tariff protection on tuna canned in oil if you imposed a duty on the fresh or frozen tuna and did not offset such a rate by placing a compensatory duty on the canned product. This is shown in the third line of the tabulation. For example, if you placed a duty of 2 cents a pound on the fresh or frozen product without an additional compensatory duty, you would reduce the tariff protection on the canned product from 45 percent ad valorem to 33 percent ad valorem—45 percent minus 12 percent. A duty of 3 cents per pound on the fresh or frozen would reduce the tariff protection on the canned to 27 percent ad valorem, and so forth.

All these calculations are on the assumption that the duty on fresh or frozen tuna would be fully effective. But, as I have indicated, the duty might very well be only partially effective, and to the extent that it is less than fully effective, the remaining tariff protection on the tuna canned in oil—the third line in the tabulation—would be proportionately greater.

Senator KERR. That wouldn't apply, though, unless that foreign producer reduced the price of the fresh or frozen tuna that he sold to a foreign canner to the extent that he absorbed the import duty on what he shipped into here; would it?

Mr. BALLIF. Yes, sir, because he might decide to maintain his price in this market, in which case of course you add the 3 cents per pound duty, and that would increase the price in this country by 3 cents.

Senator KERR. But you are not talking about that here.

Mr. BALLIF. There are two different possibilities, Senator.

Senator KERR. You have disclosed a lot more than two, but I am talking about this one now.

Mr. BALLIF. Well, I am assuming here that if you impose a duty of 3 cents per pound on the fresh or frozen he would maintain his price wholly or in part and pass all or a part of the duty on, resulting in a higher price on the fresh or frozen.

Senator KERR. I thought you were referring here to a situation where the duty might be only partially effective, and thereby the remaining tariff protection on the tuna canned in oil would be proportionately greater.

Mr. BALLIF. That is right.

Senator KERR. I asked you if that wouldn't arise only in the event that foreign producer decided to reduce the price of the product he sold to the foreign canner.

Mr. BALLIF. It wouldn't be exclusively in that situation. That would bring this about, but also——

Senator KERR. It would be one eventuality that would make this applicable?

Mr. BALLIF. Yes, sir.

Senator KERR. What would be another?

Mr. BALLIF. The other would be if he did not reduce his price by the full amount of the 3-cent duty—in other words, he would absorb some of the duty and pass some——

Senator KERR. On what he shipped into this country?

Mr. BALLIF. That is right. That would be quite irrespective of what he might do to the price in his own home market.

Senator KERR. All right. I don't see the application, but it might be not unreasonable.

Senator MILLIKIN. In addition to the flat increase in cost of the landed raw fish, you of course would have the operation of mark-ups all along the line, by increasing the duty, assuming a competitive position that permitted it.

Mr. BALLIF. Yes; that is true. The importer would add his duty on and then any middlemen in there would add their margin on top of that.

Senator MILLIKIN. And according to internal domestic competition.

Mr. BALLIF. Yes, sir; I think there would be less of that in this particular industry because I don't think that you have the middlemen operating here on fresh or frozen fish to the extent that you do on many commodities.

In the absence of actual experience over a reasonable period, it is impossible to determine precisely how effective a given rate on fresh or frozen tuna will be. It is quite possible, however, that a duty of 3 cents per pound would not be fully effective—that is, the foreign producers of fresh or frozen tuna would absorb part of the duty by reducing their price.

If the committee decides to impose a duty of 3 cents per pound on fresh or frozen tuna, and feels that a tariff protection on tuna canned in oil equal to 27 percent ad valorem—see the last line in the above tabulation—is adequate for the domestic processors, then it would not be necessary to impose a compensatory duty on the canned product. This 27 percent would represent the minimum protection that would be afforded the processors because, as already pointed out, the actual protection would be more than 27 percent ad valorem if the 3-cents-per-pound duty on fresh or frozen tuna was less than fully effective.

In considering this phase of the problem, your attention is called to the fact, as shown by the charts you viewed earlier, that when the duty on tuna canned in oil was 22½ percent ad valorem—that is, before January 1, 1951—imports were increasing rapidly, but when the duty was increased to 45 percent the imports fell off sharply. It would appear from this that a protective rate of 45 percent ad valorem is quite restrictive on imports, whereas a rate of 22½ percent was not very restrictive.

Before we leave the tuna canned in oil, I should like to point out that, in the calculations resulting in the figures given in the above tabulation, we used the average unit foreign values of the imports of tuna canned in oil from all sources in the first 11 months of 1951, as

reported in the official Government statistics. I believe these unit values are fairly representative of the value of imports in the last 2 years.

Now, let us consider the tuna canned in brine. The present rate on this product is 12½ percent ad valorem as the result of a concession provided in the trade agreement with Iceland. If the concession were withdrawn, the rate would become 25 percent ad valorem. As long as tuna canned in brine is the subject of a concession in the agreement, the Congress could not impose a rate higher than 12½ percent ad valorem without violating this country's commitments to Iceland.

Senator MILLIKIN. What tuna canned in brine does Iceland produce?

Mr. BALLIF. I will point that out later, but that country produces none, and they have never shipped any tuna, either fresh or frozen or canned, into this country.

Senator MILLIKIN. So, the tariff that rules tuna canned in brine results from a purely theoretical trade agreement as far as that item is concerned?

Mr. BALLIF. I indicate exactly how that came about a little later, Senator, in my statement.

Senator MILLIKIN. Is the fact correct?

Mr. BALLIF. That is correct.

The CHAIRMAN. Tuna canned in brine is not enumerated as such in the Iceland agreement?

Mr. BALLIF. No, sir.

The CHAIRMAN. It is just a blanket agreement that covers this?

Mr. BALLIF. It is a basket classification that happened to include tuna in brine, a product that was virtually unknown at the time the agreement was negotiated, and it was just a concession on a basket classification. That is how it got in there.

The CHAIRMAN. Would it interfere with you greatly if you interrupted your statement at this point? We have Senator Morse here and Senator Magnuson, and they probably wish to make a statement.

Senator MORSE. I came to be educated, and I have no statement to make.

The CHAIRMAN. Senator Magnuson?

Senator Magnuson. I am in no particular hurry.

The CHAIRMAN. You may proceed, then.

Mr. BALLIF. If I may, I would like to indicate to you the possible effect of a duty on fresh or frozen tuna upon the tariff protection afforded domestic processors by the present duty on tuna canned in brine.

Senator MILLIKIN. Since Iceland doesn't produce this item, what would be the interest of Iceland in worrying about what we do about it? I mean Iceland should be quickly agreeable to whatever changes might be required; should she not?

Mr. BALLIF. She would have no commercial interest in this concession.

The CHAIRMAN. As applied to tuna. She might as applied to some other.

Mr. BALLIF. I am referring, Senator, just to that part of the concession which applies to tuna in brine. I don't think Iceland would have any commercial interest in what we did to the rate of duty on

that subject, nor do I think they would interpose any serious objection to our withdrawing the concession on the tuna canned in brine.

I should like to proceed in the same manner that I did when we were considering tuna canned in oil, except that I will try to omit some of the more tedious explanations.

The following tabulation shows the theoretical effect on the tariff protection, now afforded domestic processors by the duty—12½ per cent ad valorem—on tuna canned in brine, of assumed rates of duty on fresh or frozen tuna. As in the tabulation on tuna canned in oil, the following tabulation shows, for comparative purposes, separate data for assumed rates on fresh or frozen tuna of 2, 3, 4, and 5 cents a pound, respectively:

| Item | Assumed rates of duty on fresh or frozen tuna of— | | | |
|--|---|-------------------|-------------------|-------------------|
| | 2 cents per pound | 3 cents per pound | 4 cents per pound | 5 cents per pound |
| Compensatory rates on tuna canned in brine which theoretically would be necessary to compensate for specified assumed tariff rates on fresh or frozen tuna: | | | | |
| Per pound of canned product..... cents..... | 4.6 | 6.9 | 9.2 | 11.5 |
| In terms of percent ad valorem on canned product. percent..... | 14 | 21 | 28 | 35 |
| Protection on tuna canned in brine that theoretically would remain (the difference between the present rate of 12½ percent and the compensatory rates shown immediately above) percent ad valorem..... | 0 | 0 | 0 | 0 |

In this tabulation, as in the preceding one, it is assumed that 2.3 pounds of fresh or frozen tuna are required to make 1 pound of tuna canned in oil. The compensatory rates—shown in the first line of the tabulation—are, therefore, the same in this tabulation as they are in the other. Thus, a fully effective duty of 2 cents a pound on fresh or frozen tuna would require a compensatory rate of 4.6 cents per pound on the tuna canned in brine; a duty of 3 cents on the fresh or frozen—

Senator MILLIKIN. What is the range of weights in the market for consumer canned tuna in brine or in oil? Is it a pound tin or a half-pound tin? What is the weight that confronts the customer?

Mr. BALLIF. I think the most popular size contains 7 ounces, net weight.

Senator MILLIKIN. Seven ounces?

Mr. BALLIF. I believe that is both true of the canned in brine and the canned in oil.

Senator MILLIKIN. What does that sell for roughly to the consumer? Can anybody in the audience give that?

Mr. MONTGOMERY PHISTER. Roughly 34 cents. That is yellowfin tuna.

Senator KERR. Is that white meat?

Mr. PHISTER. No, sir. White meat would be ordinarily higher in price, but because of the competitive situation in the last year the two varieties have been about equal to the consumer.

The CHAIRMAN. That is canned in oil?

Mr. PHISTER. Canned in oil.

The CHAIRMAN. What is the price canned in brine?

Mr. PHISTER. About 14 cents less.

Senator MILLIKIN. What was the figure, how much per tin?

Mr. PHISTER. Thirty-four cents. It depends upon what part of the United States it is being sold in.

Senator KERR. That is 7 ounces.

Mr. BALLIF. Containing 7 ounces net weight. A fully effective duty of 2 cents a pound on fresh or frozen tuna would require a compensatory rate of 4.6 cents per pound on the tuna canned in brine; a duty of 3 cents on the fresh or frozen would require a compensatory duty of 6.9 cents per pound on the canned; and so forth. These compensatory rates, expressed in terms of ad valorem rates, are shown in the second line of the tabulation. Thus the compensatory rate for a duty of 2 cents per pound on fresh or frozen tuna—or 4.6 cents—would be equivalent to an ad valorem rate of 14 percent on the tuna canned in brine; and the compensatory rate for a duty of 3 cents per pound on the fresh or frozen would be equivalent to an ad valorem of 21 percent; and so forth.

A glance at the last line in the tabulation shows that, since the duty on tuna canned in brine is only 12½ percent ad valorem, a fully effective duty of 2 cents per pound on the fresh or frozen product would leave no protection on the canned product. Quite obviously, if you imposed a duty of 3 cents a pound on fresh or frozen tuna and if you wanted to assure any protection for domestic processors by a duty on tuna canned in brine, you would have to impose a compensatory duty on the canned product.

As indicated in the tabulation, the compensatory rate on the tuna canned in brine for a duty of 3 cents per pound on fresh or frozen tuna would be 6.9 cents per pound on the canned product or in terms of an ad valorem duty, the compensatory would be 21 percent.

Senator KERR. Does that mean that the import price is 35 cents a pound? That is the way I apply these figures. I just want to be sure I am following you.

Mr. BALLIF. I don't understand that, Senator.

Senator KERR. I must say we have finally found a ground on which we can meet with a common feeling. You say here that the duty of 3 cents per pound on fresh or frozen would be 6.9 cents per pound on the canned product.

Mr. BALLIF. That would be the compensatory rate.

Senator KERR. That isn't what you said. You said the compensatory rate would be an ad valorem figure of 21 percent. Yes; that is right. But the compensatory rate would be either 6.9 cents per pound or 21 percent.

Mr. BALLIF. Yes, sir.

Senator KERR. I take it then that 6.9 cents per pound is equal to 21 percent.

Mr. BALLIF. Twenty-one percent of the foreign value of the imports; yes, sir.

Senator KERR. And a hundred percent would have to be somewhere in the neighborhood of 35 cents. That may be too difficult an equation, and as I look at it, I am satisfied it is reasonably accurate; so I withdraw that question.

Mr. BALLIF. The compensatory rates we were just discussing are based on the assumption that the duty on the fresh or frozen tuna would be fully effective which might not be true as pointed out earlier. As there is a possibility that the duty on the fresh or frozen would

not be fully effective, the compensatory rate might be reduced somewhat below 6.9 cents or below 21 percent ad valorem. In the calculations involved in the above tabulation, we used the average foreign values of the total imports of tuna canned in brine for the first 11 months of 1951, as reported by the Department of Commerce.

The next question is how much tariff protection do you want to give domestic processors through the duty on tuna canned in brine? If you imposed a compensatory rate on the tuna canned in brine which just offsets the duty on the fresh or frozen tuna and made no change in the present ad valorem rate of 12½ percent on the tuna canned in brine, the protection afforded the domestic processors would remain unchanged, namely, 12½ percent.

Senator MILLIKIN. Does what you are saying about the compensatory tariff to take care of the canned product come to this: That if you do not have the compensation, those who may restrict their imports into this country of the raw product might go in for heavy imports of the canned product? Does it come to that?

Mr. BALLIF. Yes, sir; there would be a very strong incentive to switch over to the canned product under those circumstances.

During the period January 1, 1948, to January 1, 1951, when the duties on tuna canned in brine and on tuna canned in oil were 12½ percent and 22½ percent ad valorem, respectively, imports of the canned in brine increased from 13,000 pounds in 1948 to 381,000 pounds in 1950 while imports of tuna canned in oil increased from 8 million pounds in 1948 to 36 million pounds in 1950.

In the first 11 months of 1951, when the duty on the canned in brine continued at 12½ percent and the duty on the canned in oil was 45 percent, imports of the tuna canned in brine were 8 million pounds, compared with 380,000 pounds in 1950, and the imports of the tuna canned in oil were 3.4 million pounds, compared with 36 million pounds in 1950.

Senator MILLIKIN. Does that sharp decline in your statistics on imports of the canned product indicate that maybe it might be possible to absorb the duty on the canned without a compensating change?

Mr. BALLIF. On the canned in oil?

Senator MILLIKIN. Yes.

Mr. BALLIF. The 45-percent rate on the canned in oil. As I indicated, the compensatory for the 3-cent rate on the fresh or frozen would still leave you at least 27-percent protection in the 45-percent rate on the canned in oil.

Senator MILLIKIN. Is the reason that the quantity of imports has fallen off precipitously under that duty that perhaps the canners could absorb whatever the 3 cents amounted to without seriously increasing imports?

Mr. BALLIF. That seems to be indicated by our experience with the imports. The contrary of that is true in the case of tuna canned in brine where the present rate is not enough to compensate for the duty on the fresh or frozen.

It will be recalled that the earlier tabulation indicated that if a duty of 3 cents per pound were imposed on fresh or frozen tuna, the protection on tuna canned in oil would be reduced to not less than 27 percent ad valorem, even though no additional compensatory duty were imposed on the canned product.

If the Congress wished to provide substantially the same degree of protection by the tariff on tuna canned in brine, this could be accomplished by withdrawing the concession on tuna canned in brine granted in the Iceland agreement, thus increasing the ad valorem rate to 25 percent, and by adding a compensatory rate of 6.9 cents per pound. The same thing could be accomplished by withdrawing the concession and making the rate 46 percent ad valorem.

The rate would become 25 percent as a result of withdrawing the concession and 21 percent, as shown in the tabulation, is the compensatory in terms of ad valorem equivalent.

So long as tuna canned in brine is in the Iceland agreement, the Congress cannot legislate a duty on this product higher than the present rate of 12½ percent ad valorem without violating the agreement.

There are two ways in which the concession on tuna canned in brine could be withdrawn: (1) By negotiation with Iceland; or (2) through the "escape clause" procedure as set forth in section 7 of the Trade Agreements Extension Act of 1951 (Public Law 50, 82d Cong.). Both of these procedures are possible by virtue of article XII of the Iceland agreement which provides as follows—

Senator KERR. That just shows they are possible.

Mr. BALLIF. Yes, sir; I am not arguing for one or the other. This article reads:

If the Government of either country should consider that any circumstance, or any measure adopted by the other Government, even though it does not conflict with the terms of this agreement, has the effect of nullifying or impairing any object of the agreement or of prejudicing an industry or the commerce of that country, such other Government shall give sympathetic consideration to such written representations or proposals as may be made with a view to effecting a mutually satisfactory adjustment of the matter. If agreement is not reached with respect to the matter within 30 days after such representations or proposals are received, the Government which made them shall be free, within 15 days after the expiration of the aforesaid period of 30 days, to terminate this agreement in whole or in part on 30 days' written notice.

Senator MILLIKIN. I would like to ask if there is any representative of the State Department here? Do you anticipate much difficulty dropping this item out of the Iceland treaty?

Mr. CORSE (Carl D. Corse, Chief, Commercial Policy Staff, Department of State). I am not authorized to testify, sir. I could give you only a purely personal reaction to that question.

Senator MILLIKIN. You can tell us whether Iceland is a member of GATT.

Mr. CORSE. It is not a member of GATT.

Mr. BALLIF. I believe the significant words in article XII for the present purposes are:

If the Government of either country should consider that any circumstance * * * has the effect * * * of prejudicing an industry or the commerce of that country * * *

Action may be taken to modify or withdraw the concession.

In considering the matter of direct negotiation with Iceland for withdrawal of the concession on tuna canned in brine, it should be pointed out that that country does not produce or process tuna in any form and has never exported tuna in any form to the United States. Moreover, the concession was granted fortuitously through a concession on a basket or catch-all tariff classification which just

happened to include tuna canned in brine, a product that was virtually unknown in the trade at the time—1943—the Iceland agreement was negotiated. If the concession were withdrawn by negotiation with Iceland, the Congress could impose any duty it considered necessary on tuna canned in brine without violating any international commitment.

As regards the escape-clause procedure, the following events have occurred: In response to applications by various groups in the west coast tuna industry, the Tariff Commission, on December 28, 1951, instituted an investigation of tuna canned in brine, bonito canned in oil, and bonito canned in brine, under section 7 of the Trade Agreements Extension Act of 1951. The Tariff Commission held a public hearing in this investigation which began on January 29, 1952, and will be concluded today. I do not know and I doubt if anyone connected with the investigation knows at this time what the finding of the Commission will be in this investigation.

Section 7 of the Trade Agreements Extension Act of 1951 provides that:

Should the Tariff Commission find, as the result of its investigation and hearings, that a product on which a concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products, it shall recommend to the President the withdrawal or modification of the concession, its suspension in whole or in part, or the establishment of import quotas, to the extent and for the time necessary to prevent or remedy such injury.

Section 7 also provides that:

Upon receipt of the Tariff Commission's report of its investigation and hearings, the President may make such adjustments in the rates of duty, impose such quotas, or make such other modifications as are found and reported by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry.

If, in its investigation, the Tariff Commission found serious injury or the threat of serious injury, as set forth in section 7, the Commission could recommend to the President (a) the withdrawal of the concession on tuna canned in brine; or (b) modification of the concession so as to provide for an increase in the present duty, or the imposition of a quota.

Senator MILLIKIN. I believe it would be useful in the record if you were to state what are the ruling trade agreements that deal with tuna canned in brine, bonito canned in oil, and bonito canned in brine.

Mr. BALLIF. The tuna canned in brine is in the Iceland agreement, and Iceland is not a member of the General Agreement on Tariffs and Trade, or GATT.

The CHAIRMAN. It was at one time in the Mexican agreement, wasn't it?

Mr. BALLIF. The canned in oil, Senator, was at one time in the Mexican agreement.

The CHAIRMAN. Canned in oil, not brine?

Mr. BALLIF. That is right, not brine.

The CHAIRMAN. I see.

Mr. BALLIF. And the canned in oil, as the Senator just stated, was formerly in the Mexican agreement at 22½ percent, but with the cancellation of that agreement, it became 45 percent, and that rate is not under any international obligations, it is not in any trade agreement.

Senator MILLIKIN. And bonito canned in brine?

Mr. BALLIF. Bonito canned in brine and bonito canned in oil are the subjects of commitments in the GATT agreement.

Senator MILLIKIN. Both of them?

Mr. BALLIF. Yes, sir. We also have some commitments to Cuba with respect to the margin of preference in connection with those two products.

Senator KERR. That is bonito in brine and bonito in oil?

Mr. BALLIF. Yes, sir.

The CHAIRMAN. You may proceed.

Mr. BALLIF. If the Commission recommended withdrawal of the concession, and the President acted favorably upon the recommendation, the duty on tuna canned in brine would be automatically increased from 12½ to 25 percent ad valorem. If the Commission recommended modification of the concession to provide for an increase in the rate of duty and the President decided to act favorably upon the recommendation, the maximum increase that would be possible under the Trade Agreement Act would be 50 percent of the rate on tuna canned in brine which was in effect on January 1, 1945.

The rate in effect on that date was 12½ percent ad valorem. In other words, the President could increase the rate only from 12½ to 18¼ percent ad valorem. As indicated in the above tabulation on tuna canned in brine, a rate of 18¼ percent would be scarcely high enough to be compensatory for a duty of 3 cents per pound on fresh or frozen tuna. Before withdrawing or modifying the concession, the President would, of course, negotiate with Iceland as provided in article XII of the agreement with that country.

Incidentally it might be pointed out that any withdrawal or modification of the concession on tuna canned in brine under the escape-clause procedure, would be subject to periodic review by the Tariff Commission to determine whether or not the action withdrawing or modifying the concession should be modified or rescinded. This seems to be implicit in a letter dated January 5, 1952, from the President to the Chairman of the Tariff Commission. Of course, such periodic review would not be involved if the concession were withdrawn by negotiation under article XII of the Iceland agreement.

In this connection, I should also like to call your attention to one other consideration. You will recall that article XII provides for escape from a commitment when either country considers that any circumstance has the effect of prejudicing an industry or the commerce of that country. It appears to me that escape under this article is manifestly less difficult and involved than escape under the requirements of section 7 of the Trade Agreements Extension Act of 1951, because under that section it has to be found that the domestic industry producing like or directly competitive products is being seriously injured or is threatened with serious injury as the result of increased imports. It would appear that it would be much easier to prove that an industry has been prejudiced by any circumstance than that it had been seriously injured or was threatened with serious injury, as the result of increased imports.

All things considered, it would appear that if a duty is imposed on fresh or frozen tuna, the most direct way in which to make the necessary adjustment in the duty on tuna canned in brine would be to negotiate with Iceland under article XII for the withdrawal of the

concession, and then legislation imposing such duty as was considered necessary to compensate for the duty on the fresh or frozen product, and provide tariff protection to the domestic tuna industry, would not violate our international commitments.

If the committee were inclined to take the more direct and probably more expeditious approach, you might amend H. R. 5693 to provide for such a duty on tuna canned in brine as you considered necessary to compensate for any duty you impose on fresh or frozen tuna, and provide further that the rate would not be put into effect in violation of any trade agreement, and provide further that the President is directed to negotiate with Iceland as soon as practicable for the withdrawal of the concession on tuna canned in brine. Upon the conclusion of the negotiations by the President, the duty on tuna canned in brine would be 25 percent ad valorem plus x cents per pound, the latter representing the compensatory rate for whatever duty you decide to impose on fresh or frozen tuna.

Alternatively, instead of imposing such a compound rate—that is, both a specific rate of so many cents per pound and an ad valorem rate—you could amend H. R. 5693 to provide for a single ad valorem rate on tuna canned in brine which would be the equivalent of the compound rate, such ad valorem rate to be imposed in lieu of the existing rate.

Attached to this statement is a draft amendment to H. R. 5693 which would impose a straight ad valorem duty on tuna canned in brine following this second alternative. Although most duties in the Tariff Act having a compensatory feature are compound rates, there is a good deal to be said for a straight ad valorem rate on tuna canned in brine inasmuch as tuna canned in oil and bonito canned in oil are both dutiable on an ad valorem basis.

Next, I should like to discuss briefly, the possible effect that a duty on fresh or frozen tuna would have on the tariff protection afforded domestic processors by the present duty on bonito canned in oil. The present duties on bonito canned in oil are 22 percent ad valorem on imports valued at not over 9 cents a pound and 15 percent ad valorem on imports valued at more than 9 cents per pound.

These rates are reduced rates made effective pursuant to a concession initially negotiated with Peru in the General Agreement on Tariffs and Trade (Torquay). Previously, the rates were 44 percent ad valorem and 30 percent ad valorem, respectively. As all the imports of bonito canned in oil have been valued at more than 9 cents per pound, the only significant rate on this product at the present time is the 15 percent rate. There follows a tabulation for bonito canned in oil which is similar to the tabulations already considered with respect to tuna canned in oil and tuna canned in brine.

The following tabulation relates only to bonito canned in oil, valued at more than 9 cents per pound, on which the present rate of duty is 15 percent ad valorem.

Senator MILLIKIN. Mr. Chairman, may I ask a question?

The CHAIRMAN. Senator Millikin.

Senator MILLIKIN. So far as you know, has Congress in any way approved any of the concessions made under the GATT?

Mr. BALLIF. No, sir; I don't think the Congress has.

The following tabulation relates only to bonito canned in oil, valued at more than 9 cents per pound, on which the present rate of duty is 15 percent ad valorem.

| Item | Assumed rates of duty on fresh or frozen tuna of— | | | |
|---|---|-------------------|-------------------|-------------------|
| | 2 cents per pound | 3 cents per pound | 4 cents per pound | 5 cents per pound |
| Compensatory rates on bonito canned in oil which theoretically would be necessary to compensate for specified assumed tariff rates on fresh or frozen tuna: | | | | |
| Per pound of canned product (cents)..... | 4.6 | 6.9 | 9.2 | 11.5 |
| In terms of percent ad valorem on canned product..... | 16 | 23 | 31 | 39 |
| Protection on bonito canned in oil that theoretically would remain (the difference between 15 percent and the compensatory rates shown immediately above), percent ad valorem.... | 0 | 0 | 0 | 0 |

It will be noted from this tabulation that a rate of 16 percent ad valorem on bonito canned in oil would be necessary to compensate for a fully effective duty of 2 cents a pound on fresh or frozen tuna, the second line in the tabulation, 23 percent would be necessary for a 3-cent rate; 31 percent for a 4-cent rate; and 39 percent for a 5-cent rate. As the present duty is only 15 percent ad valorem, a rate of 2 cents per pound, or any higher rate, on the fresh or frozen, if such rate were fully effective, would eliminate the protection now afforded domestic processors by the present duty on bonito canned in oil.

Like tuna canned in brine, bonito canned in oil is the subject of an investigation now being made by the Tariff Commission under the escape-clause procedure provided for in section 7 of the Trade Agreements Extension Act of 1951.

Senator MILLIKIN. May I ask the gentleman if he knows how far along the Tariff Commission is getting with that investigation.

Mr. BALLIF. It is just getting under way because we have just had the public hearing.

Senator MILLIKIN. Can you estimate what might be the normal length of the proceedings?

Mr. BALLIF. I wouldn't have much idea. It is a very complicated investigation, and how long it will take I haven't the slightest idea.

Senator MILLIKIN. How much of a staff have they working on the problem?

Mr. BALLIF. That is one of our handicaps. Our staff has been reduced by curtailed appropriations, until where we normally consider 300 an adequate staff, we only have about 200 people on the force.

In addition to the investigation of tuna and bonito, we have a big investigation on groundfish fillets, which is a New England product, and our entire technical staff on fish consists of one man and a junior assistant. We are seriously handicapped because of our reduced staff.

Senator MILLIKIN. Then you have got one man and a junior assistant working on these particular matters that are before the Tariff Commission?

Mr. BALLIF. The technical aspects of it. We have economists who work with him, too; but for the technical staff we have just one man and a junior assistant.

It will be recalled that in our discussion of tuna canned in brine, which is the subject of a concession in the trade agreement with Iceland, it was pointed out that there is an alternative to the escape-clause procedure in effecting a change in the duty on tuna canned in

brine. This was by direct negotiation with Iceland for the withdrawal of the concession on this product as provided for in article XII of the Iceland agreement.

Because of the very substantial interest of Peru and certain other contracting parties to the GATT in the concession on bonito canned in oil, it would appear to be impracticable to attempt a withdrawal or modification of the concession on this product by direct negotiation. In view of our commitments in the GATT, the only practicable means for withdrawing or modifying this concession would seem to be one which conforms to the provisions of the escape-clause of GATT and of section 7 of the Trade Agreements Extension Act of 1951.

In other words, it looks like the only practicable procedure in the case of the bonito would be by the escape clause.

Senator MILLIKIN. Congress at all times retains full jurisdiction.

Mr. BALLIF. Yes, of course, Congress could legislate any duty it wished. The only difficulty would be that it would be in violation of one of our international commitments.

Senator MILLIKIN. I don't want to get into this, but there is a serious question of how much of an international commitment you have on the subject of tariffs, which is under the jurisdiction of the Congress, when the Congress has not approved—but let's not go into that.

Mr. BALLIF. I am acquainted with that point of view.

Before I conclude my statement I should like to refer briefly, to the competition between the domestically produced tuna canned in oil and the imported bonito canned in oil and the imported tuna canned in brine. Although our information on the matter is not complete, we understand that a substantial part of the imports of bonito is consumed in institutions, at lunch counters, in popular priced restaurants, et cetera, where it is substituted for tuna canned in oil, in "tuna" sandwiches, "tuna" salads, et cetera.

This substitution is prompted by the lower price of the bonito and the fact that the consumer cannot distinguish between bonito canned in oil and tuna canned in oil, when the product is served in a sandwich or a salad. The imported tuna canned in brine on the other hand, is now sold largely in retail food stores for home consumption, the same as the bulk of the domestically produced tuna canned in oil.

Moreover, while tuna canned in brine is purchased by many people because it is cheaper than domestic tuna canned in oil, there are many consumers who find the tuna canned in brine quite acceptable and would buy it in preference to the tuna canned in oil even if the difference in price were not as great as it is at present.

On the basis of the information we have, it would appear that the extent or intensity of the competition between imported bonito canned in oil and domestic tuna canned in oil is somewhat less than that between tuna canned in brine and domestic tuna canned in oil.

One last matter, Mr. Chairman, and I will be through. H. R. 5693 provides that the duty on fresh or frozen tuna will be in effect until April 1, 1953, and that the Tariff Commission is to report the results of its investigation to the Congress on or before January 1, 1953. These dates were established when the bill was before the Ways and Means Committee in October of last year, several months ago. Had the bill become law before the Congress adjourned, the duty would

have been in effect a little over a year before the Commission would have made its report.

Now, however, even if the Congress acts expeditiously on the bill, the rate will be in effect considerably less than a year by the time the Commission will have to make its report. I believe that the Commission will be able to do a better job in its investigation under H. R. 5693 if we have the benefit of at least a year's experience under the new rate. The committee, therefore, may wish to consider the desirability of moving forward somewhat the termination dates for the duty and the date when the Commission is required to make its report.

The Chairman. The suggested amendment to which you have referred will be included in the record at this point.

(The document referred to is as follows:)

DRAFT AMENDMENT TO H. R. 5693

SEC. 2. So long as the duty imposed on fresh or frozen tuna fish by section 1 of this act is in effect there shall be levied, collected, and paid on tuna fish, prepared or preserved in any manner, provided for in paragraph 718 (b) of the Tariff Act of 1930, as amended, a duty of — percent ad valorem, which duty shall be in lieu of the duty imposed under the said paragraph 718 (b): *Provided*, That the duty imposed by this section shall not be assessed or collected in violation of any international obligation of the United States existing on the date of the enactment of this act: *And provided further*, That notwithstanding the investigation being conducted by the United States Tariff Commission under section 7 of the Trade Agreements Extension Act of 1951 with respect to certain articles provided for in paragraph 718 (b) of the Tariff Act of 1930, as amended, the President is directed immediately to invoke article XII of the reciprocal trade agreement between the United States and Iceland, signed August 27, 1943, for the purpose of terminating all obligations of the United States under articles VIII and XI of that agreement with respect to tuna fish, bonito, and yellowtail included in item 718 (b) of schedule II of the said agreement.

(NOTE.—If this amendment were adopted, the present secs. 2 and 3 of the bill should be renumbered secs. 3 and 4, respectively.)

The CHAIRMAN. Are there any further questions of the witness?

Senator MILLIKIN. I would like to express my appreciation of the statement. It seems to me it contains a lot of very useful information on this subject we have before us.

The CHAIRMAN. If that is all for the witness, all of the questions, we thank you for your appearance.

Mr. BALLIF. Thank you.

The CHAIRMAN. Senator Magnuson.

Senator MAGNUSON. My statement is very brief, and I can get through with it in 3 or 4 minutes.

The CHAIRMAN. Very well, we will be glad to hear from you.

STATEMENT OF HON. WARREN G. MAGNUSON, UNITED STATES SENATOR FROM THE STATE OF WASHINGTON

Senator MAGNUSON. May I say that I want to express my appreciation to the committee, and I know I express the appreciation of the tuna fishermen on the Pacific coast for expediting these hearings.

You will recall that the House passed this bill in the closing days of the last session, and it was almost impossible for the committee to go into the matter at that time, but the chairman did say he would attempt to do it as soon as possible at the beginning of this session, and I am sure they all appreciate your doing that at this time.

Mr. Chairman, beginning in 1948, the tuna industry of the west coast, which is active from all ports of Washington, Oregon, and California, began to suffer injury by reason of increasing imports of tuna in different forms. This condition, and the injury resulting therefrom, has been increasing steadily and rapidly from that date to this until at this moment the entire United States tuna industry is on the verge of collapse. Between 25,000 and 30,000 United States citizens are directly affected as fishermen, cannery workers, salesmen, et cetera. Another 100,000 United States citizens are affected in the industries that supply the vessels and canneries in their operations.

In 1948 the share of the United States tuna market taken by imported tuna was approximately 7 percent; in 1949 approximately 13 percent; and in 1950 approximately 30 percent. While the figures are not yet complete for 1951, the total share of the United States tuna market taken by imported tuna was in excess of that reported for 1950. This rapid rise in imports has severely affected the total economy of the tuna industry, and by so doing has adversely affected the economy of the west coast ports.

A similar situation occurred in 1930. That was corrected by a single action with respect to a single commodity imported from a single country. President Roosevelt in 1934 raised the tariff on tuna canned in oil from 30 to 45 percent ad valorem after a detailed cost-of-production study by the United States Tariff Commission. This rise in duty was for the purpose of equalizing cost of production between the tuna industries of Japan and the United States so that the product of both industries would enter the United States market on an even competitive basis. It did this successfully and worked to the benefit of both industries—both of which enjoyed an increasing market in the United States until the outbreak of war.

In this year 1952 the situation is much more complex and cannot be remedied by a single action. Tuna imports are comprised of four primary categories, each under a different tariff situation, and the total affecting several countries. Frozen tuna bears no duty and is not bound by any trade agreement. It is imported in substantial volume from Peru and Japan.

Senator KERR. May I ask a question, Mr. Chairman?

The CHAIRMAN. Senator Kerr.

Senator KERR. When did the import of frozen tuna become a factor? Hasn't that been a very recent thing and one that developed since the tariff provisions that we now have were put into the law or into effect?

Senator MAGNUSON. I will say, Senator Kerr, my information is that the adverse effect of tuna frozen has all occurred since the war, and even in the last 2 or 3 years.

Senator KERR. The thought I had in mind was that they didn't even have a frozen-tuna industry prior to the war, did they?

Senator MAGNUSON. Didn't have it as far as Japan was concerned.

Senator KERR. Or so far as any imports were concerned?

Senator MAGNUSON. So far as I know, so far as any imports were concerned. There was some, but not enough to cause the situation we now have.

Tuna canned in oil bears a tariff of 45 percent ad valorem and is imported primarily from Japan, and not subject there to a trade agreement either.

I just wanted to interpose there that I spent a great deal of time in Japan this spring, at which time I had many conferences with the leaders of the fishing industry, both canners and the fishermen themselves, and with the Government, and the result has been that we have initialed and primarily effected an international fishing agreement which will take place after the treaty is ratified, so Japan can technically, as a nation, sign the treaty.

During the course of our conversations with these people, this matter was discussed at some length, and I am sure that I speak the sentiment of those in Japan who are now engaged in some of these new industries when I say that they feel and expect to have some sort of restriction placed upon the importation. I don't think there would be any disagreement on that.

They may disagree as to the amount, but I am sure they expect it. They didn't expect to have this free ride, and that was the consensus of opinion there.

Bonito canned in oil bears a duty of 15 percent ad valorem. It is so bound in a trade agreement concluded with Peru under the General Agreement on Tariff and Trade. Tuna canned in brine and bonito canned in brine bear a tariff of 12½ percent ad valorem by reason of a trade agreement signed with Iceland—which produces no tuna or bonito.

I understand from testimony here that that is a separate agreement outside GATT.

The tuna industry of the west coast realizes the economic responsibilities of the United States with respect to both Japan and Peru. It has adopted a policy designed to permit imports of tuna from all countries to the extent of 15 percent of the United States tuna market—a figure well above the prewar level both as to actual and relative volume.

But the implementation of this policy is exceedingly difficult due to the complexities of United States tariff laws. Some parts of the problem fall within the legal responsibilities of the United States Tariff Commission, some within the exclusive powers of the President, and some within the exclusive jurisdiction of the Congress. The industry has taken steps to present each part of the problem to the appropriate branch of the Government.

The frozen-tuna problem has been brought to the Congress, the only arm of the Government able under law to remedy this problem. The House Ways and Means Committee heard testimony on this problem toward the end of the last session. It responded by originating and reporting favorably the Camp bill, H. R. 5693. This bill passed the House with only one dissenting vote and was referred to the Senate on October 25. The Senator Finance Committee was unable to consider the bill before the adjournment of Congress on October 27.

The bill, H. R. 5693, provides: (a) A temporary tariff of 3 cents per pound on imports of frozen tuna, to last until April 1953; (b) a study by the Tariff Commission with a report back to the Congress by that date of a recommendation for appropriate permanent tariff treatment for this commodity; and, (c) a comprehensive study by the United States Fish and Wildlife Service as to the economic impact of imports on the domestic tuna industry.

I think it provides essentially sufficient temporary relief to keep this industry alive during this period until we can go at the matter,

as has been suggested, and use some of the alternatives. I don't know much about the figures, Mr. Chairman and members of the committee, and I am no expert on tuna matters, but I do know that the tuna fleet on the west coast, all up and down the coast, has been very substantially idle since the impact of these imports.

The matter was so bad that in San Francisco during the peace conferences with Japan the tuna industry, the fishermen, felt it incumbent upon them to come and present their case to us in San Francisco in hopes that we might even take the drastic remedy of providing a reservation on the suggested treaty.

This, however, should be subject, so far as Japan is concerned, to a permanent trade agreement. The Japanese people are ready to enter into a reasonable trade agreement, just as soon as we ratify their treaty, a unilateral agreement with the United States. I do hope we will have some expeditious action on the matter because the plight of the tuna industry is real and alive, and it is there regardless of what figures we may quote here in regard to it.

The CHAIRMAN. Thank you very much, Senator.

Senator MORSE, you have no statement?

Senator MORSE. I am just trying to find out what the facts are.

Mr. BALLIF. I think it would be a good idea, Mr. Chairman, if you had these charts put in the record. We can leave them if you care to do that.

The CHAIRMAN. You may leave those.

(The charts referred to are to be found in the files of the committee.)

The CHAIRMAN. Mr. Anderson, we may be able to hear you this morning.

STATEMENT OF A. W. ANDERSON, FISH AND WILDLIFE SERVICE, UNITED STATES DEPARTMENT OF THE INTERIOR

The CHAIRMAN. You are from the Department of the Interior?

Mr. ANDERSON. Yes, sir.

The CHAIRMAN. What is your position?

Mr. ANDERSON. I am Chief of the Branch of Commercial Fisheries in the Fish and Wildlife Service and also chief operations officer for the Defense Fisheries Administration.

The CHAIRMAN. We will be very glad to hear you at this time.

Mr. ANDERSON. I will skip the first two paragraphs of the report because they already have been covered, describing the bill and such matters.

The Department has a direct interest in H. R. 5693 or similar legislation. Through the Fish and Wildlife Service the Department is responsible for maintaining the domestic fishery resources. Through the Defense Fisheries Administration it is responsible for maintaining the volume of fisheries production required by defense needs and for preserving the producing and processing facilities required to create that production. As a member of the Interdepartmental Committee on Trade Agreements the Department participates in all tariff negotiations relating to fisheries as well as other products.

In preparing this report the Department has given the fullest possible consideration to the many interests which are involved. The Pacific coast tuna industry desires to preserve the livelihood of its fishermen, to maintain its fleet of vessels and its modern tuna can-

neries, and to continue to draw upon foreign sources of raw material in addition to absorbing the production of the domestic tuna fleet. It also is desirous of preserving the best possible relationships with those Latin American countries whose territorial waters and ports supply bait and other needs to the United States tuna fleet and off whose coasts, on the high seas, the United States tuna fleet frequently fishes. Likewise the Department has also considered the role which fisheries must play in the economic development of Japan and Latin America.

The small but growing tuna industry in New England and the budding tuna industries in the South Atlantic States and the Gulf of Mexico area are interested in continuing, without change, their imports of frozen tuna from foreign sources while their local domestic fisheries are in process of development.

Finally, the consumer, whether a housewife or an institutional buyer, is interested in an adequate supply of tuna at a fair price.

The situation in the tuna industry is grave. If the domestic tuna fleet is not soon in a position to put to sea, the industry may be permanently crippled. If the tuna fleet cannot sell its production for a price which will permit continued operation, it either must go out of business or under foreign registry. Domestic canners would then be dependent upon imports of frozen tuna. Should these imports later be retained and canned in the foreign country, the domestic canners would follow the fleet out of business or to a foreign country. This has occurred to a certain extent in a somewhat similar situation in the ground-fish fillet industry. Should this occur, the ultimate consumer would be dependent upon foreign production for canned tuna.

There can be little disagreement about the fact that a serious situation has prevailed in the Pacific coast tuna industry for about a year. The critical deterioration of the situation unquestionably stimulated passage of H. R. 5693 by the House of Representatives in October 1951. Most fishermen are still ashore and the bulk of their vessels are tied up. The large canneries are not operating in San Diego and cannery help is unable to find other work. Canners' inventories are at a peak and tuna market prices are weak.

The Department can recommend no simple and permanent solution to the problem at this time because the facts needed to develop such a solution require time to collect and to analyze. Under the circumstances the best that can be done is to take what steps are deemed necessary to return the tuna fleet to sea. This will eliminate some of the uncertain aspects in the present situation and restore confidence in the tuna market for at least the immediate future. It will also buy the time required to accumulate the information necessary to render a sound and equitable decision as to the need for tariffs or other remedies.

Although imported fresh and frozen tuna is the problem under consideration imported tuna canned in oil and imported tuna canned in brine are also involved. Tuna canned in oil has been a staple product in the domestic market for years. Prior to the war it was imported under a 45 percent duty and annually accounted for 10.5 to 14.9 percent of the domestic supply of canned tuna.

Senator MILLIKIN. Is tuna a high-protein food?

Mr. ANDERSON. Yes, sir, it is a very good protein food.

After the war, during the rebuilding of the Japanese fleet, imported tuna canned in oil accounted for only 3.1 to 5.9 percent from 1946 to 1949 although the duty had been halved to 22.5 percent in 1943. In 1950, however, the imports leaped to 17.3 percent as large quantities were rushed in toward the end of the year to avoid the duty of 45 percent which again became effective January 1, 1951. During 1951 the imports of tuna canned in oil dropped to only 2.1 percent.

Tuna canned in brine has been imported in appreciable volume only in 1951. In 1950 imported tuna canned in brine accounted for only 0.2 percent of the total supply available of canned tuna. In 1949 the figure was only 0.1 percent. But in 1951 it made up an estimated 5.3 percent of the supply. The large increase in imports of brine-packed tuna—which carries a duty of only 12.5 percent—coincided with the advent of the 45-percent duty on tuna canned in oil. It is apparent that a shift in the method of packing occurred in order to take advantage of the lower duty. Tuna canned in brine and tuna canned in oil, while differing in some respects, are highly competitive in the institutional market but perhaps less so, at present, where the housewife is concerned.

Fresh and frozen tuna has been imported for many years by domestic canners who have packed it in their canneries as tuna canned in oil. From 1931 to 1939 the tuna canned in the United States from imports of fresh and frozen tuna accounted for from 3.2 to 13.3 percent of the annual prewar supply. From 1946 to 1949 while the Japanese fleet was rebuilding after the war the share was only from 0.7 to 3.4 percent. In 1950 it jumped to 9.5 percent and in 1951 to an estimated 16.3 percent. As was the case with the increased imports of tuna packed in brine, the much larger imports of fresh and frozen tuna—which is duty-free—undoubtedly were due, in large part, to the newly instituted 45 percent duty on tuna canned in oil.

It is apparent that any action taken upon one form of imported tuna will result in compensatory imports of another form if the duties on all forms remain unrelated as is the case at present. Consequently, it is obvious that the duty on imported fresh and frozen tuna proposed in H. R. 5693 cannot be expected to be as effective as would be the case if the duty on tuna canned in brine bore a normal relationship to the 45 percent duty on tuna canned in oil. However, the Tariff Commission has under review, in an escape clause action, the 12.5 percent duty on tuna canned in brine, and, it is hoped, will be able to make whatever recommendations in this matter appear necessary at an early date.

As has been stated earlier, the Department sees no simple way to eliminate the difficulties confronting the tuna industry. Temporary adjustments which will permit the tuna fleet to begin operations again and which will provide sufficient time to analyze the information upon which a more permanent solution can be based are the immediate needs.

It appears, therefore, that H. R. 5693, or similar legislation which will accomplish substantially the same purpose, is the best solution available at this time. The duty to be imposed will not unduly aid the domestic industry because it has been at a low ebb for months and will require time to get back into production. Neither will the duty unduly hamper imports. Presumably a quarter of 1952 will have

passed before the legislation can go into effect. Unless the Tariff Commission takes interim action on tuna canned in brine, presumably a still longer period will pass before any change can be contemplated in the tariff rate on that product and, of course, the duration of the duty on fresh and frozen tuna is limited to April 1, 1953.

It may seem that a more equitable solution would be to permit a certain volume of frozen tuna to continue to be imported without duty. This might be based on the fact that, until the sharp increases in 1950 and 1951, an average of 3.7 percent of the total supply of canned tuna available in the United States was derived from imported frozen tuna. During the period from 1931 to 1939 and from 1946 to 1949 the market apparently absorbed about this volume of imports without undue difficulty. Consequently, there may be some justification for legislation permitting about 3.7 percent of the probable total supply available to the United States or of the apparent supply available for consumption to be made up of imported frozen tuna to be entered duty-free. On the basis of the probable apparent supply available in 1952 it is estimated that 3.7 percent would amount to about 16 million pounds of fresh and frozen tuna on a raw weight basis. This compares with imports of about 11 million pounds in 1949 and 62 million pounds in 1951. If the imports over 16 million pounds were dutiable at 3 cents per pound, as in H. R. 5693, it would mean that 32 million pounds could be imported at an average duty of 1.5 cents per pound. While the Department would interpose no objection to a limited duty-free quota, it considers that the duty-free importation of 16 million pounds of frozen tuna annually, while possibly justifiable on an historical basis, is the maximum adjustment in this direction that will solve the immediate problem.

If the Congress approves a duty for a limited period, as in H. R. 5693, the Department suggests that it not be complicated by formulas attempting to divide the United States market between the importing countries and the domestic producers. A simple duty on a cents per pound or an ad valorem basis is preferable and most easily administered for the relatively brief period involved.

The more comprehensive studies and analyses of the tuna industry contemplated by the bill will develop a sound basis for more permanent action. That portion of the study to be made by this Department can and will be made within the limit of funds available or made available for carrying out the purposes of section 3 of the bill.

I have been informed by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

The CHAIRMAN. Are there any questions of Mr. Anderson?

If not, Mr. Anderson, we thank you, sir. That full statement is in the record anyway probably including the table. If you wish the table included, it will be included.

Mr. ANDERSON. I think the table should be included, Mr. Chairman.

The CHAIRMAN. We will include the table in the record at this point.

(The table referred to appears following the report of the Department of the Interior at p. 6.)

(Additional charts, tables, and foreign trade statistics were subsequently supplied as follows:)

Canned tuna and tunalike fishes: Apparent supply available for consumption in the United States, 1926-51¹

[By source and type, and percentage of total supply]

| Year | Packed in United States from domestic catch | | Made from foreign-caught fish | | | | | | | | | | | United States pack | | |
|--------------------|---|-------|---|---------|------|---|---------|--------------|--|---------|--------------|-----------------|---------|--------------------|---------|-------------------------|
| | | | Packed in United States from imported, frozen tuna ² | | | Imported canned tuna and tunalike fish in oil | | | Imported canned tuna in brine ³ | | | Total foreign | | Total supply | Total | Percentage total supply |
| | | | Thousand pounds | Percent | Duty | Thousand pounds | Percent | Duty percent | Thousand pounds | Percent | Duty percent | Thousand pounds | Percent | | | |
| 1926..... | 20,429 | 100.0 | | | | (⁴) | | | | | | | | 20,429 | 20,429 | 100.0 |
| 1927..... | 30,079 | 99.8 | 61 | 0.2 | Free | (⁴) | | | | | | 61 | 0.2 | 30,140 | 8,140 | 100.0 |
| 1928..... | 27,189 | 93.1 | 2,000 | 6.9 | | (⁴) | | | | | | 2,000 | 6.9 | 29,189 | 29,189 | 100.0 |
| 1929..... | 32,582 | 90.2 | 3,521 | 9.8 | | (⁴) | | | | | | 3,521 | 9.8 | 36,103 | 36,103 | 100.0 |
| 1930..... | 44,618 | 92.5 | 3,637 | 7.5 | | (⁴) | | | | | | 3,637 | 7.5 | 48,255 | 48,255 | 100.0 |
| 1931..... | 25,365 | 84.1 | 3,842 | 12.8 | | 937 | 3.1 | 30 | | | | 4,779 | 15.9 | 30,144 | 29,207 | 96.9 |
| 1932..... | 26,525 | 76.0 | 2,423 | 7.0 | | 5,945 | 17.0 | | | | | 8,368 | 24.0 | 34,893 | 28,948 | 83.0 |
| 1933..... | 32,099 | 65.5 | 2,536 | 5.2 | | 14,382 | 29.3 | | | | | 16,918 | 34.5 | 49,017 | 34,635 | 70.7 |
| 1934..... | 43,974 | 79.7 | 3,233 | 5.9 | | 7,956 | 14.4 | 45 | | | | 11,189 | 20.3 | 55,163 | 47,207 | 85.6 |
| 1935..... | 57,433 | 83.9 | 2,827 | 4.1 | | 8,185 | 12.0 | | | | | 11,012 | 16.1 | 68,445 | 60,260 | 88.0 |
| 1936..... | 61,883 | 86.9 | 2,455 | 3.5 | | 6,843 | 9.6 | | | | | 9,298 | 13.1 | 71,181 | 64,338 | 90.4 |
| 1937..... | 70,016 | 70.9 | 5,452 | 6.3 | | 11,053 | 12.8 | | | | | 16,505 | 19.1 | 86,521 | 76,464 | 87.2 |
| 1938..... | 63,454 | 86.6 | 2,645 | 3.6 | | 7,192 | 9.8 | | | | | 9,837 | 13.4 | 73,291 | 66,099 | 90.2 |
| 1939..... | 84,465 | 86.6 | 2,966 | 3.0 | | 10,126 | 10.4 | | | | | 13,092 | 13.4 | 97,557 | 87,431 | 89.6 |
| 1940..... | 98,979 | 92.3 | 1,544 | 1.4 | | 6,704 | 6.3 | | | | | 8,252 | 7.7 | 107,231 | 100,523 | 93.7 |
| 1941..... | 61,168 | 94.3 | 395 | .6 | | 3,332 | 5.1 | | | | | 3,727 | 5.7 | 64,895 | 61,563 | 94.9 |
| 1942..... | 51,869 | 98.0 | 631 | 1.2 | | 412 | .8 | | | | | 1,043 | 2.0 | 52,912 | 52,500 | 99.2 |
| 1943..... | 56,446 | 98.9 | 117 | .2 | | 511 | .9 | 22½ | | | | 628 | 1.1 | 57,074 | 56,563 | 99.1 |
| 1944..... | 69,410 | 94.6 | 775 | 1.1 | | 3,163 | 4.3 | | | | | 3,934 | 5.4 | 73,348 | 70,185 | 96.7 |
| 1945..... | 88,219 | 93.6 | 759 | .8 | | 5,252 | 5.6 | | | | | 6,011 | 6.4 | 94,230 | 89,978 | 94.4 |
| 1946..... | 93,168 | 94.5 | 720 | .7 | | 4,739 | 4.8 | | | | | 5,459 | 5.5 | 98,627 | 93,889 | 95.2 |
| 1947..... | 116,277 | 94.1 | 1,192 | .9 | | 6,148 | 5.0 | | | | | 7,340 | 5.9 | 123,617 | 117,469 | 95.0 |
| 1948..... | 136,807 | 92.3 | 2,875 | 1.9 | | 8,595 | 5.8 | | 13 | 12½ | | 11,483 | 7.7 | 148,290 | 139,682 | 94.2 |
| 1949..... | 136,769 | 88.6 | 4,932 | 3.2 | | 12,559 | 8.1 | | 79 | .1 | | 17,570 | 11.5 | 154,339 | 141,701 | 91.8 |
| 1950..... | 154,764 | 70.4 | 20,030 | 9.1 | | 44,545 | 20.3 | | 381 | 2 | | 64,956 | 29.6 | 219,720 | 174,794 | 79.5 |
| Estimate 1951..... | 131,086 | 71.8 | 27,914 | 15.3 | | 14,600 | 8.0 | 45 | 9,000 | 4.9 | | 51,514 | 23.2 | 182,600 | 159,000 | 87.1 |

TUNA IMPORTS

¹ Does not include Hawaiian pack for which data are not generally available.

² Converted to net weight of canned fish by considering a 45-percent recovery from fresh and frozen weight shown in import statistics. Data for the years 1937-51 exclude 90 percent of the imports shown from Costa Rica and 60 percent of those from the Canal Zone, believed to represent an approximate proportion of the tuna caught by United States fishing vessels and trans-shipped to the United States where it entered as an import.

³ Data not available, prior to 1948. Probably insignificant.

⁴ Not separately classified in import data and probably insignificant.

Source: Compiled by Fish and Wildlife Service Jan. 30, 1952.

United States: Pack of canned tuna and tunalike fish, 1926-50

| Year | Tuna | | | | | | Tunalike | | | Total tuna and tunalike |
|------|------------------|-------------------------|------------------|------------------------|------------------|-------------|------------------------|------------------|------------------------|-------------------------|
| | Albacore | Yellowfin | Skipjack | Bluefin | Other | Total | Bonito | Yellowtail | Total | |
| | Pounds | Pounds | Pounds | Pounds | Pounds | Pounds | Pounds | Pounds | Pounds | Pounds |
| 1926 | 1,468,728 | ¹ 6,904,776 | 6,966,672 | (¹) | 3,305,290 | 18,645,456 | 1,154,712 | 628,608 | 1,783,320 | 20,428,776 |
| 1927 | 3,147,768 | 10,562,424 | 9,943,536 | 1,110,312 | 3,977,888 | 28,691,928 | 446,088 | 1,001,616 | 1,447,704 | 30,139,632 |
| 1928 | 2,537,328 | 14,279,328 | 4,843,594 | 2,740,056 | 3,872,496 | 28,272,792 | 578,688 | 337,848 | 916,536 | 29,189,328 |
| 1929 | 3,563,904 | 15,874,248 | 9,272,976 | 2,449,776 | 3,551,424 | 34,712,328 | 834,936 | 556,080 | 1,391,016 | 36,103,344 |
| 1930 | 3,466,392 | ² 23,515,224 | 6,338,664 | 7,882,056 | 3,829,824 | 45,032,160 | 2,141,928 | 1,081,272 | 3,223,200 | 48,255,360 |
| 1931 | 3,783,792 | 15,634,552 | 5,700,576 | 1,125,480 | 1,600,498 | 27,846,888 | 1,281,408 | 79,128 | 1,360,536 | 29,207,424 |
| 1932 | 1,758,816 | 16,449,528 | 6,293,280 | 229,944 | 2,927,832 | 27,659,400 | 1,187,880 | 100,968 | 1,288,848 | 28,948,248 |
| 1933 | 1,298,328 | ³ 22,471,176 | 5,411,064 | 100,296 | 3,281,760 | 32,562,624 | 1,018,536 | 1,054,032 | 2,072,568 | 34,635,192 |
| 1934 | 2,174,376 | 26,418,528 | 5,432,616 | 7,492,752 | 4,019,616 | 45,537,888 | 1,393,992 | 274,752 | 1,668,744 | 47,206,632 |
| 1935 | 2,933,328 | 31,045,200 | 6,896,808 | 9,828,816 | 3,860,352 | 54,534,504 | 3,467,904 | 2,257,464 | 5,725,368 | 60,259,872 |
| 1936 | 1,514,880 | 34,493,664 | 10,292,352 | 7,536,456 | 4,135,824 | 57,973,176 | 3,147,288 | 3,217,152 | 6,364,440 | 64,337,616 |
| 1937 | 2,747,064 | 39,594,624 | 16,680,168 | 5,214,024 | 6,068,568 | 70,304,448 | 3,652,200 | 1,511,376 | 5,163,576 | 75,468,024 |
| 1938 | 9,220,440 | 31,347,168 | 8,358,096 | 8,000,976 | 3,369,600 | 60,296,280 | 3,791,496 | 2,011,656 | 5,803,152 | 66,099,432 |
| 1939 | 14,920,656 | 46,526,496 | 9,979,128 | 5,301,384 | 5,281,176 | 82,008,840 | 4,673,256 | 748,728 | 5,421,984 | 87,430,824 |
| 1940 | 9,212,832 | 50,200,992 | 19,608,432 | 7,791,936 | 9,053,088 | 95,867,280 | 2,610,576 | 2,045,184 | 4,655,760 | 100,523,040 |
| 1941 | 6,463,548 | 32,027,352 | 9,580,074 | 3,585,414 | 2,038,974 | 53,695,362 | 4,697,196 | 3,170,643 | 7,867,839 | 61,563,201 |
| 1942 | 12,168,040 | 17,248,779 | 13,909,932 | 6,151,932 | 1,242,293 | 50,720,976 | 761,157 | 1,017,697 | 1,778,854 | 52,499,830 |
| 1943 | 17,452,274 | 19,912,203 | 11,747,052 | 4,578,989 | | 53,690,518 | ⁴ 1,101,294 | 1,771,366 | ⁴ 2,872,660 | 56,563,178 |
| 1944 | 23,993,214 | 35,223,999 | 4,231,689 | 5,030,425 | 603,603 | 69,132,930 | 214,701 | 837,600 | 1,052,301 | 70,185,231 |
| 1945 | 24,355,470 | 41,584,941 | 11,626,548 | 8,716,410 | 956,235 | 87,239,604 | 1,077,093 | 661,767 | 1,738,860 | 88,978,464 |
| 1946 | 13,214,523 | 50,428,107 | 13,526,466 | 9,701,766 | 3,347,082 | 90,217,944 | 2,279,418 | 1,390,509 | 3,669,927 | 93,887,871 |
| 1947 | 14,461,530 | 62,704,599 | 19,413,204 | 8,970,726 | 2,955,699 | 108,505,758 | 5,332,122 | 3,630,828 | 8,962,950 | 117,468,708 |
| 1948 | 26,217,006 | 79,160,326 | 20,842,065 | ⁵ 2,939,469 | 2,997,843 | 132,156,708 | 3,790,515 | 3,734,730 | 7,525,245 | 139,681,953 |
| 1949 | 29,623,389 | 75,090,465 | 27,425,703 | 1,492,779 | 5,012,403 | 138,644,739 | 672,306 | 2,383,548 | 3,055,854 | 141,700,593 |
| 1950 | 41,591,622 | 81,557,973 | 42,617,718 | 960,024 | 6,735,144 | 173,462,481 | 237,015 | 1,094,940 | 1,331,955 | 174,794,436 |
| 1951 | (⁶) | (⁶) | (⁶) | (⁶) | (⁶) | 158,100,000 | (⁶) | (⁶) | 900,000 | 159,000,000 |

- ¹ The pack of bluefin has been included with yellowfin.
- ² Includes small amount of "mixed tuna."
- ³ Includes small amount of "creamed yellowfin."
- ⁴ Includes "Tonno."
- ⁵ Includes small amount of "little tuna."
- ⁶ Unavailable.

Source: Fish and Wildlife Service.

TUNA IMPORTS

TUNA IMPORTS.

Average price paid for tuna and tunalike fishes, Pacific coast, 1930-50

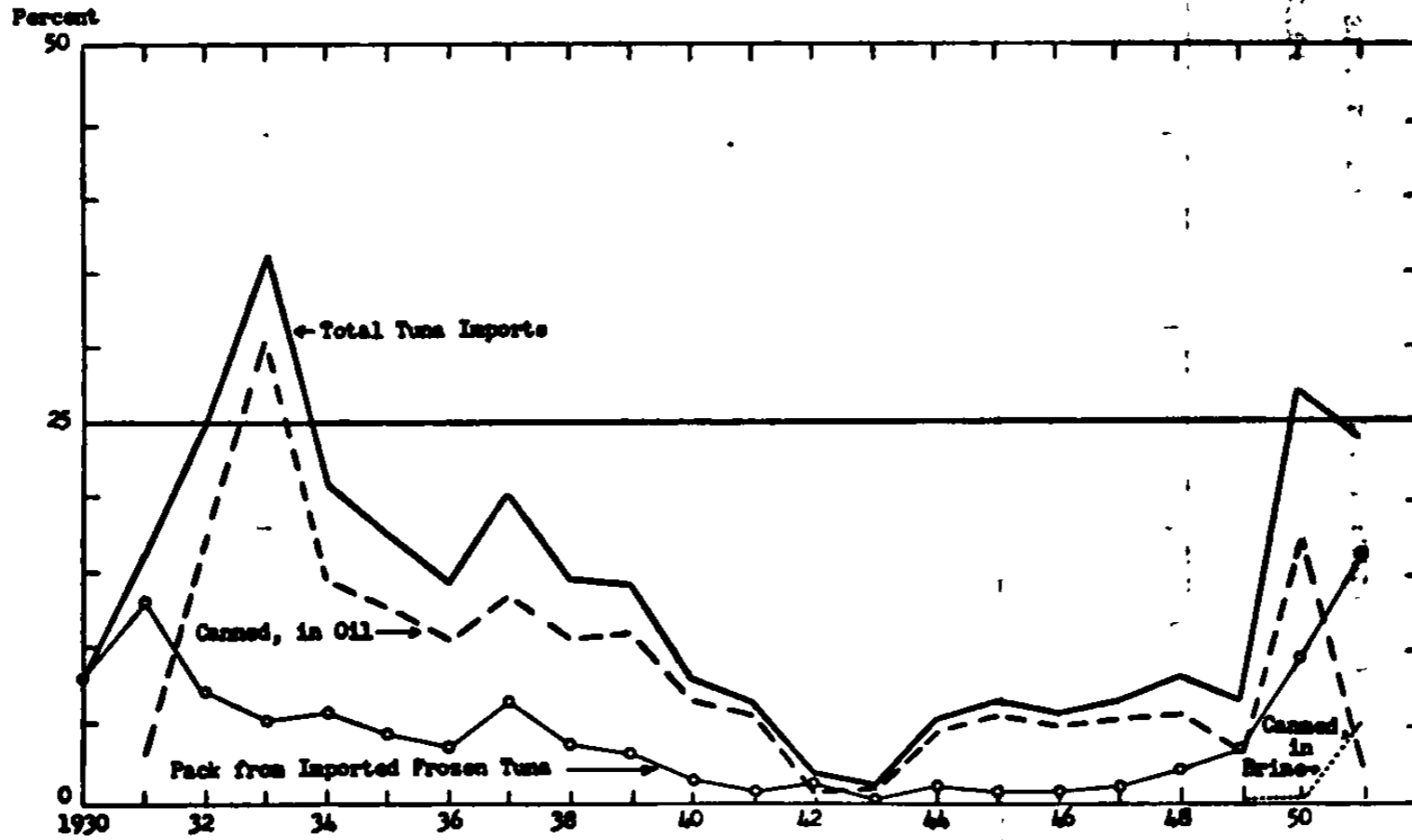
[Cents per pound]

| Year | Species | | | | | |
|-----------|----------|---------|----------|-----------|--------|------------|
| | Albacore | Bluefin | Skipjack | Yellowfin | Bonito | Yellowtail |
| 1930..... | 8.39 | 5.65 | 3.86 | 5.99 | 3.23 | 4.40 |
| 1931..... | 8.11 | 4.78 | 3.05 | 5.41 | 1.59 | 3.33 |
| 1932..... | 5.00 | 4.76 | 3.47 | 4.08 | 1.85 | 2.84 |
| 1933..... | (1) | 5.17 | 3.67 | 4.45 | 1.78 | 2.26 |
| 1934..... | 7.44 | 4.61 | 4.01 | 5.01 | 2.40 | 3.37 |
| 1935..... | 8.17 | 4.55 | 4.00 | 5.01 | 2.90 | 2.87 |
| 1936..... | 9.25 | 4.87 | 4.41 | 5.28 | 3.06 | 2.96 |
| 1937..... | 8.15 | 5.71 | 4.92 | 5.96 | 3.66 | 3.95 |
| 1938..... | 5.45 | 5.54 | 5.00 | 6.01 | 3.69 | 1.60 |
| 1939..... | 5.33 | 5.09 | 4.32 | 5.35 | 3.24 | 3.35 |
| 1940..... | 6.87 | 5.59 | 4.64 | 5.90 | 3.70 | 3.41 |
| 1941..... | 14.35 | 6.10 | 5.32 | 6.32 | 4.24 | 3.90 |
| 1942..... | 19.40 | 9.02 | 8.61 | 9.25 | 6.97 | 7.08 |
| 1943..... | 16.27 | 9.51 | 8.94 | 9.91 | 7.98 | 7.48 |
| 1944..... | 16.41 | 9.53 | 8.97 | 9.92 | 8.46 | 7.92 |
| 1945..... | 19.49 | 9.63 | 8.94 | 9.97 | 8.00 | 8.26 |
| 1946..... | 19.82 | 10.19 | 10.42 | 11.48 | 9.53 | 8.20 |
| 1947..... | 25.28 | 15.94 | 14.46 | 15.58 | 11.73 | 11.29 |
| 1948..... | 29.63 | 16.79 | 15.74 | 16.75 | 11.63 | 11.13 |
| 1949..... | 18.32 | 16.25 | 14.81 | 16.27 | 9.73 | 9.37 |
| 1950..... | 19.11 | 15.39 | 14.30 | 15.34 | 9.77 | 8.90 |

1 Not available.

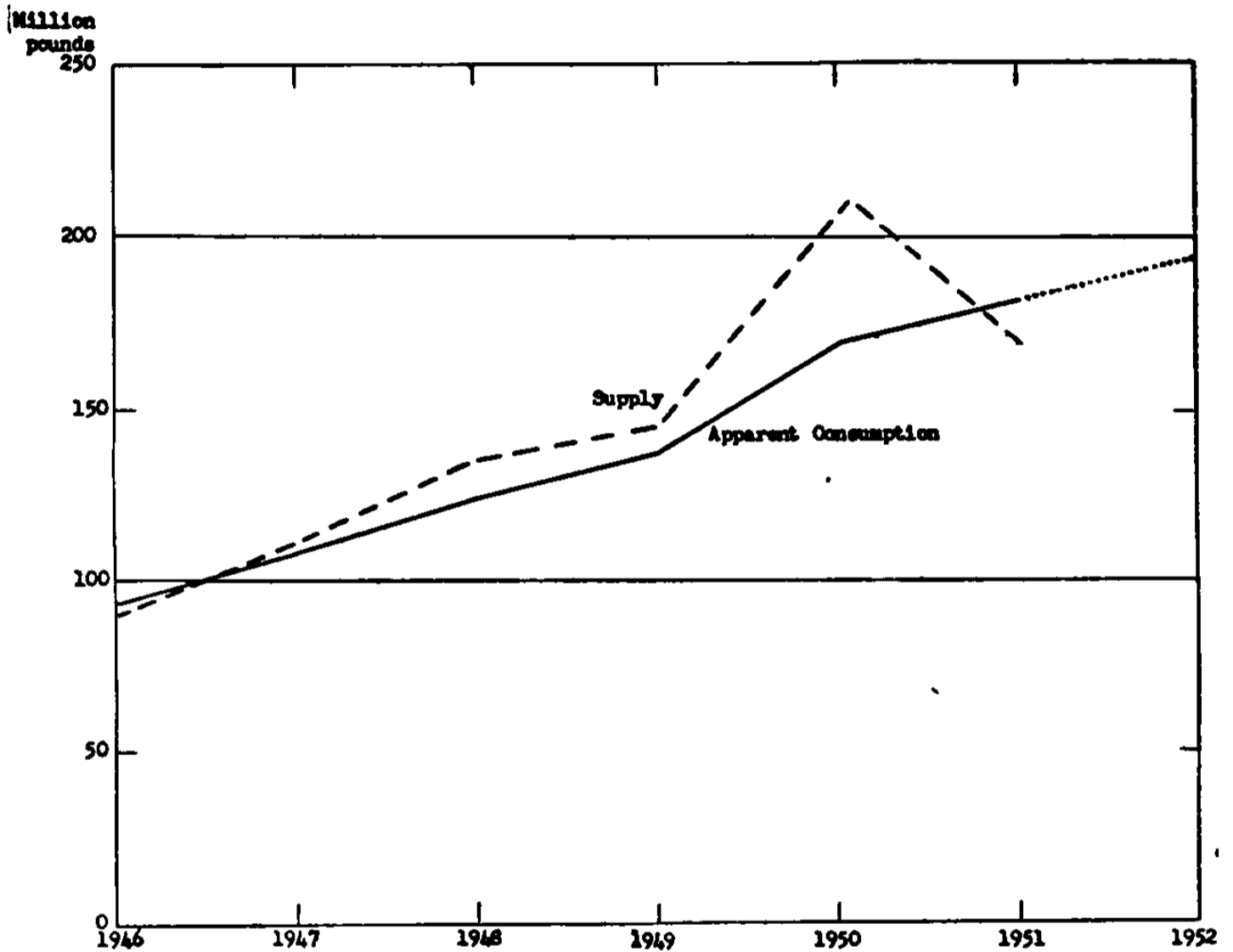
Source: Fish and Wildlife Service.

PERCENTAGE RELATIONSHIP OF TOTAL AND VARIOUS TYPES OF TUNA IMPORTS TO THE
 TOTAL SUPPLY OF CANNED TUNA AVAILABLE FOR CONSUMPTION IN THE UNITED STATES, 1930-51
 (Processed Fish Weight Basis)



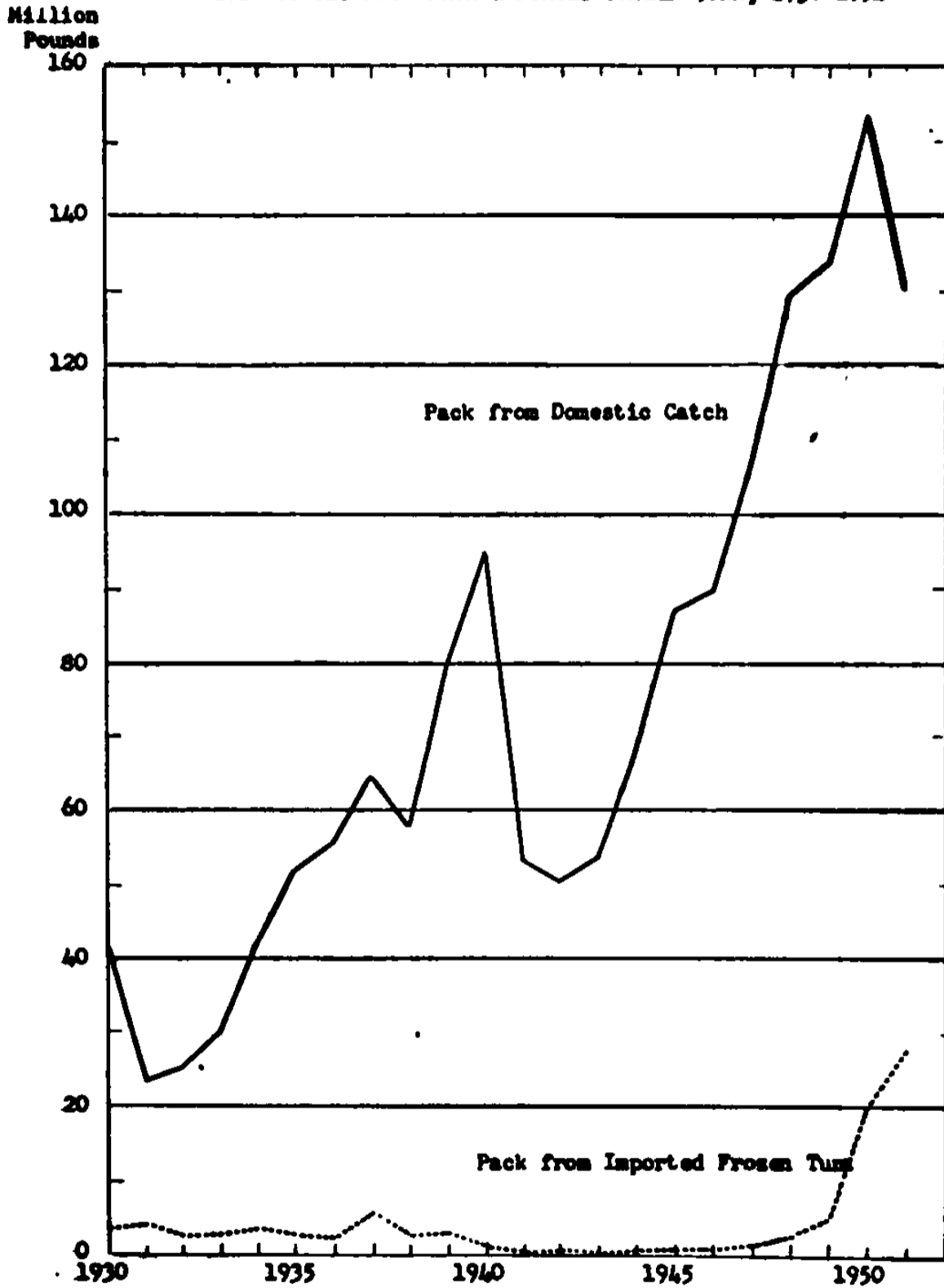
SOURCE: Compiled by Fish and Wildlife Service

CANNED TUNA: SUPPLY AND APPARENT CONSUMPTION IN THE UNITED STATES, 1946-1951, AND ESTIMATED CONSUMPTION 1952



SOURCE: Compiled by Fish and Wildlife Service

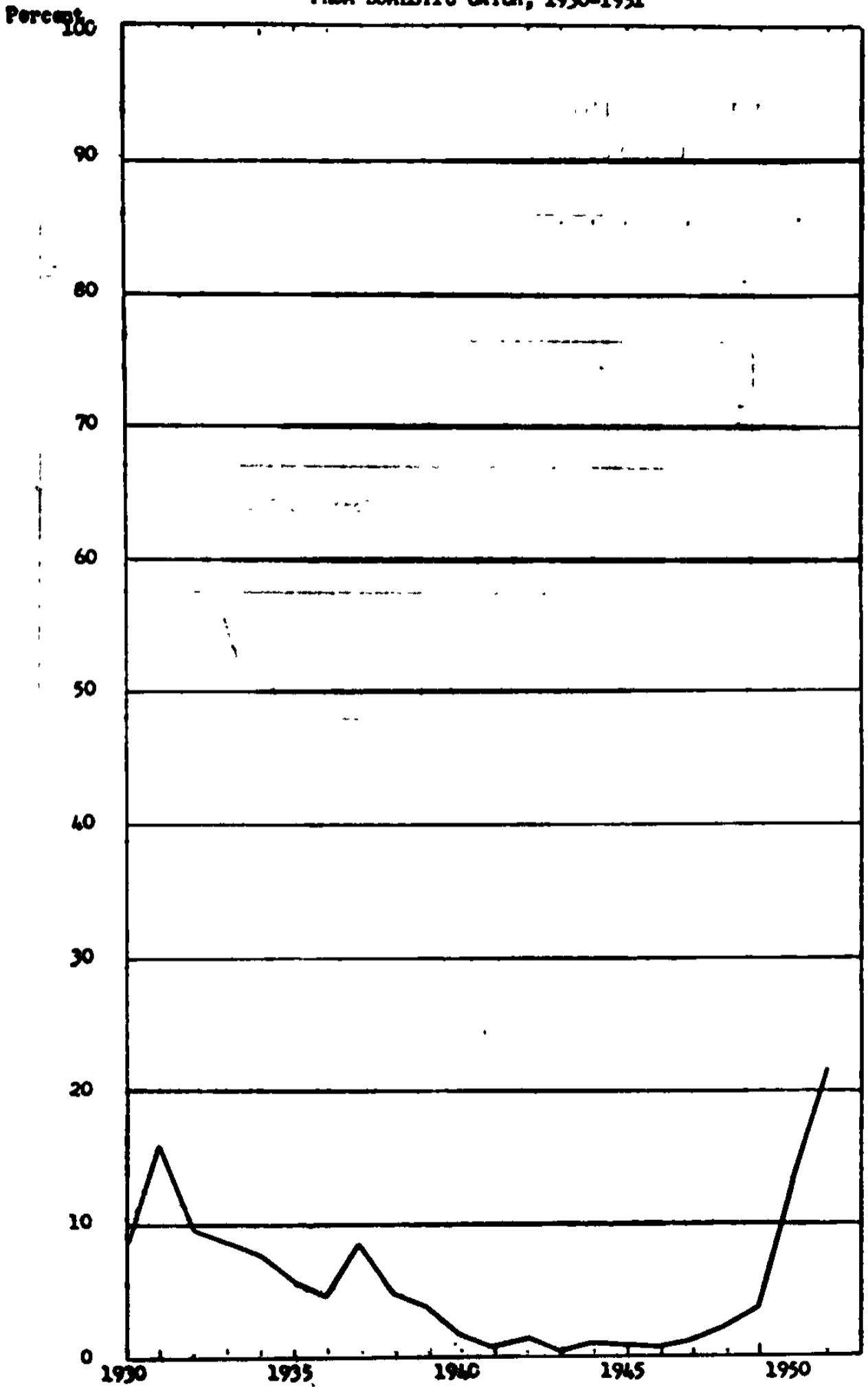
UNITED STATES PACK OF CANNED TUNA FROM DOMESTIC CATCH COMPARED WITH
UNITED STATES PACK FROM IMPORTED FROZEN TUNA, 1930-1951



SOURCE: Compiled by Fish and Wildlife Service

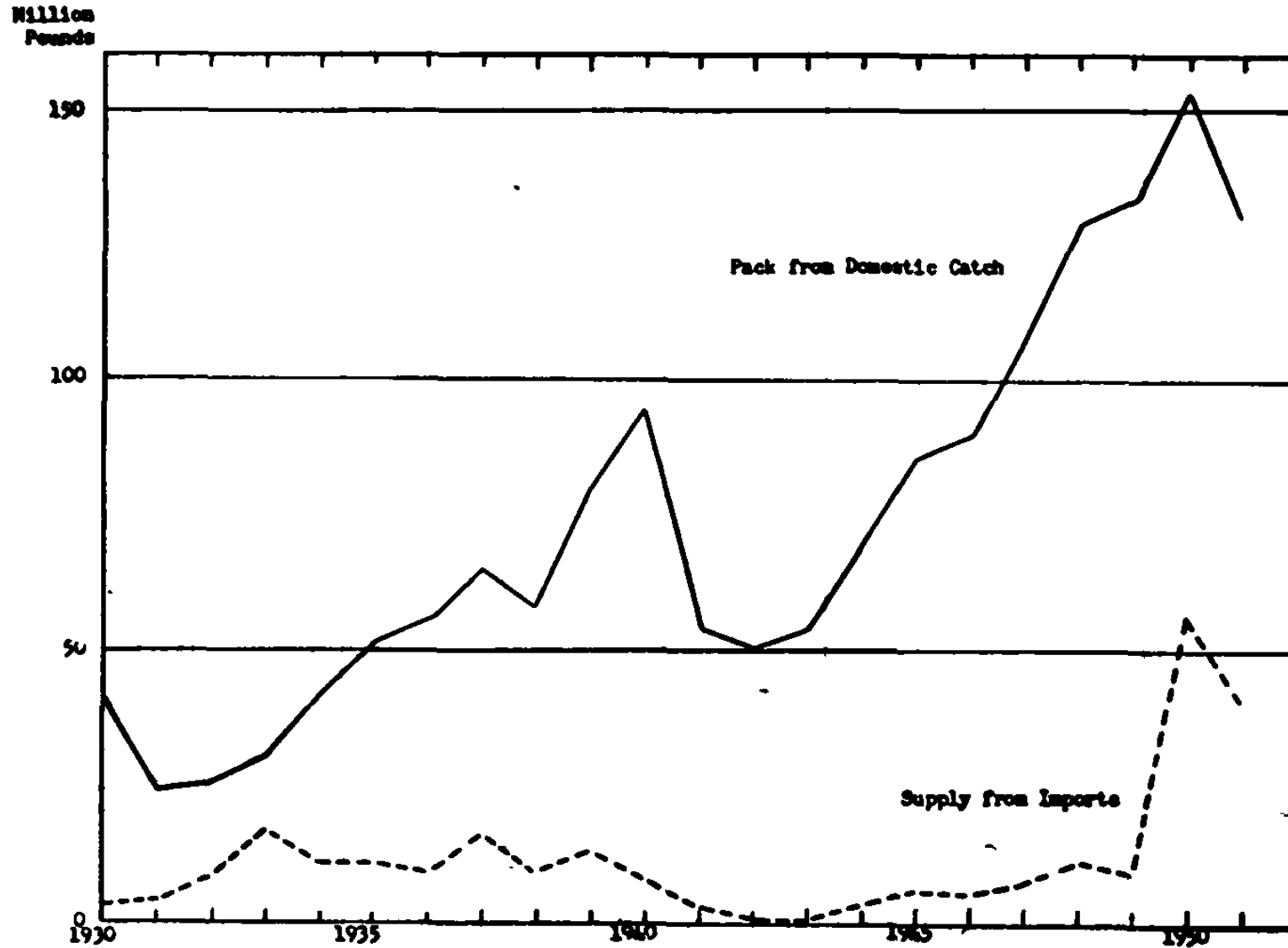
TUNA IMPORTS

PERCENTAGE RELATIONSHIP OF IMPORTS OF FRESH OR FROZEN TUNA TO PACK FROM DOMESTIC CATCH, 1930-1951



SOURCE: Compiled by Fish and Wildlife Service

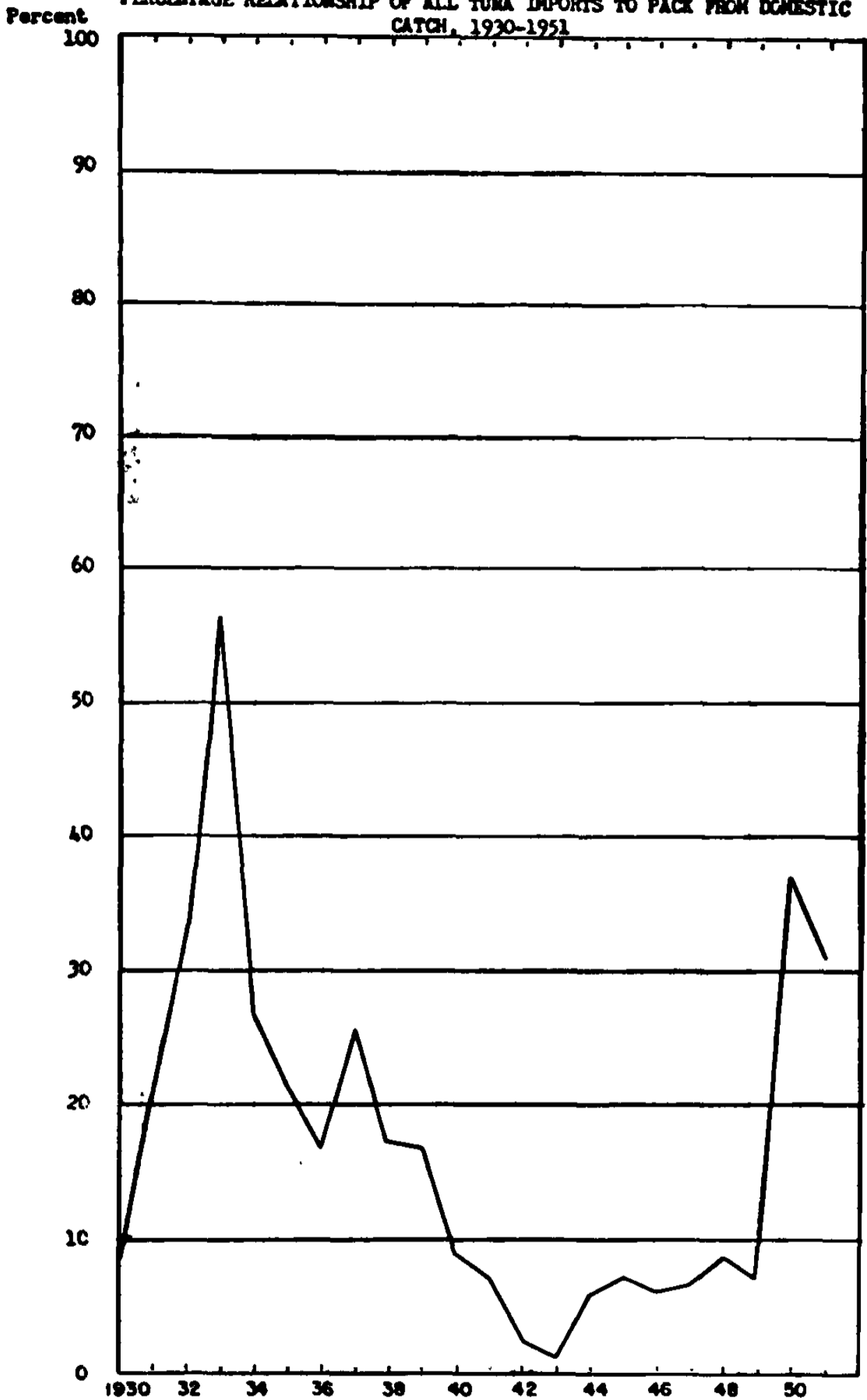
UNITED STATES PACK OF CANNED TUNA FROM DOMESTIC CATCH COMPARED WITH
SUPPLY OF TUNA FROM IMPORTS, 1930-1951



SOURCE: Compiled by Fish and Wildlife Service

TUNA IMPORTS

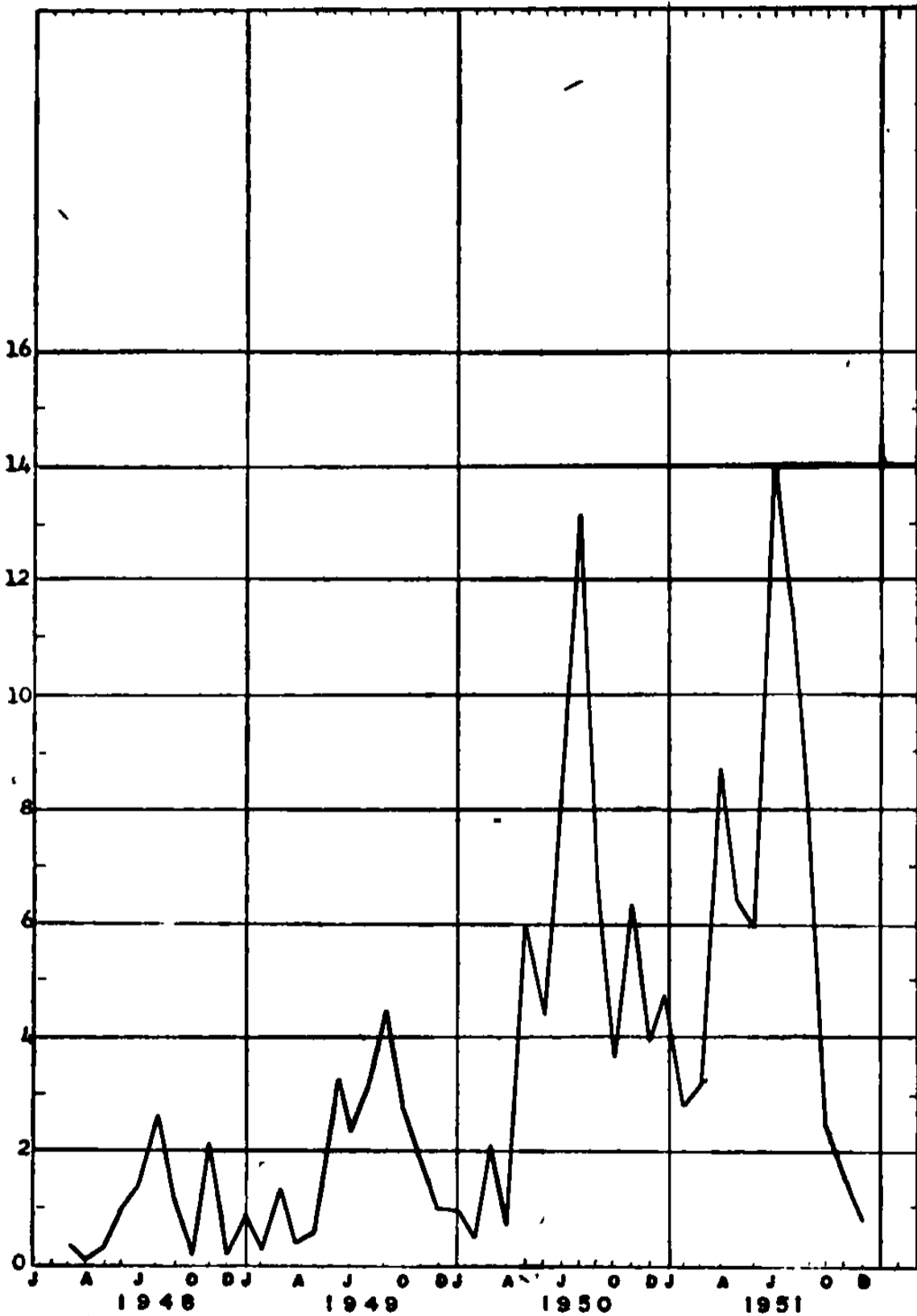
PERCENTAGE RELATIONSHIP OF ALL TUNA IMPORTS TO PACK FROM DOMESTIC CATCH, 1930-1951



SOURCE: Compiled by Fish and Wildlife Service

UNITED STATES IMPORTS OF FRESH AND FROZEN TUNA, BY MONTHS, 1948-1951

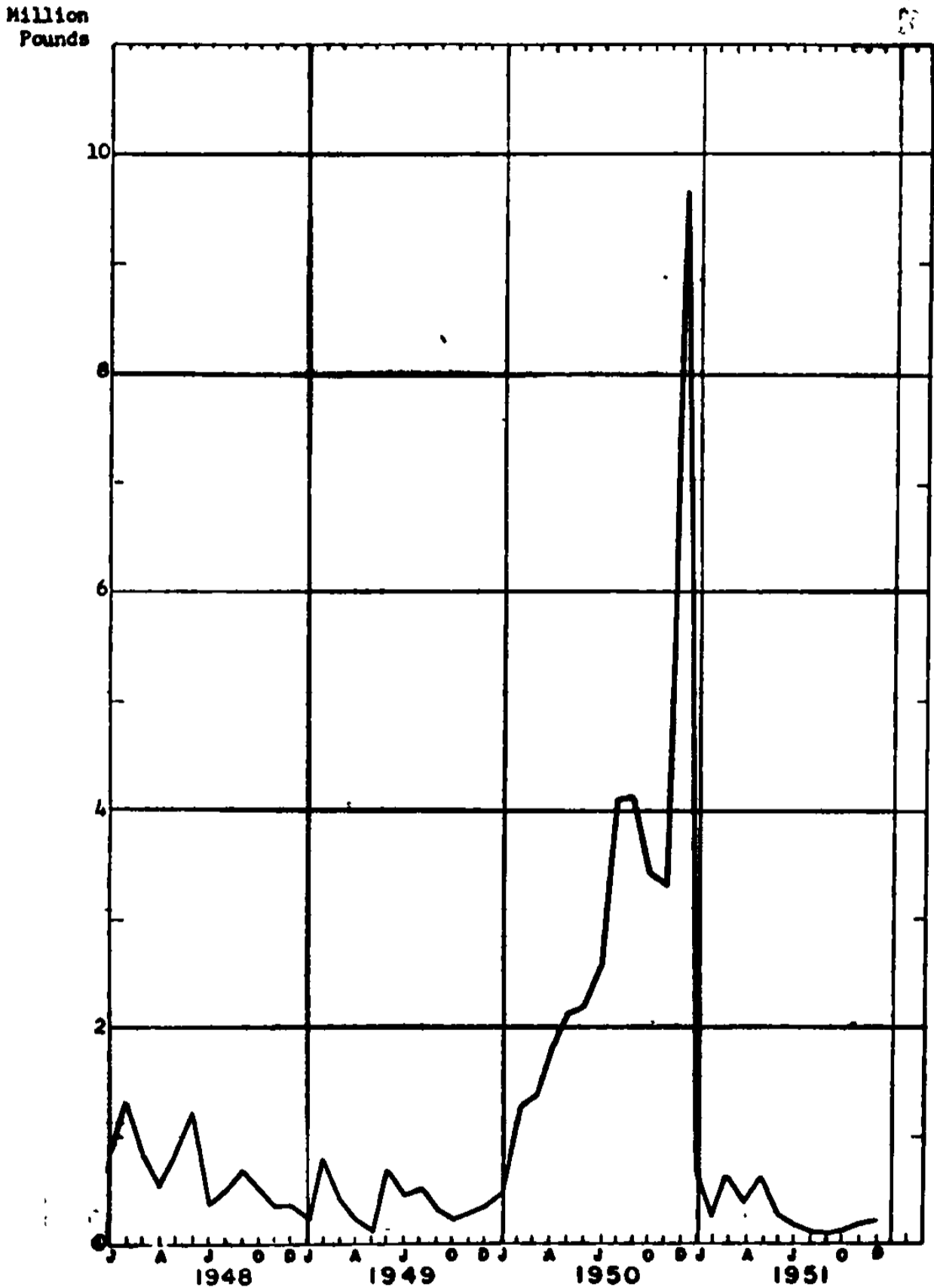
Million Pounds



SOURCE: Compiled by Fish and Wildlife Service from Department of Commerce Data

TUNA IMPORTS

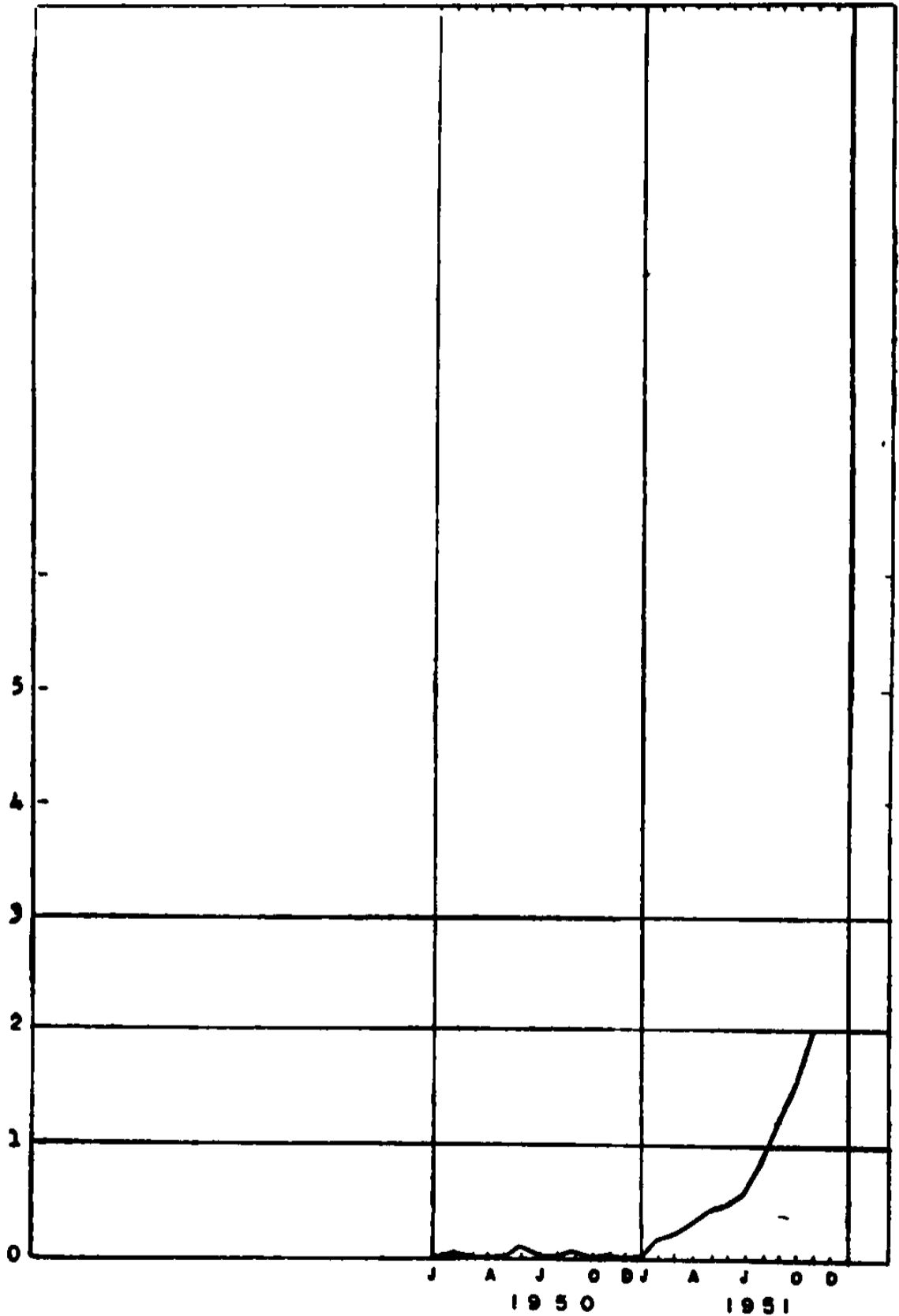
UNITED STATES IMPORTS OF TUNA, CANNED IN OIL, BY MONTHS, 1948-1951



SOURCE: Compiled by Fish and Wildlife Service from Department of Commerce Data

UNITED STATES IMPORTS OF TUNA, ANTIPASTO, SMOKED POLLOCK, CANNED, NOT IN OIL,
BY MONTHS, 1950 and 10 Months, 1951
(REFLECTS TREND OF TUNA IN BRINE IMPORTS)

Million
Pounds



SOURCE: Compiled by Fish and Wildlife Service from Department of Commerce Data

TUNA IMPORTS

DEPARTMENT OF COMMERCE,
BUREAU OF THE CENSUS,
Washington, February 1952.

UNITED STATES IMPORTS OF TUNA FISH

The manner in which imports are described and declared on import entries filed with collectors of customs may sometimes result in the United States import statistics not providing the most effective information from the viewpoint of economic analysis. For example, importers may elect to enter "American goods returned" in the same manner as goods of foreign origin, paying duty if required, if a considerable amount of expense would be involved in furnishing proof necessary to establish that the merchandise is actually "American goods returned." To the extent that this situation exists, the statistics on "American goods returned" are undercounted and the figures on imports of foreign origin are overcounted. It is doubtful if this situation is very significant with respect to goods ordinarily dutiable since the importer would make an effort to secure the proof of "American goods returned" in order to avoid payment of duty. For goods free of duty there may be a higher degree of undercounting of the import figures on "American goods returned."

It has recently been found that a situation of this general type has existed with respect to imports of fresh or frozen tuna fish (schedule A Commodity No. 0058000) from Costa Rica and Canal Zone. The situation does not apparently apply to other countries. Some transactions reported as imports of tuna fish from Costa Rica and the Canal Zone actually represent tuna fish caught by American-flag fishing vessels and are, therefore, "products of American fisheries" which should be excluded from the import statistics. (See p. 316, November 1948 issue of the Notes for a description of the reporting of products of American fisheries.) It should be noted that fresh or frozen tuna fish of foreign origin is not dutiable. In some cases the importer has not claimed free entry of tuna fish which are products of American fisheries under the provisions applying to such products, but has described them on import entries merely as tuna fish free under the tariff paragraph applying to foreign tuna fish, due to the fact that certain supporting papers must be filed to prove their origin as products of American fisheries. Total imports of fresh or frozen tuna fish for the period January–November 1951 were reported as follows:

United States imports of tuna fish for consumption (schedule A, commodity No. 0058-000) by country of origin—January through November 1951

| Country of origin | Quantity (pounds) | Value (dollars) | Country of origin | Quantity (pounds) | Value (dollars) |
|-------------------|-------------------|-----------------|---------------------|-------------------|-----------------|
| Canada..... | 68,248 | 9,958 | Peru..... | 19,911,078 | 1,749,731 |
| Mexico..... | 2,650 | 307 | Chile..... | 164,657 | 19,878 |
| Nicaragua..... | 230,000 | 34,500 | United Kingdom..... | 136,000 | 9,300 |
| Costa Rica..... | 3,294,329 | 408,425 | Japan..... | 35,590,991 | 5,186,016 |
| Canal Zone..... | 9,314,000 | 1,243,670 | | | |
| Bahamas..... | 345 | 28 | Grand total..... | 69,432,142 | 8,743,638 |
| Ecuador..... | 719,844 | 81,825 | | | |

The investigation to date has covered only imports reported during the month of September 1951. The results of the verification of these transactions are shown below:

Imports of tuna fish from Costa Rica and Canal Zone, September 1951

| Country | As originally reported | | As verified | | | |
|-----------------|------------------------|-----------------|-----------------------------|-----------------|---|-----------------|
| | | | Foreign flag (true imports) | | American flag (product of American fisheries) | |
| | Quantity (pounds) | Value (dollars) | Quantity (pounds) | Value (dollars) | Quantity (pounds) | Value (dollars) |
| Costa Rica..... | 571,477 | 85,341 | 246,364 | 36,575 | 325,113 | 48,766 |
| Canal Zone..... | 2,254,000 | 327,740 | 1,020,000 | 153,000 | 1,234,000 | 174,740 |

It will be noted from these figures that imports from Costa Rica and Canal Zone were overstated by approximately 60 percent for September 1951. Import entries for other months of 1951 are being checked and revisions for other months will be included in a future issue of the Notes. Because of the work involved an investigation will not be made of prior years' figures.

It appears that arrangements can be made to have the flag of the "catching vessel" shown on future import entries covering arrivals of all fish which may be imported from foreign countries free of duty. This flag information will then make it possible to differentiate between imports from foreign countries and products of American fisheries so that the transactions may be correctly reflected in the statistics.

It is not known whether the situation which has existed in the case of tuna fish has also existed with respect to other fish which are not dutiable (sea herring, smelts, and shellfish). If the flag information shown on future entries indicates that fish other than tuna fish caught by American-flag vessels are being entered under the tariff paragraphs applying to fish of foreign origin, the 1951 import statistics on these other fish will also be investigated.

The CHAIRMAN. Mr. James, we are trying to get through with most of the witnesses this morning. You may proceed.

STATEMENT OF DELOS L. JAMES, DIRECTOR, AGRICULTURE-INDUSTRY RELATIONS, THE NATIONAL GRANGE

Mr. JAMES. Mr. Chairman and members of the committee, it won't take me very long.

The CHAIRMAN. You may have a seat and we will be glad to hear you.

Mr. JAMES. My name is Delos James of the National Grange. This bill to impose a tariff on imports of tuna fish pertains to a matter in which the National Grange is very much interested even though tuna fish are not a product produced on farms of the United States. They do constitute an appreciable contribution to the Nation's food supply and their availability is made possible in large part by the investment of American capital in fishing equipment of various kinds amounting to approximately \$60 million. In addition, several thousand fishermen, all highly skilled in the tuna-fishing business, are dependent on the continued and active operation of the industry for a living. Also the business of supplying and repairing the vessels and other equipment used in the tuna industry gives employment to several thousand people as employers and employees and involves association with many other types of American business in the manufacture and financing of the industry.

These and other characteristics pertinent to this great industry make it distinctly an American enterprise of great importance. It is an important part of the multitude of industries of various kinds that have developed in this country in response to the opportunity and need for more and more industries of a diversified character. Our Nation has fostered the establishment of industries of a diversified character and industries that are economically sound as a means of widening the field of employment and utilization of capital.

This, then, is one of the main reasons why the National Grange is giving its approval and support to the bill H. R. 5693 now before you. Due to the imports of large quantities of tuna by Japanese fishermen at a price considerably below that at which the American tuna fishermen can afford to operate and stay in business, the future of the tuna industry is very seriously threatened. Furthermore, once our domestic tuna industry is driven into bankruptcy we have no

assurance of supplies of tuna at the low prices Japanese fishermen are now willing to take.

I would like to stress that point, that if our domestic competition were destroyed, we have no way of knowing what the penalty might be for that by way of higher prices charged by the foreign operators.

The National Grange soon after its organization over 80 years ago adopted a policy of adequate protection for sound American industries subject to destructive competition from abroad. Upon various occasions this policy has been reiterated and last November at its eighty-fifth annual session its voting delegates took action in support of a tariff on tuna imports and stated as follows:

We favor tariff protection for tuna and swordfish similar to that received by other American fisheries industries.

At no time, however, has the National Grange ever advocated a tariff of a prohibitive character.

I might say, too, you might raise the question as to how they came to take that up. We have several local granges in California that are made up of fishermen. They are not farmers, and the Grange is a farm organization, but we are interested in the general welfare and the total economy of the country; and, therefore, people in the fishing industry or some of these other distantly related industries would be eligible for membership in the National Grange.

So we have, I think something like three of these granges out there with probably between three and four hundred people that are fishery granges. We didn't just take this action out of a clear sky, you might say, because of an industry that was in distress.

Senator MILLIKIN. Have your economists made their own study to determine whether 3 cents would be a prohibitive tariff or whether it would allow some importation, and if so, how much?

Mr. JAMES. No, we haven't because there are a number of men who are going to testify to you that have gone into that thoroughly, and we have been willing to accept that information that they have. We do not feel that it would be prohibitive, we are even doubtful as to whether it would be sufficiently protective; but still it is a step in the right direction, and would help preserve this industry, I think.

If it were prolonged too long, this industry can be wrecked, and then where are we? We are at the mercy of the foreign supply.

As recently as 1948 a resolution was adopted in which it was stated that the importation, at that time, of apples, nuts, poultry and poultry products were adversely affecting the American market for those products and it was requested that such action be taken as would reasonably protect the market of American products.

Action was taken in several respects not so long ago in regard to almonds, filberts, and so forth, on the west coast. The President, as you know, issued a proclamation with regard to a quota that has provided worth-while relief to those industries.

And now we have a situation in which importations of tuna packed in brine, frozen and fresh, are coming into our markets at a price that adversely affects the welfare of our American fishermen and affiliated industries. We are supporting your approval and passage of this bill which, it is believed, would provide sufficient protection to our tuna industry to permit it to operate and would at the same time make possible—this is an important part, I think—an investigation

by the United States Tariff Commission on which, as a result of its findings, a suitable tariff could then be established.

In supporting the application of a tariff such as is proposed in this bill, we are fully aware of the importance of reciprocal trade relations with other countries and in no respect do we wish to minimize the benefits to be derived under such a program. To dispose of many of our products of domestic origin when they are in excess of our own requirements, we naturally seek the foreign market knowing full well that if we sell in those markets, we must also buy to the extent of our needs. But in doing so it is our belief that there is nothing to be gained in the swapping of dollars only. Imports should not interfere with the sound production of wealth in this country, such trade must be in the interest of the general welfare; and when imports cause sharp price upsets in our markets, it should be possible to quickly take the necessary steps to prevent further damage.

Thank you.

Senator MILLIKIN. We have some very profound and troublesome and practical problems ahead of us on this whole subject. We are making a peace treaty, I assume, with Japan; we don't want Japan to trade with the mainland of Asia; Great Britain doesn't want her to trade with southeast Asia; many people don't want her to trade with us.

It is perfectly obvious that Japan is going to have to have some trade some place. That raises a number of practical questions.

Mr. JAMES. Well, they ought to be willing to trade on an equality basis, not on a basis that wants to destroy our industry.

Senator MILLIKIN. I am a hardy supporter and always have been of the safeguarding tariff policy.

Mr. JAMES. I know you have been and we admire you for it.

Senator MILLIKIN. I am merely dropping out a little thought that may not have any present relevancy unless it ties up with your last paragraph, that if Japan can't sell to Communist China and she can't sell to Southeast Asia, where Great Britain wants to retain her markets, if she can't sell here, Japan is going to bulge out some place. Let's be thinking about it.

Mr. JAMES. We can't survive if we must accept the standards that we will say Japan or some other foreign country—

Senator MILLIKIN. That is why I say we have some very difficult and profound problems ahead of us.

Mr. JAMES. We have the matter of self-preservation.

Senator MILLIKIN. That is a good one to keep in mind.

The CHAIRMAN. Thank you very much, Mr. James. Thank you very much for your appearance.

Mr. Phister, I think we will have to carry you over until tomorrow. I hope you like Washington and don't mind staying over until tomorrow.

Mr. PHISTER. I will stay over.

The CHAIRMAN. We have other matters on the floor this afternoon.

Mrs. Beardsley and Mr. Tyler, I know you are not to make a statement, but we will want some information from you later on. Will you be back another day?

Mrs. BEARDSLEY (Marie A. Beardsley, Chief, Quota Section, Bureau of Customs). Tomorrow morning?

The CHAIRMAN. Tomorrow or the next day, if it suits you better.

Mrs. BEARDSLEY. It is immaterial but I would like to know ahead of time.

The CHAIRMAN. Suppose you come back about Wednesday.

Mrs. BEARDSLEY. Wednesday morning?

The CHAIRMAN. Yes. What we will want to know of you primarily is the administrative difficulties involved in whatever action the committee may finally take in this matter.

Mrs. BEARDSLEY. Very well, I will be here Wednesday morning.

The CHAIRMAN. The committee will recess until 10 o'clock in the morning.

(Whereupon, at 1 p. m., the committee adjourned to reconvene at 10 a. m., Tuesday, February 5, 1952.)

TUNA IMPORTS

TUESDAY, FEBRUARY 5, 1952

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to adjournment, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding.

Present: Senators George (chairman) and Millikin.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will please be in order.

Senator Cain, we will hear you first on this tuna tariff proposal.

STATEMENT OF HON. HARRY P. CAIN, A UNITED STATES SENATOR FROM THE STATE OF WASHINGTON

Senator CAIN. Mr. Chairman and gentlemen of the committee, the junior Senator from Washington appears before your committee this morning in support of the pending bill, H. R. 5693, which would impose a tariff on tuna products which are presently exempt.

The competitive advantage of low-paid foreign labor and producers is threatening to destroy our own domestic tuna industry, the fourth largest canned-fish industry in the United States. Its continued operation is a vital factor in the economy of the States of Washington, Oregon, and California. The total value of the canned-tuna products processed in the United States is over \$120 million.

Seasonal employment in the tuna-fishing industry ranges from 4,000 to 12,000 fishermen, with an additional top total of 30,000 in the canning process, and 4,000 in the servicing of boat fleets.

There are approximately 1,500 boats and 3,500 fishermen engaged in the tuna-catching business in the Washington State area. In addition, Tacoma is a center for the construction of the tuna clippers which are used up and down the Pacific coast and from the bulk of the clipper fleet which puts out of San Diego.

Senator MILLIKIN. Senator, where do most of your fishermen fish for tuna? Is it near the coast of Washington or is it south?

Senator CAIN. They go considerably south, sir, but to some extent they fish off-shore of the States in question.

The serious nature of the problem which faces this sizable American enterprise is evidenced from a rapid glance at the ratio of imports to the total tuna product.

In 1948, 7 percent of the total was imported. I should like to say these figures have been given to me as being reliable, and I would like to check accuracy as against the technicians who have been and will be heard.

In 1949, the imports were 13 percent.

In 1950, the imports reached a total of 30 percent.

The estimated total for 1951 is even higher; approximately 32 percent.

The tremendous rise in imported tuna has virtually brought to a standstill the tuna-fishing industry in the Pacific Northwest for the past 6 months. Total 1951 production dropped 50 percent and the price 25 percent.

There has been a concomitant drop in the use of boat servicing, fuel, and other products used by the fishermen, not to include the drop in over-all business due to losses in total earnings.

The fine clipper ships which are produced in Tacoma are no longer being built, because orders have been canceled and new orders do not come in. No one is willing to invest with the prospects as dim as they are today.

This committee has and will hear many technical experts and economists whose detailed knowledge of the tuna industry will enrich the record. It is not therefore, necessary for me to attempt to go into further details.

As a member of the Senate Committee on the Armed Services, I would like to present another facet of this problem, that is, its potential import in the event of an expanding conflict in the Pacific.

Tuna clippers are sturdy and capable ships. They have a range of 10,000 miles, can carry 500 tons of cargo, and can stay away from port 120 days or more. The members of the crews are expert seamen, men of the sea without rival in ability anywhere on the seven seas.

During World War II, some 60 percent of the tuna fleet, together with crews, was taken over by the Navy. These ships were a vital link in the supply lines of our Pacific bases.

Secondly, the tuna fleet is a vital source of protein and other foods. Whereas Pacific ports had to be closed during the Second World War, the Navy soon was forced to make special arrangements for the re-activation of the tuna fleet, because the tons of food they brought in was needed.

Thirdly, the existence of the hundreds of tuna boats provides our Armed Services with an auxiliary set of eyes to watch for enemy ships, and above all, for enemy submarines. Their presence on our Pacific coast would create a vitally important screen of watchdogs. I need only recall the fate of the carrier *Enterprise* in 1942. That was the ship which carried General Doolittle to his famous raid on Tokyo. Eight hundred miles off the shore of Japan, the *Enterprise* ran into a Japanese tuna fleet, revealing its presence. The planes had to be released prematurely, with severe losses to our planes and men.

Mr. Chairman, I believe that the evidence which is being brought before this committee provides overwhelming support for the pleas of the fishermen of the west coast for a tariff on tuna.

I believe, likewise, that considerations of national policy and national defense join in that plea and justify your serious consideration of the question.

I am grateful for this opportunity, gentlemen, of being heard.

The CHAIRMAN. Thank you, Senator Cain.

Are there any questions?

If not, thank you very much for your appearance.

Senator CAIN. Much obliged, sir.

The CHAIRMAN. Mr. Phister, I believe you are the first witness this morning.

STATEMENT OF MONTGOMERY J. PHISTER, PRESIDENT OF THE CALIFORNIA FISH CANNERS ASSOCIATION, VICE PRESIDENT OF VAN CAMP SEA FOOD CO., INC., AND ACTING DIRECTOR OF TUNA RESEARCH FOUNDATION, (ALL OF TERMINAL ISLAND, CALIF.)

Mr. PHISTER. My name is Montgomery J. Phister. I am president of the California Fish Cannery Association, a trade association whose members pack about 90 percent of the total tuna canned in the United States. I am also vice president of the Van Camp Sea Food Co., one of the members of the association. Of course my occupation is vice president of Van Camp Sea Food Co., the other office being incidental.

I have asked permission to file and have filed a written statement, but do not intend to follow it in my testimony because I think perhaps the things I have to say can be shortened down considerably.

The CHAIRMAN. Your whole statement will go in the record, Mr. Phister.

Mr. PHISTER. Thank you, sir.

The canners of California favor the present bill, for several reasons. The most important reason is that we believe the control of our raw material should be in the hands of citizens of the United States. We feel, unless some type of relief is granted, the Japanese will drive our fishermen out of the tuna-fishing business and we will find ourselves in the position where we will need to depend entirely upon imported fish. We have had some experience with people who had that situation confronting them.

For example, the tin people. We use a considerable amount of tin in our processing, and of course we appreciate the fix that the tin manufacturers were in, those people who used tin in the manufacture of cans, during the war and even today. So we would like very much to keep the control of our raw material within the United States.

We think that the bill is in accordance with the present trade policy of the United States, as expressed by statute and by the public pronouncements of the President of the United States and of the Secretary of State. We understand that policy to be that the United States will do everything in its power to promote trade among the nations, and, to that end, will reduce trade barriers and tariffs, so long as it does not threaten serious injury to or injure established American industry. So we are satisfied that this particular tariff will not injure foreign trade within the scope of that policy.

We are satisfied with that, because, as the witnesses told you yesterday, a tariff of 3 cents a pound on the raw fish is equivalent to approximately 21 percent, as I remember their figures, on the canned product. Prior to January 1, 1951, the tariff on canned tuna in oil was 22.5 percent. During that year the largest import of tuna in oil in history was brought into the United States from Japan. That indicates to me that a tariff of 3 cents a pound on this fish would not in any way bar the fish from the United States but would simply equalize the labor conditions between the two countries.

Senator MILLIKIN. Mr. Chairman, may I ask the witness whether a scientific study has been made in an effort to affirmatively establish the validity of the 3-cent figure?

Mr. PHISTER. I haven't made one. The Tariff Commission, the State Department, Interior Department, as well as Mr. Carey of the American Tunaboat Association, have studied that question. I have given you the figures that seem to me to be proof of the fact that this is not a bar but simply a partial equalization.

In addition to the example of tuna canned in oil from Japan I think that the tariff on bonito canned in oil prior to October of 1951 was approximately 22 percent, and during that time bonito was brought into the United States freely and imports largely increased. So it seems to me that is proof that this would not be a bar to imports in any sense of the word.

We believe that the bill itself, and that this type of remedy, so long as it does not completely bar fish from the United States, is also helpful to Latin America. We feel that the fishing industries in Latin America are very closely tuned with the prosperity of our own industry. We feel if we fall they will fall with us. We are quite sure that the Japanese ability to fish, plus their lower standard of living and plus the urgency which is on them to fish and which does not exist for Latin America, for a Latin American, if he is not successful in fishing, may go into farming or some other occupation, whereas the Japanese is in fishing and there he stays. He is not able to move to another occupation. This would make the Latin Americans whole noncompetitive with the Japanese fishermen. If we were driven from the seas so would be the Latin Americans. We feel, therefore, the countries to the south would not be injured, but, in fact, helped by this type of bill.

Of course, also, the tuna fleet spends considerable money in Latin America, both with the governments by taking out permits for which they pay, and also by buying supplies and entertainments in the ports of call that they make in South America and Central America. Some of the ports depend almost entirely on the tuna fleet to keep themselves going.

We have made application to the Tariff Commission for relief on brine tuna. We have asked there that they establish, under the law, a temporary quota on brine tuna, until an investigation can be made by the Tariff Commission under the Camp bill which is before this committee, and then we hope that permanent relief may be given in that regard. Tuna in brine carries a tariff of 12.5 percent, which is entirely inadequate. I think other witnesses will explain how that 12.5 percent tariff came about. It was quite accidental.

We believe we can substantially increase the market in the United States for canned tuna. It is excellent food and is in a class that is somewhat cheaper than comparable food. It is excellent protein food as compared with meat, and it has always been at cheap prices, comparatively. We think we can substantially increase the market in the United States, but we believe, unless relief is granted to us in the matter of tariffs, the increase that we create in the United States consumption of fish will be taken over by importation of foreign canned or frozen fish.

So we are somewhat discouraged in the matter of going forward with the building up of a market.

The question was asked here yesterday several times as to what effect this tariff would have on the cost of a can of fish to the ultimate consumer. I am satisfied that it will not make any difference at all

in the cost of a can of tuna to the ultimate consumer. Competition is so strong in the United States between the various elements of the industry and within the various elements of the industry that actually there was a price reduction on canned tuna after the war. Of course there was a rise shortly after the end of OPA that lasted for a short time, and then there was a continual descent in the price of a can of tuna to the ultimate consumer up to the time of the beginning of imports. In other words, the price has declined because of the competitive situation within the industry, which will continually exist, and I don't believe there is any possibility that this tariff would increase the price to the ultimate consumer.

Senator MILLIKIN. Mr. Chairman, may I ask the witness what is the difference, if any, in the household use of tuna in brine and tuna in oil?

Mr. PHISTER. There is not any difference. The tuna in oil can be eaten exactly as it comes out of the can. You can open the can, take a fork and eat it. Tuna in brine would not be tasty in that way; it would be necessary to mix oil with it, perhaps in cooking it. I think it would be necessary, ordinarily, to cook it, or perhaps mix mayonnaise with it. It has tuna consumer acceptance where it has been widely distributed. Of course it is not as good, there isn't any question about that, and consumer acceptance has been induced by a price differential of as much as 14 cents per half-pound tin.

Senator MILLIKIN. With reference to the price, giving effect to the proposed tariff, at the consumer level how much would that be reflected in terms of the price that the consumer paid for a 7-ounce tin of tuna in oil?

Mr. PHISTER. Well, by a mathematical computation it would probably be around 3 cents a can. However, as I said before, while that can be mathematically calculated at 3 cents a can, I don't think there would actually be any increase, I am quite sure, because of the competitive situation we have here. Actually we are paying the fishermen now about the minimum that they can afford to fish for, and the fish that comes in from abroad is an extra amount. I don't think that there would be any great change in price to the fishermen, in fact I am sure there would be no great change in price to the fishermen because of this tariff.

The CHAIRMAN. What is the price of tuna in oil and tuna in brine in comparable cans at the consumer level?

Mr. PHISTER. The price differential is based upon the mark-up that the grocery takes, and the freight differential, because everything is sold f. o. b. California, but the average price of tuna in oil packed in the United States would be 34 cents and the average price for tuna in brine packed in Japan would be about 22 cents, or maybe 23 cents. The difference is almost entirely made up of the difference in tariff on tuna in oil and tuna in brine. The only difference in cost and the only difference in the pack of tuna in oil and tuna in brine is at the place in the canning operation, where oil is inserted they put water in, and the difference, of course, is the difference between the cost of water and the cost of oil.

The CHAIRMAN. Is there any canning in brine in the United States?

Mr. PHISTER. It is all canned in oil in this country. If there is any canned in brine it is in a very small quantity.

The CHAIRMAN. Commercially it is canned in oil that is put out by the American producers?

Mr. PHISTER. Yes, sir.

The CHAIRMAN. All right, thank you, sir.

Mr. PHISTER. Thank you very much.

(Mr. Phister submitted the following supplemental statement:)

SUPPLEMENTAL STATEMENT OF MONTGOMERY J. PHISTER

My name is Montgomery J. Phister. I am vice president of the Van Camp Sea Food Co., Inc., and also president of the California Fish Cannery Association, and acting director of the Tuna Research Foundation, all three of Terminal Island, Calif. I wish to make a statement supporting the passage of H. R. 5693 and in so doing to review the trade circumstances which have given rise to the necessity for such legislation.

THE FISH

The tuna of commerce are swift-swimming fish of the high seas of the tropical, subtropical and temperate oceans of the world. They live always on the high seas. They spawn their eggs on the high seas. The eggs hatch and the young float at the mercy of the currents while they are developing. As the young grow into juveniles and then into adults they school together in large formations which move rapidly from place to place in the ocean searching for food. They eat all of the swimming creatures that occur on the high seas in those oceans in which they live, feeding voraciously, swimming with great speed and covering long distances. The tunas are in no way bound to the land, but are truly creatures of the open ocean.

As such, they are governed very closely in their movements by the ocean currents and in particular by the temperature of the water in which they live. The albacore tuna live in the temperate seas, where the water is between 55° and 70° F. The yellowfin tuna, the skipjack tuna, and the big-eye tuna are the tunas of tropical and semitropical waters, living in those seas where the temperature is between 70° and 85° or 90° F. The bluefin tuna are somewhat intermediate, in their temperature requirements, between albacore and yellowfin.

Tuna are seldom taken commercially in the United States at a size less than 8 or 9 pounds in weight. The different kinds of tuna vary in the size to which they grow. The albacore grow only to a weight of 55 to 60 pounds and are seldom taken in the American fishery more than 35 pounds in weight. The skipjack tuna range about the same size as albacore and average about the same size in the commercial fishery. Yellowfin tuna and the big-eye tuna range up to 200 or 250 pounds as do the bluefin tuna, but there are relatively small quantities of any of the large tunas taken by the American fishery over 150 pounds in weight. In the Atlantic Ocean the bluefin tuna range to a much greater size, well over 1,000 pounds in maximum weight, but these large fish do not occur in the Pacific Ocean.

The albacore tuna have a snow-white flesh of bland flavor, which is pleasing to the taste of many. Yellowfin tuna and the skipjack and big-eye tuna all have flesh which is a light, rosy pink in color, and which has a richer, fuller taste than albacore. Whereas a large part of the albacore catch is canned and sold as white-meat tuna, all of the other tunas are canned and sold indiscriminately under the trade designation of "light-meat tuna." The bluefin tuna, especially in the larger sizes, is inclined to be a little darker in the color of its flesh and with an even more rich and full flavor than the yellowfin, big-eye, and skipjack tuna.

Practically speaking, all of the tuna sold in the United States is in the canned form. Only the big, lateral muscles of the tuna which are called the loins are processed. These are very carefully cleaned free of blood vessels, dark meat and all skin and bones are removed so that in the can of tuna that results there is only edible meat. It requires between two and two-tenths, and two and three-tenths pounds of raw fish to make 1 pound of canned fish.

The different varieties of tuna are of differing values as raw fish chiefly by reason of the fact that they differ in shape, some being more slender than others, and thus yielding less cases per ton when canned. The albacore tuna are more bullet-shaped and yield the highest number of cases per ton. As a rough rule-of-thumb, the albacore on a round weight basis are ordinarily worth one-quarter more than yellowfin tuna. Skipjack tuna, on the other hand, yield fewer cases per ton than yellowfin, especially in the smaller sizes, and are therefore somewhat less

valuable than yellowfin tuna. The bluefin tuna, in this characteristic, range between skipjack and yellowfin tuna. The big-eye tuna is to all intents and purposes a yellowfin tuna. It is so ordinarily recognized by the trade.

The canned product falls into two general types. The white meat tuna is, under law, canned only from albacore but all albacore is not canned as white meat tuna. That albacore which is not canned as white meat tuna is canned as light meat tuna, as are all of the other tunas indiscriminately. Approximately 10 percent of the United States market for canned tuna demands "white meat" tuna and this form of pack ordinarily brings a few cents per can premium price over the light meat tuna. When there is a surplus of albacore, more than is required to till the normal "white meat" market, this surplus is canned under the "light meat" tuna label.

Within the color designations of pack noted above, there are three principal grades of canned tuna. The solid pack tuna consists of three large pieces of loins with a very small percentage of smaller pieces to fill out the can to the proper weight. The chunk-size tuna consists mostly of pieces about the size of the end of your thumb. The flake or grated tuna consists of the small pieces which result from breaking up of the tuna in the process of making up the other two grades. The quality of the flesh in all three of these grades is approximately identical, the only difference being in the size of the piece in the can. The three grades differ in price when they reach the retail level, with solid pack the higher, chunk pack the intermediate, and flake or grated the lower price. The reason for this is that all tuna can be made into flake or grated which, however, is not so useful and desirable a size of piece for all serving purposes. A majority of tuna can be made into chunk or bite size, but this also is not as desirable for some serving purposes as solid pack. Only a small portion of fish of the right size have large enough loin sections to be made into solid pack, and this is the most desired size of piece for many serving purposes.

The market conditions and demand vary from year to year for the different styles of pack, depending upon supply and demand, and to some extent, changing consumer taste. But at the present time, approximately 10 percent of production is white meat tuna and the remainder light meat tuna. Of the 90 percent, about 25 percent is solid pack; about 30 percent chunk or bite-size tuna, and about 35 percent flake or grated tuna.

HISTORY OF THE AMERICAN FISHERY

Other witnesses will give you the statistical history of the fishery. It is my intention to review this only generally.

Previous to the First World War, tuna was not canned in the United States. During the period of food shortage and economic stress of World War I and the time immediately following, the canning of tuna was begun in southern California. At first there was no demand at all and the industry was started actually because there was a shortage of raw material for the sardine canning establishments in San Diego and San Pedro at this particular period of history. However, in the course of a few years the new product, canned tuna, caught on in certain markets and a demand for it began to develop so that by 1921 there were fishermen in San Deigo and San Pedro who were fishing primarily for tuna and canneries which were beginning to can substantial quantities of tuna along with their sardine operations. The two industries complemented each other, the tuna season in southern California being in the summer and early fall, whereas the sardine season was in the winter.

Up until 1926 the fishery was based almost entirely upon albacore and the product was accordingly entirely white meat tuna. The boats which fished for albacore at this period of history were small boats that went only for a day at a time, and ventured only a few miles from port. When albacore came in close to shore in this particular locality, they were fished for and caught. When they did not come in, no one knew where they were and there were not vessels available then for scouting farther off shore for them.

The oceanographic conditions normally found off southern California are such that water suitable for albacore to live in comes close to shore only during the summer and early fall. In 1926 there began one of those long-term cyclic changes in oceanographic conditions which occur off southern California and the warmer currents from the South invaded the inshore area off southern California during the summer and early fall. As a consequence the albacore disappeared completely or nearly so from this immediate inshore area where the vessels were capable of fishing.

But with this warmer water came yellowfin and skipjack tuna from the south. The trade changed rapidly of necessity to the catching and canning of yellowfin tuna primarily, with skipjack being secondary. A great deal of advertising and merchandising was done to change consumer taste from the white meat albacore to the "light meat" yellowfin pack. This was successful and the market for canned tuna developed rapidly, continuing to enlarge year after year. Ever since 1925 the market has been more and more light meat pack and less and less white meat pack.

The growing market needed a more stable supply of product and the canneries needed a more stable supply of raw material. As a consequence of this, the vessels comprising the fleet were increased in size and in their range. The development of the fleet went on very rapidly. First, the fleet began using ice which permitted it to stay at sea for a few days at a time. The vessels were built larger, more seaworthy and with greater fuel capacity so that they could range farther south along the Mexican coast where they found yellowfin and skipjack in greater abundance and over a longer period of the year. In the course of a few years Diesel engines came in to replace the gasoline engine and made long trips more economical and practical. Refrigeration machines came in to use which could preserve the life of the ice on board and extend the range of the vessel so that it could stay a week or two from port.

The farther south the vessels went, the more yellowfin and skipjack they found and the longer was the season over which fish could be found. As the market continued to grow the pressure for a more and more stable supply of raw material became inexorable. During the middle 1930's the industry caused to be initiated a considerable series of research products designed for keeping the fish more economically and satisfactorily aboard ship so that the vessels could stay at sea for longer periods of time. By 1937 a quite satisfactory method had been developed by which the fish immediately after capture were frozen quickly in a supercooled brine solution, and in this solidly frozen condition could be kept aboard the vessel indefinitely as long as it remained under refrigeration.

The vessels by this time had grown to such a size that they could carry the quantity of auxiliary machinery which was necessary for keeping the fish under solid refrigeration. Adaptations had been made in the design of the vessel so that some tanks could be used for combination purposes of carrying fuel on the way down to the fishing banks and carrying frozen fish in the same tanks on the way back. Some of the other tanks were designed to be used for another purpose—keeping live bait fish aboard the vessel for the fishing voyage and carrying frozen fish back. By these several changes in design the fleet was freed from close ties to shore. The resulting vessel could, with ease, travel for 10,000 miles if necessary before returning to port and could remain away from port for 120 days or more and return with the catch in perfectly satisfactory condition for canning.

These changes took place rapidly but gradually over the period of years, from 1926 to 1940, as the market was expanding and demanding more and more canned tuna. As the vessels went further and further south in their explorations, they found that yellowfin and skipjack tuna occurred in the whole area from southern California to northern Peru. In some seasons they were abundant in one part of this area. In other seasons they were abundant in another part of the area. In one year the fish might fail to show up in the area where they should be at that season but they would show up in another area. In any one part of this 3,500 mile long area the fish were both seasonal within the year and variable as to occurrence from year to year. But in the area as a whole there were always fish available in the quantities needed by the growing market. Therefore, the big tuna clipper having this long-range cruising ability, and the ability to carry refrigerated cargo for months at a time was developed for the purpose and under the necessity of taking the seasonality and variability out of the source of raw material for the growing industry.

After the big tuna clipper had been developed, if the fish occurred off Peru, the boats fished off Peru. If the fishing dropped off there, and the fish showed up off El Salvador, then the boats went to the area off El Salvador. If the fishing dropped off seasonally there, the boats might go down to Panama where the fish were running at that particular season. Where the fish showed up, there the fleet could quickly go. The development of long-range radio and other electronic devices was quickly picked up by the fleet so that they could maintain communication among themselves throughout the whole area and the fishery. A man with a tuna clipper might quite naturally fish for a time off the coast of Mexico, then for a time off the coast of Panama, then come back to the area off Costa Rica, and then go to the Galapagos Island or off Peru to complete his load of fish—all of

this in the course of one voyage which in the normal course of events might occupy 120 days.

Although the area of the fishery expanded to include the high seas so far away from port, the industry remained localized in southern California for several practical reasons, the nub of which was that that was the most efficient place for it to remain. Several economic forces were at work continually upon the industry. One of these was the closeness of a ready source of raw material. Another was the transportation cost of the finished product to the final market. Another was the location of repair facilities for the exceedingly elaborate and complex vessels which had been evolved by the fishery. Another was the closeness to the source of material for the other processes of canning, such as the salad oil which went into the cans, the cans themselves, and all the other commodities necessary for the running of a large and complex mechanized industry. Another factor was the availability of a labor force which was competent to run the complicated machinery which the industry had evolved and which was able to operate efficiently the most complex fishing vessel in the world. Like all other American industry, the tuna industry had geared itself to mass production of low cost merchandise. Wherever machinery could take the place of human hands, that had been done. This process required more and more efficiency and training in the personnel of the industry's labor forces. Another force at work was the availability of capital and credit for the needs of an industry the value of whose annual product had passed the \$100,000,000 mark. The locus of all these, and numerous other, forces were and remain in southern California for the simple reason that there is where canned tuna can be mass-produced at the lowest cost for the consumer.

All of these transformations had been occurring gradually during the 1930's but were sharply interrupted by the outbreak of war in the Pacific on December 7, 1941. The effect upon the industry was immediate. The tuna clipper which had been evolved by the industry during the late 1920's and the 1930's was precisely the vessel that the Navy wanted for the job of supplying the troops in the isolated garrisons of the South Pacific where the war was being fought. You will remember the tremendous shortage of vessels which burdened the Navy in the initial stages of prosecuting the Pacific war. This emergency was so great that the Navy took some of the tuna clippers directly from the fishing grounds off Central America by radio, called them into Panama, fueled them and sent them directly to the South Pacific without permitting the vessels to return to home port. Other vessels were taken as rapidly as they could be manned and sent to the far Pacific. The majority of the vessels so taken were manned at least in part by the captains and crews who had manned them on the fishing voyages. In the course of a few months, 60 percent of the vessels of the fleet were out of the fishery, out of production, and out in the Solomon Islands and elsewhere in the South Pacific, fighting the war. Even those that remained in the fishery and in production were used to a greater or less extent for emergency patrol work and intelligence work along the coast of North America. For instance, at the time of the excursion of the Japanese fleet which resulted in the battle of Midway, the entire remaining fleet of tuna vessels all along the coast were put to sea under Navy command as a screening force to prevent a sudden surprise attack on the west coast or the Panama Canal.

When the war came to an end the fleet remaining was at a low ebb. There were only about 8,000 tons of producing capacity available in the clipper fleet. Many of the boats that had gone suddenly to war were sunk in the South Pacific. Many were so nearly used up by the campaign that they could not with efficiency be repaired and put back into fishing service. However, the Navy had been so impressed by the seaworthiness and serviceability of the tuna clipper that the Navy had built during the latter part of the war 30 vessels on the exact design of one of the best tuna clippers. They had done this with a view to being able to dispose of the vessels to the tuna industry after the war was over and with a view to having a stand-by fleet of these serviceable vessels available at no cost to the Navy for any other emergency that might arise in the postwar period. After the end of the war these 30 vessels were put up for sale and sold to the fishermen who had lost vessels during the war and to others in the fleet.

It requires a considerable length of time, up to 2 years, and a considerable amount of capital, up to \$600,000, to build a tuna clipper of the advanced design now going into the fleet. In the postwar years the market for tuna was strong. Vessels were added to the fleet steadily in accordance with the growing of the market. All of the money that was taken out of the fishery in profit, and much more, was put back into new vessel equipment during the postwar period. In fact, in the neighborhood of \$2 was invested by the fishermen in new vessels

during this period for every dollar that came out of the fishery in earnings. This process came to the point where in 1951 there was very nearly 40,000 tons of potential capacity in the fleet, and the tuna clipper fleet was able to provide about 70 percent of the total tuna requirements of the United States. By this time \$60,000,000 were invested in tuna clippers and they were owned by something over 1,000 people, most of whom were the fishermen themselves, or their immediate relatives.

THE IMPORT PROBLEM

The growth of the clipper fleet in the postwar years had been rather conservatively planned to accommodate the growing market which was being expanded by the industry through every device of advertising and merchandising available to food selling. By the end of 1951 the tuna clipper fleet, together with the purse seine fleet and the numerous albacore fleets along the coast of western America, were able to produce somewhere in the neighborhood of 90 percent of the tuna which the expanded market in the United States required.

However, by the end of 1951 the United States tuna industry no longer had 90 percent of the United States canned-tuna market. Prior to the war imports of tuna had occupied from 6 to 10 percent of the American market, which was quite a healthy situation. In 1948 the imported tuna occupied once more about 7 percent of the United States tuna market. However, in 1949 this shot up to 13 percent and in 1950 it increased once more to about 30 percent. In 1951, while the final figures are not yet available, the percentage of the United States tuna market occupied by imported tuna will be above 30 percent. The shock of this sudden rise, not only in volume of imports but in the percentage of the market which imports occupy, has been too strong a blow for the industry to take and the industry in all its branches ended 1951 in serious financial trouble.

This is not the first time that the industry had experienced such trouble. In 1926, when the albacore had disappeared temporarily from the immediate inshore area off southern California where they were expected and where they were within range of the small vessels of that day, the industry had turned to the production of yellowfin tuna for filling the "light meat" tuna market. However, some market areas of the United States, such as Boston and Philadelphia, maintained a rather high degree of preference for "white meat" tuna, which came only from albacore. The southern California canners had turned to an auxiliary source of albacore to fill this small part of the market. They had discovered such an auxiliary source in Japan.

Japan produced substantially more tuna and consumed substantially more tuna than did the United States. That is a situation which was true before the beginning of the United States industry—has remained true all during the history of the United States industry, and is true to this day. In Japan the consumers' taste for tuna was exactly the opposite of that in the United States. Skipjack and yellowfin were the high-priced and highly prized fish of the Japanese; and albacore, because of its pale color and bland taste, was not cared for by the Japanese consumer to any extent. The American preference was for the bland white-meated albacore, with yellowfin and skipjack the less desirable varieties. Therefore, the Japanese were only too willing to expand their albacore fishery for the export market to the United States. And this was done in a matter quite satisfactory both to the United States and to the Japanese tuna industries.

Up to this time, the Japanese had not canned tuna in any consequential amount because the market in Japan was for fish to be eaten in the raw state or as dried stick skipjack. However, the growth of the tuna market in the United States for canned tuna during the twenties was so substantial that the attention of the Japanese canning industry was directed to this potential market. By 1930 their imports of canned tuna were reaching a level that was threatening to the United States, and by 1933 the percentage of the United States market occupied by Japanese canned tuna had passed 30 percent. This very nearly prostrated the new tuna industry of the United States.

There was, at this time, only one type of tuna commodity of any consequence entering the United States. That was tuna canned in oil, the identical product of the United States industry. It came only from one country—Japan. There were, in those days, no reciprocal trade agreements to complicate the situation. Under the Tariff Act of 1930 the tariff on tuna canned in oil was 30 percent ad valorem. This was not sufficient to balance the difference in the cost of production between the Japanese tuna industry and the United States tuna industry occasioned by the difference in the standard of living in the two countries, and that was the reason for the flood of imported canned tuna in oil which came from Japan in the early thirties. The industry made representations of its situation to

the President and to the Congress. Under the Tariff Act of 1930 the United States Tariff Commission had been given the authority to recommend to the President increases in tariff up to 50 percent of the prevailing tariff and the President given the authority of putting such increases into effect at any time when American industry was threatened with injury. The United States Senate requested the United States Tariff Commission to make a study of the relative costs of production between the United States and Japan in the production of canned tuna. This was accomplished by 1933 and in 1934 the Tariff Commission recommended to President Roosevelt a raise in the tariff on canned tuna in oil from 30 percent to 45 percent ad valorem. This was made effective by President Roosevelt in 1934.

The effect of the new tariff was salutary. It appeared to quite satisfactorily balance the cost of production in the two countries. At least, its effect was to first sharply decrease the flow of canned tuna from Japan, and then the Japanese tuna-canning industry began to grow along with the United States tuna canning industry as the United States market for canned tuna grew during the thirties. This balance was maintained up to the outbreak of war, when all imports from Japan suddenly stopped.

During the war the tuna fleet was at war and the demand for protein food was short on all sides. During this entire period, actually from 1941 until the middle of 1948, there was an excess of demand over supply in the canned-tuna market of the United States. This period coincided with a period during which the United States Government was seeking to expand world trade by the reduction of customs barriers. During this period of time a large number of trade agreements were made with many countries, and in the latter part of this period the General Agreement on Tariffs and Trade was put into effect. During this time several trade agreements were entered into which affected the tariff on several tuna products. Since the tuna market in the United States was so strong the effect of these trade agreements upon the United States market was light, and it did not occur to the Government officials in charge of the trade-agreements program or to the leaders of the tuna industry what a considerable cumulative effect there would be upon the tuna market after all of these agreements and conditions they established began to operate simultaneously.

In 1943 a trade agreement was concluded with Mexico. Tuna was not an important item because tuna had never been produced in Mexico in any consequential amount and was not after this trade agreement was concluded. But, as one of the points of this trade agreement, the tariff on canned tuna in oil was reduced from 45 percent to 22½ percent ad valorem. Because of the most-favored-nation clause this reduction applied not only to Mexico but to all the world. During this period the tariff on bonito canned in oil was reduced under a trade agreement with Cuba to 21 percent ad valorem. Bonito canned in any form had never been an item of appreciable commerce with any country, much less Cuba. In 1943 a trade agreement was concluded with Iceland, which is a nonproducer of tuna. Tuna was not mentioned in this trade agreement, and no one knew that tuna was included in it—either the Icelanders or the United States officials who negotiated the agreement. However, due to the definition of a basket category in the agreement, it turned out that, if tuna were canned in water instead of being canned in oil, by the terms of this trade agreement it would bear a tariff of only 12½ percent ad valorem. In 1945, before there was any tuna canned in brine on the market, or before the commodity had been heard of in a commercial sense, this basket category of fish in the Icelandic trade agreement was bound at the 12½-percent level under a trade agreement with Nationalist China under the General Agreement on Tariffs and Trade.

In this same period of time another development of a different nature had been taking place which turned out to be rather significant to the tuna market. During the period of food shortage of the war and immediately thereafter, the United States Government in several ways aided the Government of Peru in establishing a fish-canning industry in Peru. The primary product of this newly established industry was bonito canned in oil. There was no local market for the product of this new industry in Peru of sufficient size to take the product, nor was there a market elsewhere in Latin America for the product. The only market to which the bonito canned in oil could come for any sale was the United States. Here it competed directly with tuna canned in oil. In fact, for the first 2 or 3 years after the new industry had gotten sufficiently advanced to export fish, all of the fish which they sent to the United States was labeled "tuna." However, in 1948, at the instigation of the United States Food and Drug Administration, this practice was stopped and all subsequent shipments of bonito canned in oil have been

labeled "bonito" rather than "tuna." This did not in any way reduce the competitive impact of bonito upon the tuna market because, while bonito was labeled "bonito" on the cans after 1948, still when it was used at drug-store counters and otherwise it was always sold as tuna. In spite of the fact that over 500,000 cases of this item have been imported during 1951, I have never seen anyone who has seen a bonito sandwich or a bonito salad advertised in a restaurant menu.

During the latter phases of the war, nearly all of the Japanese fishing fleet had been sunk or put out of commission. Immediately upon the beginning of the occupation the United States, under the Supreme Commander for the Allied Forces in the Pacific, began the quick restoration of the Japanese fishing fleet so that it could provide the food needed for a desperately hungry Japan. This work progressed apace and by 1948 the Japanese fishing industry had been restored to productive capacity comparable with that before the war and more than adequate to satisfy the dietary requirements of the Japanese for protein food. By the end of 1948 the Japanese had a tuna-fishing fleet larger than they had had before the war and better built, because it was mostly new construction. There was an exportable surplus of tuna, and this immediately began flowing toward the United States market, which is the only substantial market for canned tuna in the world. The barrier of 45 percent tariff which had been established between the two industries in 1934 had been broken down by the trade agreement with Mexico. This had caused no repercussions before 1948, for the reason that Mexico had not begun to can tuna for export. By the middle of 1949, however, it was obvious to all persons in the United States tuna industry that, as in 1934, the United States industry could not compete with the Japanese tuna industry with a tariff barrier as low as 22½ percent ad valorem.

Just at a time when conditions were beginning to get exceedingly black in the industry, the industry was saved by a sheer stroke of good fortune. The Mexicans abrogated the Mexican trade agreement, not because of tuna, which was of no importance to them whatever, but because of several other commodities dealt with in the agreement. In June of 1950 it was announced to the world that the Mexican trade agreement had been abrogated and that the tariff concessions which had been made under that agreement would no longer be effective after January 1, 1951. During the first 6 months of 1950 the Japanese production of canned tuna had been coming into the United States at an increasing rate. However, when it was learned in mid-1950 that the tariff would resume its level of 45 percent within 6 months, every case of tuna which was available in Japan or could be produced in Japan was rushed into the United States to beat the deadline. Imports of canned tuna in oil into the United States zoomed upward until they reached, in 1950, 1,734,000 cases, as compared with 210,000 cases in 1948 and 215,000 cases in 1949.

Although the United States market for canned tuna in oil had been increasing rapidly in the postwar years and is still increasing in good shape, the industry entered 1951 with about 3,000,000 cases in inventory—substantially more than twice as much inventory as was normal at the beginning of the market year. The effect of this tremendous glut caused by the imports of canned tuna in oil in the last 6 months of 1950 are still being felt by the industry at the beginning of 1952. The reimposition of the 45-percent ad valorem duty on canned tuna in oil had the effect of cutting down the volume imported in this category sharply over the exorbitant amount which came in during 1950. The imports of canned tuna in oil in 1951, however, did not stop, but were 3,383,230 (11 months). While this is a very substantial quantity of fish when compared with the levels of imports of this commodity in the prewar years, they are not by themselves acutely burdensome to the United States tuna industry.

However, the total tuna imports did not at all decrease. They have kept right on increasing during 1951 because of imports of frozen tuna and canned tuna in brine increasing so rapidly during this time. There was simply a shift in commodity type. The tuna which in 1950 came in canned in oil in 1951 came in frozen for canning in this country, and toward the end of the year began coming in as canned tuna in brine.

Early in 1951 the Japanese discovered the loophole in the United States tariff law provided by the trade agreement with Iceland. Tuna canned in brine is to all intents and purposes a brand-new product in the United States tuna market and in the world market. The canning of tuna in brine is not a new process. Salmon and other fish commodities are customarily canned simply in brine, but canned tuna is a more acceptable product to the American market when it is canned in oil than when it is canned in brine. For this reason, canned tuna in brine has never been a factor in the United States market of any consequence

until 1951. Since the only difference in the cost of production of the two commodities is about 60 cents a case, the difference in cost between the water and the oil used in the processing, and since the oil product is preferable to the United States consumer, nobody in the United States bothered to put up canned tuna in brine.

However, the Japanese, by switching their canned-tuna production in 1951 from canned tuna in oil to canned tuna in brine, automatically dropped the effective tariff on their product from 45 percent ad valorem to 12½ percent ad valorem. There was no difference in the processing at all. At the end of the tuna line of the cannery, where the cans are ready to go into the sealer, there is a large container full of liquid. If the liquid in this container, which automatically feeds into the cans as they speed by, is salad oil, then the end product is tuna canned in oil. If, however, the liquid in the container is simply water, the resulting product is tuna canned in brine. The salt is added to the can, irrespective of the product.

During the first part of 1951, this new product, while it was far cheaper because of the lower tariff than either the Japanese or the American tuna canned in oil, did not have a ready market because it was a new product and it took time to get the American market accustomed to it. Most of the original production was pinpointed into the Seattle market; and by the end of 1951 tuna canned in brine had captured about 60 percent of the Seattle market for canned tuna. It was only in the last month of 1951 that tuna in brine began to get more Nation-wide distribution. In the first 6 months of the year tuna canned in brine was imported at an average rate of not much more than 1,000 cases per month. By the end of 1951 tuna canned in brine was being imported at a rate of about 100,000 cases per month. There was every reason to expect that as the new fishing season began in Japan the imports of tuna canned in brine would increase at an even greater rate during 1952.

Thus there had been run a complete cycle with the four types of tuna now being imported into the United States. In 1949, the primary category of tuna being imported into the United States was bonito canned in oil. In 1950, the primary tuna commodity being imported was tuna canned in oil. In 1951, the primary type of tuna commodity being imported was frozen tuna. In 1952, it appears certain that the primary type of tuna commodity which will be imported, unless corrections are made in the tariff law, will be tuna canned in brine.

This series of staggering blows coming one upon the other has been more than the well-established and well-financed tuna industry of the United States could withstand. And the industry once more turned to Washington, D. C., and to its Government for relief from the injury which it was sustaining, and the threat of even greater injury which was before it, as it had done in 1934. However, the situation was so much different than in 1934. Then there had been only one country of any consequence importing tuna and the imported tuna had been practically all of one type of commodity. Now there were four primary commodities and each of them bore a different tariff classification and were differently bound and treated in different trade agreements. There was no simple, straightforward, single action that could be taken to relieve the injury being suffered by the industry.

The industry first had to settle upon a policy and an objective to be striven for. All of the producing countries were allies of the United States and the industry had no desire to in any way disturb the economies of those countries. The industry could not in good conscience take a position which was contrary to the national policy of aiding and building up the economies of our allies. The industry was capable in its fishing end of producing a little better than 90 percent of the tuna requirements of the United States market. It decided that, if it sought the objective of giving to the foreign suppliers about 15 percent of our market and keeping to itself about 85 percent of the market, no cry of selfishness could be raised against it because this would be a reduction in the activity, and a set-back to the industry and would leave the foreign suppliers with somewhat more than twice the market for tuna which they had in the United States in previous years. The industry felt that if it could be assured of 85 percent of the United States market it could, by its own advertising and merchandising efforts, build up that share of the market in a few years to the point where it would take all of the productive potentiality of the United States industry.

Because of the exceedingly complex nature of the tuna-import problem in relation to the United States tariff law, the implementation of this policy was found to be extremely complex and time-consuming at best. The United States tuna industry settled on the objective of getting all canned tuna and tunalike fish in

whatever form to bear the same duty and to have all of the imports of frozen tuna of whatever species bear a duty equivalent to that on the canned product. The uniform duty sought is 45 percent ad valorem, the tariff which for so many years provided conditions of healthy competition and growth between the United States and foreign tuna industries in the United States market.

While this approaching condition of distress and injury in the industry had been noted by industry members to the United States Government in several connections in appearance before congressional committees and the Committee for Reciprocity Information, no definite legislative action was initiated or requested by the industry until in mid-1951 the industry began to collapse, the fleet to tie up, the market to stagnate, and the canneries to close down. At that time, the industry requested from the Congressmen of its districts initiation of legislation which would confine the importation of frozen tuna to somewhere between 15 and 20 percent of domestic consumption of tuna. The House Ways and Means Committee established a subcommittee to study this problem under the chairmanship of Mr. Camp, of Georgia. The subcommittee held hearings, recognized the plight of the industry, discovered the extremely complex interplay of tariff laws and trade agreements on the importation of tuna into the United States. It originated and recommended to the full committee a bill which would seek to keep the United States tuna industry alive during the period of time which was obviously necessary for the United States Tariff Commission and the United States Fish and Wildlife Service to make the complete studies which would be required to draw up a satisfactory, permanent piece of legislation to handle this complex problem. The essence of this bill was (a) that a temporary tariff applicable until April 1, 1953, would be imposed on all imports of frozen tuna to the extent of 3 cents per pound; (b) the United States Tariff Commission was directed to make a thorough study of the tariff situation of all tuna products and recommend to the Congress by January 1, 1953, permanent legislation to rectify the inequities in the present tariff treatment on tuna commodities; and (c) the United States Fish and Wildlife Service of the Department of the Interior was directed to make a complete study of the economics of the United States tuna industry with a view to having before the Congress adequate information on which the Congress could base a fair and just opinion.

This bill was reported out of the House Ways and Means Committee without a dissenting vote. It passed through the House of Representatives with only one dissenting vote, and was referred to the Senate for action during what turned out to be the last week of the session. The Senate Finance Committee, to whom the bill was referred, did not have time to hold hearings and act upon it before the adjournment of Congress. Therefore, the bill had to be held over until this date.

This was not at all the type of bill which the industry had requested or which the industry wanted. There was some question as to whether the 3 cents per pound tariff provided in the bill would provide any protection at all. Peru, for instance, who had become one of the large suppliers of frozen tuna in 1951 had an export tariff of 1,380 soles per ton on tuna exported from Peru. This amounts to approximately \$60 per ton in United States money which is the same as 3 cents per pound. Therefore Peru, by the simple expedient of taking off her export tariff, could completely or very nearly negate the effect of the 3 cents per pound tariff on frozen tuna provided for in the Camp bill. Also, an essential feature of the bill which the industry had desired had been omitted from the Camp bill. That is the provision that all tariffs should be calculated on the basis of round weight to prevent the evasion of the purpose of the tariff by shipping in cooked loins, frozen, ready for canning, as the Japanese had done experimentally during 1950. However, the industry immediately swung its support and favor behind the Camp bill, and so still remains.

During the period of the adjournment of the Congress the situation of the industry has continued to deteriorate. The albacore fishery ended the most disastrous season of its modern history from a financial viewpoint, leaving the members of the fleet in serious financial condition. The purse seine fleet had, practically speaking, no season at all since July 15 of last year. Since that date the tuna clipper fleet has been operating at a rate of 15 or 20 percent of capacity, with a resulting extremely serious financial situation. During the latter part of the year all of the canneries in San Diego have been closed with the exception of one small one, and the canneries of San Pedro have been working on a reduced schedule. This has resulted in serious unemployment among the cannery workers, as well as among the fishermen. During this period of time the rapid increase in the rate of importation of tuna canned in brine heaped new fuel upon the fires which already were singeing the industry. Therefore, the industry set about

attempting to get a rectification of the loophole in the tariff treatment of tuna canned in brine. Representations have been made to the President and hearings have been held before the United States Tariff Commission on this question.

If the tuna in brine situation is not straightened out, then it makes no difference at all what is done with frozen tuna because the industry of the United States will be out of the tuna business. On the other hand, if the problem of tuna canned in brine is taken care of, as we trust it will be, and the problem of frozen tuna is not taken care of, then the foreign suppliers will simply once more switch their imports back into the frozen tuna forms in the same way that they did in 1951.

It appears obvious that the tariff treatment of all tuna commodities entering the United States must be made uniform so that importers will not be able to switch from one to the other with added advantage. The Camp bill is only one portion of the program which will be necessary to encourage this objective. I wish you to know that the canners join our fishermen, and our cannery workers, and the boat owners whose vessels fish for us, in pressing for the immediate passage of this legislation.

OPPOSITION STATEMENTS

A number of objections have been raised to the Camp bill by importers of frozen tuna into the United States. Most of these objections have arisen because of ignorance of the economics of the tuna industry in the United States, Japan, and Peru. The expert witnesses who follow me will present detailed analyses of these economic factors. However, it may be well to run over some of these objections in a general way before the presentation of the detailed specific information required for rebuttal.

It has been said that the enactment of the Camp bill will establish a precedent which will upset the United States foreign-trade policy. The policy of the United States Government with respect to foreign trade has been set forth repeatedly in law and in public pronouncement by the Congress, the President, and the Secretary of State. It is that the United States Government will do all it can to foster the free exchange of trade between this country and the rest of the world by reducing tariff trade barriers in every way possible so long as this does not cause injury or the threat of injury to established American industry. The Camp bill is consistent with this policy. Following witnesses are prepared to demonstrate that the United States tuna industry is now suffering injury and is under the liability and threat of further and more serious injury by reason of concessions that have been made in trade agreements and in other ways by the United States Government. It is for the rectification of such anomalies that escape clauses have been placed in the trade agreements and all other international obligations with respect to trade agreements the United States has engaged in in recent years. We furthermore state that the tuna industry is thoroughly in accord with this stated United States foreign-trade policy and seeks rectification only of injury and protection from the threat of injury. It does not seek to cut off the flow of tuna into the United States in whatever form, but instead seeks to increase that flow substantially above prewar levels.

It has been stated that enactment of this bill will have the effect of throwing the Japanese into Communist arms. Following witnesses will demonstrate that of the total values of Japanese exports last year, less than one-half of 1 percent were accounted for by tuna. Nothing which is done with so small a share of a nation's exports will affect this general policy one way or another because of economic reasons connected with that move. We do not even wish to cut off that small segment of Japanese exports.

It has been said that great numbers of Japanese, up to as many as 2,000,000, will be left destitute if this bill is enacted. This is, of course, sheer nonsense. Japan produces in the neighborhood of 300,000 tons of tuna per year as against the United States production of in the neighborhood of 200,000 tons a year in a normal year. Japan consumes considerably more tuna domestically than does the United States. The exports of tuna from Japan are only a small part of the Japanese tuna production. The total tuna production of Japan is once more only a small proportion of the total Japanese fish production, which in 1951 amounted to over 7½ billion pounds. Approximately 2 million people are the total number that are employed in the total Japanese fishing industry.

It has been stated that the problems of the United States industry are only those which it has brought upon itself by overproduction and the building of more boats than was necessary for the market. Subsequent witnesses will illustrate conclusively that the entire productive capacity of the United States tuna industry all working at top production in a year when there is good fishing cannot produce

much more than 90 percent of the quantity of tuna consumed in the United States annually, at least not more than 95 percent. There would seem to be no reasonable reason why, in a limited market that is being supplied by three principal suppliers, one supplier alone should be accused of overproduction.

It has been stated that the price of tuna is too high. Other witnesses will demonstrate in detail what has happened to the price of tuna in recent years in the United States. It is sufficient to say here that during the time when all other food costs in the United States have been going up, as have the general standard of living and cost of production indexes, the price of tuna has been steadily going down—both at the fisherman's level of raw tuna and at the consumer's level of canned tuna in retail stores. In the past 3 years, while the general food price index has gone up by about 19 percent, the price index of canned tuna has gone down by 16 percent. At the present time canned tuna retails, as an average for the entire pack, at only a little over 60 cents a pound which puts it well below the price of competitive meat products.

It has been stated that if the Camp bill passes the Latin American countries will retaliate against the United States industry by cutting off the bait supplies required by that industry. It is a curious thing to note that only the opponents of this bill are worried on this score and that the tuna industry itself, the men who will be directly affected by any such retaliation, have no worry whatever with respect to it. There are a great number of reasons why the tuna industry considers this to be simply an empty threat voiced by the opposition. However, the essential reason is that the tuna industry leaves a great deal of money in these countries of Latin America, amounts reaching into several million dollars a year. These are the sums which are paid directly for fishing permits to the several countries, the amounts which are spent for fuel and other supplies by the vessels as they range throughout Latin America, and the very considerable sums that are spent by the crews of the vessels when they have liberty in various ports of the eastern tropical Pacific. Many are the ports in the eastern tropical Pacific who derive their principal revenue from the business given them by the far-flung activities of the United States tuna clipper fleet. The relations between the United States tuna industry and the several Latin American countries is not only on a sound economic basis favoring those countries but is also on a very friendly basis.

It has been stated that passage of the Camp bill will cripple the fishing industries of Latin-American countries involved. Following witnesses will demonstrate to you that, practically speaking, there is no tuna industry in Mexico, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Columbia, or Ecuador. Most of the small amounts of tuna which are transshipped from Panama and Costa Rica are the product of American-flag vessels and would not be subject to the duty. This applies so far as is known to the entire tiny production of Ecuador. The only country whose industry would be noticeably affected by this bill would be Peru. Peru could not do anything to retaliate against the operations of United States fleet within the realm of international law for the reason that Peru at this time and in the past has not granted any favors to United States industry even upon the payment of permits or fees. No American fishing vessel is allowed to come to a Peruvian port for supplies. No American fishing vessel is permitted to buy a permit to take fish in Peruvian waters or to in any way engage in fishing activities in Peruvian waters.

It has been stated that the passage of the Camp bill will jeopardize the establishment of fishing industries in Latin America. The 3-cent-per-pound tariff proposed by the Camp bill will be effective only until April 1, 1953. There would be no possibility of establishing a fishing industry in any Latin-American country in that short interval of time. It is hoped by all persons involved that the temporary measure provided in the Camp bill will have been made unnecessary before that date by the passage of legislation permanently settling the tariff on frozen tuna in a manner most agreeable to all interests involved.

It has been stated that the passage of the Camp bill will prostrate the Peruvian fishing industry. It is called to your attention that the primary production of the Peruvian fishing industry is canned bonito and frozen swordfish. Frozen tuna has become a product of importance there only within the past 2 years and is not of crucial importance to the welfare of the Peruvian fishing industry as a whole. If in truth it is then a simple repeal by the Peruvian Government of the export tariff now levied by Peru on frozen tuna would equally balance the 3-cents-per-pound tariff proposed temporarily in the Camp bill.

We cannot help but note one extremely curious objection which has been raised by a group of opponents. That is that the imposition of a tariff on frozen tuna,

which they oppose, would grossly disturb the international relations of the United States. However, they feel that the imposition of a tariff on canned tuna, which they favor, would not do so.

Succeeding witnesses will demonstrate to you in detail the injury that has been suffered by each and every part as well as by the whole of the United States tuna fishing and canning industry by reason of the greatly accelerated imports of several tuna commodities in the last 3 or 4 years. We pray that you will report favorably the Camp bill, H. R. 5693, as being a first step in the correction of these inequities and the remedying of these injuries.

The CHAIRMAN. Mr. Harold F. Cary.

STATEMENT OF HAROLD F. CARY, GENERAL MANAGER, AMERICAN TUNABOAT ASSOCIATION, SAN PEDRO, CALIF.

The CHAIRMAN. Mr. Cary, will you please identify yourself for the record.

Mr. CARY. My name is Harold F. Cary. I am general manager of the American Tunaboat Association of San Pedro, Calif., and I am here on behalf of that organization.

The CHAIRMAN. The American Tunaboat Association?

Mr. CARY. Yes, sir.

Senator MILLIKIN. Will you give us some idea of what it comprises?

Mr. CARY. The Tunaboat Association itself is a voluntary organization of the larger size tuna vessel owners. Its membership consists of 150 to 155 vessels out of a fleet of about 212 to 214 vessels.

Senator MILLIKIN. What is the range of investment in a tuna boat?

Mr. CARY. The range per vessel?

Senator MILLIKIN. Yes.

Mr. CARY. We consider our high seas vessels, that range from 50 tons upward, to range, on a replacement basis, from \$60,000 to somewhere in the neighborhood of \$550,000 per vessel. This is on a replacement basis.

Senator MILLIKIN. How big a crew does a 50-ton boat have?

Mr. CARY. Probably in the neighborhood of 7 men, and the large ones range from 16 to 19 men, and on some occasions 20 men per vessel.

Senator MILLIKIN. Are those men part owners of the boat or do they fish on shares, or do get wages?

Mr. CARY. The overwhelming majority of them fish on a share basis. There are no wages. They fish on a share basis, which is historic in most fisheries in the country.

Senator MILLIKIN. Is it completely a share, or a base wage plus a share?

Mr. CARY. It is completely share. There are no guaranties. For example—and this happens on occasion—if a vessel fails to catch fish sufficient to cover what we term the trip expense, the cost of feeding the crew and buying the license, then in that case the crew is indebted to the ownership for the difference.

Senator MILLIKIN. Is there a deduction from the seaman's wage for food?

Mr. CARY. Yes; that is done by an agreement. That is subject to collective bargaining with the labor organizations wherein we arrive at what might be called a formula: The proceeds from the catch of fish less certain agreed upon expenses, which are deducted.

Senator MILLIKIN. If there is no catch the seaman is indebted for whatever his proportionate share of that expense is?

Mr. CARY. Yes; that is the system they operate under.

Senator MILLIKIN. May I ask, is that the general practice on the west coast?

Mr. BALINGER. Yes; that is correct.

Senator MILLIKIN. Thank you.

Mr. CARY. I have a prepared statement here covering the subject. I have incorporated in my statement tables Nos. 1 to 5, as follows:

Table 1 contains imports for consumption, tuna canned in oil, from 1931 to 1950, inclusive, by country of origin.

Senator MILLIKIN. May I interrupt with another question?

Mr. CORY. Yes.

Senator MILLIKIN. Is this a seasonal business or does it run the year through?

Mr. CARY. Insofar as the bait boat fleet is concerned, and part of the purse seine fleet, it is not a seasonal business. Some fishing boats which operate in alternative fisheries, such as sardines, have a seasonal aspect.

Senator MILLIKIN. Of tuna and sardines?

Mr. CARY. That is right; they alternate. What we call the albacore fleet is engaged in alternative fishing, because that species of albacore runs within a seasonal range.

Senator MILLIKIN. Perhaps I had better ask this question of a labor witness when he comes on, but take an average year—not a really good one and not a really bad one, but the average year—what is the average net that the fisherman gets out of it?

Mr. CARY. I made a study on that. The average to the fisherman would be in the low four thousands annually. That would be per man, not per share. We have a rather appreciable turn-over in our fleet, a fair amount of turn-over of labor, so basing it on a share basis, in other words a certain force of men remain constant on the job, they would be in the \$6,000 class on an average. Working it out further on the basis of the workday, which is rather long in the tuna fishing fleet, we compute that the average earning would range, on a straight-time basis, with no credit for overtime such as applies on shore and, in fact, in the merchant marine, the average wage would run, according to this computation, from about \$1.89 to \$2.11, on a straight-time basis. Were we to reduce that to an overtime basis, that earning would range in the \$1.46 to \$1.65 per hour bracket. That is on the basis of studies which we have made over a 4-year period.

Senator MILLIKIN. Is it a daytime fishing business or do you fish nights?

Mr. CARY. Well, we do not fish at night. I would like to have this corroborated by one of the fishing people. We fish in the early morning, and when fish are running we fish in the dusk and even run into the dark. After dark, in a heavy fishing day, the work is then devoted to putting the fish away in the brine wells in our particular boats. Of course, there is work done after dark as far as the engineers are concerned. They stand watches, and as far as the vessel is concerned, the crew stands watches after the fishing is completed.

Senator MILLIKIN. If you run into a sizable school of fish I suppose you have a pretty big day of work.

Mr. CARY. Yes; that would run 14 hours a day alone, exclusive of watches and putting the fish away.

Senator MILLIKIN. Do some of these boats have freezing facilities on them?

Mr. CARY. Ours entirely so, and the others almost entirely so; yes.

Senator MILLIKIN. Where does the brine come in at the first step?

Mr. CARY. Boatbuilding is my business and has been for about 22 years. Not too many years ago we had a vessel with the engine placed well forward—I am speaking of the bait boat vessel—and we had a large hold in which the fish were placed and that was refrigerated with ammonia coils. We carried ice and the purpose of the ammonia coils was to keep the ice from melting. It was necessary to stabilize our catch. We built vessels to catch the fish wherever we could find them, and in order to do that it involved a technological process, working out how we could keep the fish in good condition. So what happened is that we built what is known as the brine vessel. In 1937, as I remember it, was about the time the first one was built. Now the afterhold of the vessel is simply a series of compartments or wells, and when the fish is caught it is put in these wells in a brine solution. That is seawater with additional salt added, and we keep that at a very low temperature.

Senator MILLIKIN. Take a load of the brine-preserved fish: You land them in port and that becomes brine tuna; is that correct?

Mr. CARY. Well, as the previous witness stated, in this country, if brine tuna is packed at all it is only in negligible quantities. But it is preserved in a brine solution, it is brought into the cannery and put through a process of cleaning.

Senator MILLIKIN. Before you put in the oil you clean off the brine?

Mr. CARY. Yes. It goes through the cooking operation and the cleaning operation—the primary cleaning operation, the cooking operation, and the secondary cleaning operation, and so forth.

Senator MILLIKIN. What is the average weight of tuna?

Mr. CARY. That is a little out of my field to answer.

The CHAIRMAN. It takes a fisherman to answer that.

Mr. CARY. That is right.

Senator MILLIKIN. Give us one example.

Mr. CARY. Well, in the yellowfin tuna that makes up the bulk of our catch I would say the average is in the 50-pound class. We catch them smaller. We catch them in this manner: We refer to them as 1-, 2-, 3-, or 4-pole fish. The 1-pole fish, the light fish, let us say, in the 20- to 30-pound range, are caught by one man using a hook and line. If we run into the heavier school, then there are two poles with a common leader and one hook.

Senator MILLIKIN. Is it ever a seining operation?

Mr. CARY. Yes; there is a seining operation which makes up from 15 to 20 percent of the tuna landed.

Senator MILLIKIN. Thank you very much. These are all very familiar things to you but to me it affords an opportunity for education on the subject.

Mr. CARY. Table 2 is entitled "Canned Tuna and Tunalike Fishes," and reports imports for consumption and United States production, 1931 to 1951, inclusive.

Table 3 reports United States exports of canned tuna from 1949 to 1951, by country of destination. These are the only years for which

exports of canned tuna are given separately in official Government figures.

Table 4 reports imports of canned tuna, antipasto, and smoked pollock, not in oil, 1948 to 1951, by country of origin.

Table 5 exhibits imports of fresh or frozen tuna from 1931 to 1951, inclusive, by country of origin.

Table 6 exhibits apparent available supply of canned tuna for consumption in the United States, 1926 to 1951, inclusive.

Table 7 exhibits apparent available supply of canned tuna and tunalike fish for consumption in the United States, 1926 to 1951, inclusive.

Also attached to my statement are a series of five unnumbered charts, all of which are readily identifiable and self-explanatory.

There is also attached a series of three unnumbered charts entitled "Tuna Price Trend Comparisons," all of which are likewise self-explanatory but are accompanied by appendix A containing the figures on which these charts have been based.

I might add parenthetically that additionally I have four other large charts. I respectfully request the committee to incorporate all of these charts and tables with the respective appendixes in my statement.

The tuna fishery of the United States, which is entirely a development of private industry without outside assistance, is responsible for the development of the only important market for canned tuna in the world.

While the fishery has existed for approximately 50 years it has only been in the last 25 years that it has assumed great importance. A steady increase in production began in 1926, and terminated with the start of World War II, when the conscription of our major producing vessels brought about a decline in production. The return of these vessels, purchase of surplus Navy vessels in postwar years, and new construction have resulted in a resumption of this increment so that average annual production of prewar years has been surpassed.

PRESENT POSITION

The tuna industry's forward progress has now brought it to a position as the largest canned fish industry in the United States, with the value of its products leading the fishing industries of the country. The attainment of this position has increased the breadth of its economic impact on the economy of the Pacific coast and on the Nation.

Senator MILLIKIN. Does the United States export tuna?

Mr. CARY. We export, I would say, in relation to production, fractional or marginal quantities.

Senator MILLIKIN. Very small quantities?

Mr. CARY. Very small quantities. There is a table covering that. I would judge it runs 1 percent. It is very small.

Senator MILLIKIN. Are there any important tuna fisheries in the Atlantic?

Mr. CARY. In what sense?

Senator MILLIKIN. In the Atlantic Ocean.

Mr. CARY. Are there tuna in the Atlantic Ocean?

Senator MILLIKIN. I mean in important commercial quantities.

Mr. CARY. That is being determined at the present time. As a matter of fact, the Fish and Wildlife Service has a mission operating off New England.

Senator MILLIKIN. What I was really probing, I was wondering why tuna is not a popular fish, from the consumption standpoint, in Europe.

Mr. CARY. I think it is, to some extent. It is packed in Italy and Portugal, some in Spain. Now whether it is packed in quantities that make it popular, I don't know.

Senator MILLIKIN. As far as you know, they are not having an increase in domestic consumption of tuna, as in this country?

Mr. CARY. So far as I know, they are not, but I do not have much knowledge on that subject.

The operation of the tuna industry is of considerable importance to the States of Washington, Oregon, California, and to a degree the Territories of Alaska and Hawaii.

The following data published by the Fish and Wildlife Service for the year 1950 show the relative importance of the industry:

Landings by species

| | <i>Pounds</i> | | <i>Pounds</i> |
|------------------|------------------|---------------------------|---------------|
| Menhaden..... | 1, 000, 000, 000 | Salmon..... | 330, 000, 000 |
| Pilchard..... | 712, 000, 000 | Ocean perch (rosefish)... | 208, 000, 000 |
| Tuna..... | 400, 000, 000 | Shrimp..... | 190, 000, 000 |
| Sea herring..... | 360, 000, 000 | Haddock..... | 160, 000, 000 |

Canned products by species

| | <i>Cases</i> | | <i>Cases</i> |
|------------------------------|--------------|-----------------------------|--------------|
| Tuna and tunalike fishes.... | 9, 100, 000 | California pilchards..... | 5, 300, 000 |
| Salmon..... | 4, 200, 000 | Mackerel, Jack mackerel.... | 1, 500, 000 |
| Maine sardines..... | 3, 800, 000 | Shrimp..... | 715, 000 |

Canned or processed products by value

| | <i>Value</i> | | <i>Value</i> |
|---------------------------|-----------------|------------------------|----------------|
| Tuna..... | \$112, 800, 000 | Canned animal food.... | \$13, 800, 000 |
| Salmon..... | 108, 500, 000 | Canned shrimp..... | 12, 700, 000 |
| California pilchards..... | 26, 300, 000 | Clams and clam prod- | |
| Maine sardines-herring... | 21, 200, 000 | ucts..... | 10, 800, 000 |
| Menhaden meal and oil.. | 18, 700, 000 | | |

A peculiarity of the industry's position is that, while tuna is found in almost all oceanic waters of the world—which may, in part, answer your question—the United States is the only area in the world where there is a consequential market for canned tuna. This has made the United States market a magnet for producers all over the world.

AREA OF OPERATION

The area of operations of the United States tuna fishery runs from the high seas areas off the Pacific Coastal States and Canada to the high seas areas off the coast of Peru.

The albacore—a species of tuna—is taken in the international high seas off the coast of all three Pacific Coast States, Canada, and Mexico. The yellowfin and skipjack tunas are found in overwhelming majority in the international high seas off the coasts of Hawaii, Mexico, Central America, and northern South America.

The major production of canned tuna comes from California, Oregon, Washington, Hawaii, and to a limited extent from the States of the eastern seaboard.

The employment varies by season, being heavily weighted during summer and early fall months when the albacore fishery is productive. On a full-time basis there are approximately 4,000 fishermen active, which number rises to more than 12,000 during the most active season.

Fishermen employed in the large bait boat fleet, and a percentage of those in the purse seine fleet are those employed the year around in tuna fishing. It is necessary for the others fishing seasonally to augment their incomes with work in the halibut, salmon, sardine, and other coastal fisheries during the balance of the year.

Employment in fish processing plants producing canned tuna on a full- or part-time basis approximates 10,000 persons. The many repair and service industries account for an additional 4,000 persons or more. Sales and other distributive activity employ additional persons.

CANNERIES

The canneries which process this fish are located all along the Pacific coast. San Diego and San Pedro are the centers of the largest California operations, while Astoria, Oreg., is the center of the Northwest industry.

Senator MILLIKIN. San Pedro and what?

Mr. CARY. San Diego and San Pedro are the centers.

Senator MILLIKIN. And in the Northwest?

Mr. CARY. In the Northwest, Astoria, Oreg., is the center of the tuna industry.

Canneries are also located in Newport, Long Beach, Wilmington, Hueneme, Monterey, Moss Landing, and San Francisco, Calif., and in the Puget Sound area of Washington and in some of the Eastern States such as Maine, Massachusetts, Maryland, South Carolina, and in Mississippi in the Gulf area.

Some of these canners do not produce any canned product except tuna; others produce canned salmon, canned sardines, and mackerel, as well as bonito and yellowtail, along with the tuna. Tuna is the principal product of the southern California canners, accounting for at least 90 percent of the dollar volume of the business of every canner.

The southern California canneries give full-time employment to more than 10,000 persons. The cannery workers are largely skilled labor, many of them being mechanics of different trades, and the others skilled in the exacting work in a fish cannery.

The total capital investment in plant and equipment in southern California alone is in excess of \$20 million and a great deal more capital is at risk in liquid form and by way of loans and advances to fishermen.

TYPE OF VESSELS

At the present time there are more than 200 long-range, high seas tuna clippers in operation which fish by the hook and line method using live bait. These clippers range in length from 65 feet to 150 feet, and carry from 50 to 550 tons of tuna per trip. These vessels are all equipped for brine-freezing fish at sea and carry crews of from 9 to

18 men, and are capable of voyages of more than 10,000 miles, the trips lasting as long as 100 days.

Senator MILLIKIN. Are they all radio-equipped?

Mr. CARY. They are, sir. Some of them carry both C. W. and radiotelephone equipment aboard. These vessels account for more than 70 percent of the yellowfin and skipjack landings. The investment in these vessels on a replacement basis approximates \$60 million.

There are approximately 100 purse seine vessels which operate more or less continuously in the tuna fishery. These vessels catch their fish by the use of seines or nets and do not require the live bait necessary to the clipper ships. They account for about 20 percent of the yellowfin and skipjack landings. Investment in these vessels on a replacement basis approximates \$20 million.

The albacore fishery utilizes smaller vessels which are far more numerous. It is estimated that over 3,000 were engaged in this fishery in 1950 to 1951. These vessels catch tuna by trolling or by use of live bait with many equipped for both methods.

Senator MILLIKIN. Would you mind explaining the live bait business in relation to the South American ports? I understand we take on live bait.

Mr. CARY. We take on live bait for use in catching tuna. We do not bait the hooks. The fish is thrown in by a process of what is called chumming, to bring the tuna to the boat. Your bait must be live bait. We have rather extensive installations in these boats that provide a constant circulation of water. We have large wells for bait under the deck and on the afterdeck. We take the bait in the territorial waters of the United States and Mexico and various countries to the south.

The CHAIRMAN. What is that bait?

Mr. CARY. What?

The CHAIRMAN. What is the bait? Is it any particular fish?

Mr. CARY. Scientifically it is called anchovettas, or small anchovy-like fish. There are a number of varieties, none of which would be qualified to comment upon. Studies are being made, incidentally, of the various classes which we use.

Senator MILLIKIN. Does the existence of our own tuna industry depend on being able to get live bait from countries to the south of us?

Mr. CARY. To a degree it does, as far as live bait boats are concerned.

Senator MILLIKIN. Is it an important degree?

Mr. CARY. It is an important degree. These vessels catch tuna—and here I am referring to the albacore vessels—by trolling or by use of live bait with many equipped for both methods. At present they represent every seaport and fishing village from Alaska, Washington, Oregon, and California. These vessels account for almost the entire percentage of albacore landings. The investment in these vessels on a replacement basis approximates \$25 million.

The majority of vessels of all types mentioned represent individual or group ownership. The majority of this ownership is engaged in the actual operation and/or management of these vessels. The amount of ownership by processing organizations is relatively small.

Growth of the fleet:

At present there is a larger number of vessels and a greater potential tonnage than at any time in the history of the tuna fishery.

The rise in landings of albacore started in 1944 has attracted not only many new small vessels, but has drawn vessels from every other fishery on the Pacific coast. This move has been accelerated by the short halibut season, a decline in the salmon fishery, the uncertainty of the sardine or pilchard fishery, the loss of the shark liver fishery through imports, and the curtailment of the ground fish operations for the same reason.

In the postwar period a greater number of purse seine vessels which normally operated exclusively in the sardine or pilchard fishery have moved into the tuna fishery. Recent declines in the California sardine fishery will accelerate this movement.

There has been a steady growth in the large bait boat or clipper fleet by reason of the return by the United States Navy of those conscripted vessels still fit for service after World War II, the sale by the Navy of 24 large tuna clippers built for the Government for its own use during the war, and the reinvestment of earnings in the construction of new vessels.

The present problem of the tuna industry is that imports have caused difficulty in the industry and threaten not only its growth but its existence. It is the purpose of this statement to present to you data which will assist in your evaluation of the correctness of this viewpoint.

In seeking means to acquaint the Senate Finance Committee fully with these facts, a number of witnesses from all segments of the tuna industry will appear. Some will appear in person before the committee and others, in order to conserve your time needed for other important considerations, will file written statements.

In this particular presentation, an effort will be made to provide an over-all view of the import problem and its effect upon the tuna industry. The Tariff Commission is often called upon to hear matters wherein imports affect a particular industry. Changes in trade agreements are here involved and the highest care must be used in reaching a decision because of such considerations. To provide them with some means of measurement of the seriousness of the problem, the Trade Agreements Extension Act of 1951, section 7 (b), sets forth 10 factors for consideration which are as follows:

1. A downward trend of production.
2. A downward trend in employment.
3. A downward trend in prices.
4. A downward trend in profits.
5. A downward trend in wages.
6. A decline in sales.
7. An increase in actual imports.
8. An increase in relative imports.
9. A higher or growing inventory.
10. A decline in the proportion of the domestic market supplied by domestic producers.

This statement will apply these criteria to the problem before you.

1. Domestic production

The tuna industry has shown a relatively steady upward growth since its inception in the early part of this century. Conscripting of the major units of the fleet during the years of World War II caused a decline. The upward trend resumed in 1946. There was a sharp

reduction again in production of canned goods produced from fish obtained from both foreign and domestic sources in 1951. The following schedules expressed in thousands of pounds of processed weight illustrate the situation.

A. Production of canned tuna in pounds of processed weight

| | | | |
|-----------|---------|-----------|----------|
| 1926..... | 18, 645 | 1939..... | 82, 009 |
| 1927..... | 28, 692 | 1940..... | 95, 867 |
| 1928..... | 28, 273 | 1941..... | 53, 695 |
| 1929..... | 34, 712 | 1942..... | 50, 721 |
| 1930..... | 45, 032 | 1943..... | 53, 691 |
| 1931..... | 27, 847 | 1944..... | 69, 133 |
| 1932..... | 27, 659 | 1945..... | 87, 240 |
| 1933..... | 32, 563 | 1946..... | 90, 218 |
| 1934..... | 45, 538 | 1947..... | 108, 506 |
| 1935..... | 54, 534 | 1948..... | 132, 157 |
| 1936..... | 57, 973 | 1949..... | 138, 645 |
| 1937..... | 70, 304 | 1950..... | 173, 462 |
| 1938..... | 60, 296 | 1951..... | 158, 100 |

B. Production of canned tunalike fish in processed weight

| | | | |
|-----------|--------|-----------|--------|
| 1926..... | 1, 783 | 1939..... | 5, 422 |
| 1927..... | 1, 448 | 1940..... | 4, 656 |
| 1928..... | 916 | 1941..... | 7, 868 |
| 1929..... | 1, 391 | 1942..... | 1, 779 |
| 1930..... | 3, 224 | 1943..... | 2, 873 |
| 1931..... | 1, 361 | 1944..... | 1, 042 |
| 1932..... | 1, 289 | 1945..... | 1, 739 |
| 1933..... | 2, 073 | 1946..... | 3, 670 |
| 1934..... | 1, 669 | 1947..... | 8, 963 |
| 1935..... | 5, 725 | 1948..... | 7, 525 |
| 1936..... | 6, 364 | 1949..... | 3, 056 |
| 1937..... | 5, 164 | 1950..... | 1, 332 |
| 1938..... | 5, 803 | 1952..... | 900 |

C. Production of canned tuna and tunalike fish in processed weight

| | | | |
|-----------|---------|-----------|----------|
| 1926..... | 20, 429 | 1939..... | 87, 431 |
| 1927..... | 30, 140 | 1940..... | 100, 523 |
| 1928..... | 29, 189 | 1941..... | 61, 563 |
| 1929..... | 36, 103 | 1942..... | 52, 500 |
| 1930..... | 48, 255 | 1943..... | 56, 563 |
| 1931..... | 29, 207 | 1944..... | 70, 185 |
| 1932..... | 28, 948 | 1945..... | 88, 978 |
| 1933..... | 34, 635 | 1946..... | 93, 888 |
| 1934..... | 47, 207 | 1947..... | 117, 469 |
| 1935..... | 60, 260 | 1948..... | 139, 682 |
| 1936..... | 64, 338 | 1949..... | 141, 701 |
| 1937..... | 75, 468 | 1950..... | 174, 794 |
| 1938..... | 66, 099 | 1951..... | 159, 000 |

Source: U. S. Fish and Wildlife Service.

The foregoing schedules show the decline in production between 1950 and 1951 in canned tuna of 8.9 percent, in canned tunalike fish of 32.4 percent, and in the total of tuna and tunalike fish of 9.0 percent.

This same general trend is apparent in the review of the data on landings by domestic vessels with the downtrend from 1950 to 1951 more sharply accelerated. The reason for this is that the canned goods are produced from both domestic and foreign provided raw fish and that in this latter category—foreign raw fish—there has been a

sharp uptrend. The situation is clearly shown by the following schedules expressed in thousands of pounds of round weight:

A. Production of tuna by domestic vessels

| | | | |
|-----------|----------|-----------|-----------------------|
| 1926..... | 42, 510 | 1939..... | 172, 246 |
| 1927..... | 69, 215 | 1940..... | 206, 037 |
| 1928..... | 62, 184 | 1941..... | 124, 893 |
| 1929..... | 72, 246 | 1942..... | 117, 414 |
| 1930..... | 99, 347 | 1943..... | 126, 333 |
| 1931..... | 56, 979 | 1944..... | 167, 149 |
| 1932..... | 60, 569 | 1945..... | 182, 549 |
| 1933..... | 68, 774 | 1946..... | ¹ 216, 033 |
| 1934..... | 94, 670 | 1947..... | ¹ 252, 280 |
| 1935..... | 117, 635 | 1948..... | ¹ 311, 909 |
| 1936..... | 125, 816 | 1949..... | ¹ 328, 349 |
| 1937..... | 155, 864 | 1950..... | ¹ 385, 159 |
| 1938..... | 138, 250 | 1951..... | ² 310, 000 |

¹ Preliminary figures with corrections applied.

² American Tunaboat Association estimate.

B. Production of tunalike fish by domestic vessels

| | | | |
|-----------|---------|-----------|---------|
| 1926..... | 8, 144 | 1939..... | 11, 195 |
| 1927..... | 5, 942 | 1940..... | 13, 501 |
| 1928..... | 4, 789 | 1941..... | 22, 943 |
| 1929..... | 5, 993 | 1942..... | 5, 158 |
| 1930..... | 10, 561 | 1943..... | 9, 276 |
| 1931..... | 6, 598 | 1944..... | 4, 899 |
| 1932..... | 5, 795 | 1945..... | 6, 910 |
| 1933..... | 6, 469 | 1946..... | 10, 707 |
| 1934..... | 5, 869 | 1947..... | 23, 871 |
| 1935..... | 16, 379 | 1948..... | 19, 716 |
| 1936..... | 17, 695 | 1949..... | 9, 292 |
| 1937..... | 13, 487 | 1950..... | 4, 032 |
| 1938..... | 15, 451 | 1951..... | 4, 600 |

C. Production of tuna and tunalike fish by domestic vessels

| | | | |
|-----------|----------|-----------|----------|
| 1926..... | 60, 654 | 1939..... | 183, 441 |
| 1927..... | 75, 157 | 1940..... | 219, 538 |
| 1928..... | 66, 973 | 1941..... | 147, 836 |
| 1929..... | 78, 239 | 1942..... | 122, 572 |
| 1930..... | 109, 908 | 1943..... | 135, 608 |
| 1931..... | 63, 577 | 1944..... | 172, 048 |
| 1932..... | 66, 364 | 1945..... | 189, 459 |
| 1933..... | 75, 243 | 1946..... | 226, 740 |
| 1934..... | 100, 539 | 1947..... | 276, 151 |
| 1935..... | 134, 015 | 1948..... | 331, 624 |
| 1936..... | 143, 511 | 1949..... | 337, 640 |
| 1937..... | 169, 350 | 1950..... | 389, 191 |
| 1938..... | 153, 701 | 1951..... | 314, 600 |

Senator MILLIKIN. What is the scope of your case before the Tariff Commission?

Mr. CARY. The scope of the case before the Tariff Commission?

Senator MILLIKIN. Yes. Is that concerned with tuna canned in brine?

Mr. CARY. Yes; and with bonito canned in oil and bonito canned in brine.

Senator MILLIKIN. When did you have the hearing before the Tariff Commission?

Mr. CARY. The hearing opened a week ago today, last Tuesday, and ended yesterday.

The foregoing schedules show a decline in production between 1950 and 1951 of tuna and tunalike fish of 18.9 percent. Landings by domestic vessels in 1951 were below the levels of 1948, 1949, and 1950.

2. Employment

There has been a downtrend in employment and hours of labor in fish processing plants wholly or partly engaged in the production of tuna. One means of showing this trend is through data furnished by the California Department of Industrial Relations covering fish cannery employment in the Los Angeles Harbor area for comparable months of 1950 and 1951 as follows:

Average number employed in the fish cannery industry—Los Angeles Harbor

| Month | 1950 | 1951 | Month | 1950 | 1951 |
|---------------|-------|-------|------------------------|--------|-------|
| January..... | 6,000 | 6,300 | July..... | 5,800 | 4,600 |
| February..... | 3,300 | 4,500 | August..... | 6,300 | 4,800 |
| March..... | 4,100 | 4,800 | September..... | 6,100 | 4,700 |
| April..... | 4,400 | 4,500 | October..... | 10,400 | 7,800 |
| May..... | 4,900 | 4,600 | November..... | 9,600 | 4,100 |
| June..... | 5,800 | 4,600 | Average per month..... | 6,064 | 5,364 |

Senator MILLIKIN. May we assume that the general increase and decline in the canning industry reflects the increase and decline in the employment of fishermen? Is that a reasonably correct assumption?

Mr. CARY. It is generally correct. Specifically, the fisherman has another problem. The cannery worker may have more sustained employment with the importation of raw fish, whereas the importation of foreign raw fish would displace the fishermen in that degree, so on a relative scale he would be somewhat lower.

Employment in canneries in San Diego terminated entirely, insofar as production workers were concerned, in mid-November of 1951.

The downtrend in employment on fishing vessels can be readily seen by the decline in catch and also by an analysis of the fishing time of the vessels. An analysis of the operations of the bait-boat fleet between 1945-51 exhibits this downtrend:

Percentage of calendar year at sea

| | Percent | | Percent |
|-----------|---------|-----------|---------|
| 1945..... | 63.66 | 1949..... | 52.56 |
| 1946..... | 64.35 | 1950..... | 71.78 |
| 1947..... | 67.64 | 1951..... | 44.55 |
| 1948..... | 69.19 | | |

The decline in 1951 is 37.9 percent below that of 1950 and 31.3 percent below the average of the preceding 6 years. The decline in employment in the purse seine and albacore fisheries occasioned by the import situation is extensively covered in other statements to be filed with or read before this committee.

3. Prices

An index on fish prices was established by the Bureau of Labor Statistics in 1948 using the year 1947 as 100. An exhibit consisting of three charts entitled "Tuna Price Trend Comparisons" is attached showing the trend of wholesale prices of canned tuna and exhibiting

the trend in other related indexes. The following percentages are taken from that exhibit:

Index, November 1951 comparison with base period

| | Percent increase | Percent decrease |
|------------------------|------------------|------------------|
| Wholesale price index: | | |
| All commodities..... | 17.5 | |
| All foods..... | 12.0 | |
| All fish..... | 11.2 | |
| Canned fish..... | 9.0 | |
| Canned tuna..... | | 15.4 |

There has been a downtrend in the dockside price structure on raw fish. Average prices for the three major species caught have been computed on a straight arithmetical basis and the average for the year 1947 used as 100. A comparison is made below with the wholesale price indexes listed above. Wholesale price indexes are not strictly comparable to the raw product price and therefore an additional comparison is made with a more comparable item, which is the index on meat animals taken from the crop and livestock prices received by farmers as published by the Department of Agriculture, Bureau of Agricultural Economics, again using 1947 as the base year:

Index, November 1951 comparison with base period

| | Percent increase | Percent decrease |
|--|------------------|------------------|
| Crop and livestock prices: Meat animals..... | 24.6 | |
| Wholesale price index: | | |
| All commodities..... | 17.5 | |
| All foods..... | 12.0 | |
| All fish..... | 11.2 | |
| Canned fish..... | 9.0 | |
| Raw fish (3 major species)..... | | 7.5 |

A further aggregate reduction was made in the dockside yellowfin-skipjack price schedule in January, 1952, which results in opening price schedules for 1952 at approximately 10 percent below the 1947 level.

4. Profits

There has been a downtrend in profits in the industry at all levels. The profit position of the canners can be best illustrated for the purpose of this public hearing by drawing attention to the fact that gross income has been reduced by reason of the decline in the sales prices evidenced in the preceding schedule. That schedule showed a price decline of 15.4 percent.

Senator MILLIKIN. That was the level as to the sales price?

Mr. CARY. That particular sales price we are talking about would be the wholesale price.

Senator MILLIKIN. Let me interrupt with another question. What is the average consumer price for a 7-ounce can of white meat?

Mr. CARY. White meat?

Senator MILLIKIN. Yes.

Mr. CARY. I don't have that with me.

Senator MILLIKIN. Did somebody say it was 37 cents or 47 cents?

Mr. T. F. SANDOZ. The OPS ceiling is 39 cents.

Senator MILLIKIN. What would that be per pound?

Mr. SANDOZ. On a net pound of fish in the can?

Senator MILLIKIN. Yes.

Mr. SANDOZ. You can figure roughly the edible portion of that can would be about 3 cans per pound, about 2.8 to 3. You know, Senator Millikin, because of the competitive situation in the markets, in many instances it is selling at 34 and 35 cents.

Senator MILLIKIN. A pound?

Mr. SANDOZ. A can. So you can see the consumer is paying today \$1.05 to \$1.17 a pound.

Senator MILLIKIN. That is practically solid meat, isn't it?

Mr. SANDOZ. Yes.

Senator MILLIKIN. Not much waste?

Mr. SANDOZ. No, sir.

Senator MILLIKIN. What is the waste in the ordinary can of tuna?

Mr. SANDOZ. Approximately an ounce to an ounce and a quarter.

Senator MILLIKIN. What does that consist of?

Mr. SANDOZ. That consists of oil, and that embraces the oil in the meat. It is the total contents of the can. The edible portion is approximately 6 ounces.

Senator MILLIKIN. Thank you very much.

Mr. CARY. Actually there would be no waste if the oil is used, which is done in some cases. The oil, incidentally, is edible oil and the oil, incidentally, does become a part of the weight of the fish in that it permeates it. It is cooked in there, so you do not have that very sharp division.

Senator MILLIKIN. Is it vegetable oil?

Mr. CARY. I think the canners' can answer better. It is soybean oil or cottonseed oil.

Senator MILLIKIN. You do not use olive oil? •

Mr. CARY. Olive oil at the present time is used in special packs but it is used very little.

A later witness will introduce data in respect to costs of production which will demonstrate that per case costs have moved within a very narrow range when 1947 is compared with 1951. A marked decline in selling prices accompanied by a relatively stable cost factor furnishes evidence of a decline in net profits.

Boat operation has also experienced a decline in profits. On the basis of an analysis of earnings of vessels operating in the bait-boat fleet a preliminary finding is that the decline has been heavy. Stating profits on operations before taxes in 1951 in the terms of considering the base year as 1948 and assigning an index of 100 to that year, the survey discloses that 1951 profits were at the rate of 39.9 against the index of 100 in 1948. This preliminary study indicates therefore a decline of approximately 60 percent in such profits.

5. Wages

Wages for cannery workers have shown a decline expressed in terms of average hours worked per week and average earnings per week. A succeeding witness will give detailed information. For the purpose of this presentation the following percentage declines are illustrative:

| | 1950 | 1951 (11 months) | Decline |
|--|---------|------------------|-------------|
| Average hours worked per week (Los Angeles)..... | 32.4 | 29.9 | Percent 7.7 |
| Average weekly earnings (Los Angeles)..... | \$55.77 | \$52.00 | 6.6 |
| November | | | |
| | 1950 | 1951 | |
| Average weekly earnings (Los Angeles)..... | \$69.00 | \$40.78 | 40.9 |
| Average weekly earnings (San Diego)..... | \$63.58 | \$43.98 | 30.8 |
| Average hours worked per week (Los Angeles)..... | 38.7 | 23.6 | 39.0 |
| Average hours worked per week (San Diego)..... | 34.5 | 23.4 | 32.2 |

Senator MILLIKIN. How has business been for those who were in diversified fish?

Mr. CARY. In diversified fish, I am not qualified to speak. In respect to one class I do know some of the figures, and that is in respect to the sardine fishery. In the sardine fishery we have had an appreciable decline in the catch in the last season.

Senator MILLIKIN. Does any outfit go, for example, for salmon, sardines, and tuna?

Mr. CARY. I know of none offhand that do all three. I may be incorrect in that.

Earnings of fishermen have shown a decline. On the basis of an analysis of earnings per share on vessels operating in the bait-boat fleet a preliminary finding is that the decline has been heavy. Fishermen and engineers, who constitute a force of highly skilled men, are paid on a share basis. It operates in this manner: The total receipts from the sale of fish at dockside price are reduced by certain agreed-upon expenses in arriving at the net amount to be distributed between the crew and the owners. The percentage allotted to the crew is then shared by the crew, the great majority of whom are compensated on a one-share basis per trip. Using 1948 as the base year and assigning an index number of 100 to that year, the study indicates that earnings per share per man declined from 100.0 in 1948 to 71.4 in 1951.

6. Sales

There has been a decline in canned-goods sales. The production of canned tuna is heavily concentrated in California. An examination of the records of the California Fish Cannery Association, whose members produce by far the majority of United States production, indicates the following:

Sales, in cases:

| | |
|--------------|----------------|
| 1950..... | 6,824,469 |
| 1951..... | 6,532,331 |
| Decline..... | percent.. 4.28 |

Sales by domestic fishing vessels to cannery have also declined. This decline can be measured by reference to section 1 of this statement which shows the production in 1951 to be below the 1950 level by more than 18 percent and also below the level of the years 1948 and 1949.

7. Imports, actual

There has been an increase in the actual volume of imports. Tables 2, 4, and 5 attached to this statement set forth in detail the absolute

amounts of such imports. This hearing is concerned with imports of tuna, fresh or frozen. The following data abstracted from table 5, based on statistics of the United States Department of Commerce, indicates the increase in terms of thousands of pounds of round weight:

| | Pounds | | Pounds |
|-----------|-------------|-----------|--------------|
| 1946..... | 4, 167, 000 | 1949..... | 20, 606, 000 |
| 1947..... | 9, 204, 000 | 1950..... | 56, 712, 000 |
| 1948..... | 9, 143, 000 | 1951..... | 70, 226, 000 |

Imports of frozen tuna in 1951 were 16.9 times the 1946 level; 7.6 times the 1947 and 1948 levels; 3.5 times the 1949 level; and 1.2 times the 1950 level. Imports of frozen tuna in 1951 were 8.1 times the prewar average for the years 1931-40.

The principal suppliers of frozen tuna are Japan and Peru. Following is a listing of imports from these principal suppliers for the same 6-year period:

[In pounds]

| Year | Japan | Peru | Total, 2 countries |
|-----------|--------------|--------------|--------------------|
| 1946..... | | | |
| 1947..... | | | |
| 1948..... | | | |
| 1949..... | 2, 392, 000 | 488, 000 | 2, 877, 000 |
| 1950..... | 2, 839, 000 | 2, 327, 000 | 5, 166, 000 |
| 1951..... | 25, 369, 000 | 13, 256, 000 | 38, 625, 000 |
| 1951..... | 35, 727, 000 | 20, 238, 000 | 55, 965, 000 |

No comparison of 1951 with the years 1946 and 1947 can be made because of the fact that no imports were received in those particular years. Imports in 1951 for the two countries combined were 19.5 times the 1948 level; 10.8 times the 1949 level, and 1.4 times the 1950 level. Imports from Japan alone in 1951 were 6.6 times the prewar, 1931-40, average received from that country. Imports from Peru during this prewar decade were minute in quantity. A comparison of prewar, 1931-40, average for both Japan and Peru with 1951 shows the latter year to be 10.7 times the prewar average.

Table 2 exhibits imports of tuna in brine, bonito in oil, and bonito in brine. The following data abstracted from table 2 indicates the increase in terms of pounds of processed weight:

| | Tuna, canned in brine | Bonito, canned in oil |
|-----------------------|--------------------------|--------------------------|
| 1948..... | 12, 884 | 306, 108 |
| 1949..... | 79, 357 | 8, 053, 940 |
| 1950..... | 380, 917 | 8, 135, 102 |
| 1951 (11 months)..... | 8, 017, 871 | 9, 474, 060 |

A comparison between the years 1948 and 1951 indicates that imports of tuna, canned in brine, have increased more than 600 times the 1948 level and that imports of bonito, canned in oil, have increased more than 30 times the 1948 level.

A comparison between the years 1950 and 1951 indicates that imports of tuna, canned in brine, have increased 2,110 percent. For 1951 there is a heavy weighting in the latest months indicating a

rapidly accelerating rate of increase. Following is a tabulation covering the last 3 months of the 11-month 1951 period:

| Month | Pounds | Percent of 11-month total |
|---------------------|-------------|---------------------------|
| September..... | 1, 260, 197 | 15. 7 |
| October..... | 1, 572, 941 | 19. 6 |
| November..... | 2, 008, 190 | 25. 0 |
| 3 months total..... | 4, 841, 328 | 60. 3 |

A comparison between the years 1950 and the 11-month period of 1951 in respect to imports of bonito, canned in oil, indicates an increase of 16.4 percent which percentage will be raised by every pound imported in December of 1951.

Imports of bonito, canned in brine, have been received but no published data is available inasmuch as imports are classified in a basket category and have not been separately analyzed.

Imports of tuna, canned in oil, set forth in table 2 showed a tremendous increase in 1950 and fell off sharply in 1951.

8. Imports, relative

There has been an increase in the relative amount of imports of frozen tuna. The following data exhibits this increase (based on reduction to processed weight for purposes of comparison):

| | Percent of domestic catch ¹ | Percent of total supply available (including all imports of tuna, canned and frozen) |
|------------------------------|--|--|
| 1946..... | 2. 12 | 1. 97 |
| 1947..... | 3. 97 | 3. 61 |
| 1948..... | 3. 21 | 2. 93 |
| 1949..... | 7. 17 | 6. 47 |
| 1950..... | 17. 25 | 12. 14 |
| 1951..... | 25. 06 | 18. 46 |
| Prewar average, 1931-40..... | 7. 34 | 6. 27 |

¹ Averages in this table vary slightly from data given in item y, "Imports, actual," due to differences in conversion to canned weight.

One significant comparison is found in the last two lines which compare the prewar average with 1951. The imports of frozen tuna represent in 1951 25.06 percent of the domestic catch and 18.46 percent of total supply of tuna including all imports, canned or frozen, compared with 7.34 percent and 6.27 percent respectively for the prewar period.

Another significant comparison may be made in the country of origin. Imports of frozen tuna from Japan for the prewar 10-year period averaged 4.71 percent of the domestic production on the basis given above and 3.83 percent of the total available supply. Imports from Peru were almost nonexistent and would not change the above totals if imports for both countries were included.

In 1951 imports from Japan and Peru combined amounted to 19.97 percent of the domestic production and 14.71 percent of the total supply including imports of canned and frozen.

The following data abstracted from table 2 indicates the increase in tuna, canned in brine, and in bonito, canned in oil:

| | <i>Percent of domestic production (tuna and tunalike fish)</i> |
|---|--|
| Tuna, canned in brine: | |
| 1948..... | 0. 0001 |
| 1949..... | . 0006 |
| 1950..... | . 0022 |
| 1951 (11 months)..... | 5. 07 |
| 1951 (12 months estimated) ¹ | 6. 32 |
| Bonito, canned in oil: | |
| 1948..... | . 0022 |
| 1949..... | 5. 68 |
| 1950..... | 4. 65 |
| 1951 (11 months)..... | 5. 96 |
| 1951 (12 months) ¹ | 6. 92 |

¹ Estimated 11,000,000 pounds.

A further comparison can be made in the case of bonito, canned in oil, with domestic production of tunalike products as follows:

| Year | Domestic production (thousands of pounds), processed weight | Imports (thousands of pounds), processed weight | Import percent of domestic production |
|-----------|--|---|--|
| 1948..... | 7, 525 | 306 | 4. 1 |
| 1949..... | 3, 056 | 8, 053 | 263. 5 |
| 1950..... | 1, 332 | 8, 135 | 610. 7 |
| 1951..... | 900 | ¹ 9, 474 | 1052. 7 |
| 1951..... | 900 | ² 11, 000 | 1222. 2 |

¹ 11 months.

² Estimated 12 months.

9. Inventory

There has been a growing inventory in the hands of canners. Based upon an examination of the inventory reports of the California Fish Canners Association, the subject can be viewed as follows:

Relationship of inventory to cases packed

| Year end: | <i>Percent</i> |
|-----------|----------------|
| 1948..... | 16. 3 |
| 1949..... | 24. 3 |
| 1950..... | 23. 2 |
| 1951..... | 30. 5 |

Case quantities shown in the examination are not clearly comparable for the same 4-year period because of change in the number of canners holding membership and reporting inventories. However, the years 1950 and 1951 are comparable in that respect and provide the following comparison:

| Year end: | <i>Case inventory</i> |
|-----------|-----------------------|
| 1950..... | 1, 703, 527 |
| 1951..... | 2, 193, 383 |

10. Proportion of the domestic market supplied by domestic producers

In respect to the item under consideration in H. R. 5693, fresh or frozen tuna, there has been a decrease in the proportion of the domestic market supplied by domestic producers. The following tabulation in

which domestic landings of the tuna species and imports of the same are reduced to a processed-weight basis illustrates this decrease:

| Year | Packed from domestic catch | | Packed from frozen imports | |
|-----------|----------------------------|---------|----------------------------|---------|
| | Pounds | Percent | Pounds | Percent |
| 1946..... | 88,343,000 | 97.9 | 1,875,000 | 2.1 |
| 1947..... | 104,364,000 | 96.2 | 4,142,000 | 3.8 |
| 1948..... | 128,043,000 | 96.9 | 4,114,000 | 3.1 |
| 1949..... | 129,372,000 | 93.3 | 9,273,000 | 6.7 |
| 1950..... | 147,942,000 | 85.3 | 25,520,000 | 14.7 |
| 1951..... | 126,100,000 | 80.0 | 31,600,000 | 20.0 |

The increase in imports of bonito, canned, in oil has taken over the majority of the United States market for that commodity. For the 4 years shown in that section the percentages are as follows:

Domestic producers percent of market

| | |
|-----------|------|
| 1948..... | 96.1 |
| 1949..... | 27.5 |
| 1950..... | 14.1 |
| 1951..... | 8.7 |

Tuna, canned, in brine is directly competitive with tuna, canned, in oil and with tuna-like products. To illustrate the trend in the share of the domestic market it is necessary to combine tuna, canned, in brine with domestic production of tuna, canned, in oil:

Domestic producers percent of market

| | |
|---------------------------------|-------|
| 1948..... | 99.99 |
| 1949..... | 99.94 |
| 1950..... | 99.78 |
| 1951 (11 months)..... | 95.17 |
| 1951 (12 months estimated)..... | 94.05 |

In order to have a full view of the tuna situation in respect to imports it is helpful to examine data containing information on domestic production and on imports of tuna products not mentioned in the preceding tables. There has been a heavy increase in the importation of tuna, canned, in brine and bonito, canned, in oil. In 1950 importations of tuna, canned, in oil reached a record level and declined sharply in 1951. In 1950 importations of tuna, fresh or frozen, reached a record level and continued upward in 1951. The following is a table showing the share of the domestic market supplied by domestic producers without reference to fresh or frozen tuna imports:

| Year | Tuna | Tuna and tunalike | Year | Tuna | Tuna and tunalike |
|-----------|------|-------------------|-----------|------|-------------------|
| 1946..... | 95.0 | 95.2 | 1949..... | 96.8 | 91.8 |
| 1947..... | 94.6 | 95.0 | 1950..... | 81.7 | 79.5 |
| 1948..... | 94.1 | 94.2 | 1951..... | 92.1 | 86.5 |

¹ Based on estimate of tuna, canned, in brine 10,000,000 pounds, and bonito, canned, in oil, 11,000,000 pounds.

The following table exhibits the share of the domestic market supplied by domestic producers by including processed tuna canned from

imports of fresh and frozen tuna as a part of the foreign share of the domestic market:

| Year | Tuna | Tuna and tunalike | Year | Tuna | Tuna and tunalike |
|-----------|------|-------------------|-----------|------|-------------------|
| 1946..... | 93.0 | 93.3 | 1949..... | 90.3 | 85.8 |
| 1947..... | 91.0 | 91.7 | 1950..... | 89.6 | 87.9 |
| 1948..... | 91.2 | 91.4 | 1951..... | 73.6 | 80.3 |

¹ Based on estimate of tuna, canned in brine, and bonito, canned in oil, used in preceding table.

Tables 6 and 7 supply detailed data in respect to the items covered above.

That concludes the written statement I have prepared for the committee, which takes our particular problem and applies to it the criteria of the Trade Agreements Act as applied by the Tariff Commission. I have some charts here on those things, on the matter of imports of frozen tuna. This particular chart we submit for the record, which shows the increase over the periods rather drastically. This is the subject before the committee primarily.

There are two or three questions there which have been raised in respect to the bill. We felt inasmuch as in a committee proceeding of this kind that we did not have the right of rebuttal, that we might attempt to acquaint the committee with some of the answers to the questions that have been raised, and the assertions that have been made. They are many.

We could confine ourselves to a few here so as not to take up too much time of the committee. There has been a great deal said that the increase in the bait boat fleet is alone responsible for the particular condition which exists today, that imports per se are not the cause of the condition.

The statement is made in a presentation that has been prepared by the Tuna Cannery Association, Washington, that imports did not create the present problem and even total elimination of imports would not solve the problem.

Preliminarily to that is the statement as to the size of our particular fleet. We have attempted to study that particular thing and we have illustrated it graphically for one thing.

This particular chart, which for purposes of identification will be chart 3, shows the supply in tons from all sources in the United States market, and this particular line, this dotted line, shows the potential production of the bait fleet, and you will observe that there is some parallel here, a falling away as we come into these later years, a sharp falling away in 1950 because of the heavy imports but still as we return to 1951, a greater divergence between the two lines.

As far as what we term the trip tonnage—in other words, if we took our entire fleet and took its capacity, capacity of each vessel and counted that all up, we would have this relationship to the supply over the period 1946 to 1952.

We submitted to the Tariff Commission in response to a question as to the size of the fleet, how much we had grown. We pointed out that at year end 1946 we had 24,325 capacity tons of bait boat vessels, and that grew up to the end of 1951 to a level of 44,395 tons. So far

as I know under construction now there are 700 tons of vessels approximately, which give us a total 45,095 tons.

We have done this too in order to try to analyze this matter, which is extremely consequential. We tried to relate the supply in tons to the United States fleet. That bottom line attempted to accomplish that.

Now in the building of fishing vessels, your building program is usually and historically related to the production of the previous year. If it has been a heavy production year, then you will find a heavy construction year following, and it works that way. The percentage relationship in this regard is interesting.

We have taken the supply in tons for the years and then the fleet tonnage for single trip capacity and related that to the supply of the previous year ending. We find in 1946 the percentage is 22.4; 1947—and these are year endings—25.7; and then as we go out to fifty-one we find these percentages: 25.7, 22.5, 22.7, 17.5, and 21.8. That is our percentage relationship.

Now then, we did another thing, and that was to try to attempt to determine what our potential is, by producing what we call an activity index. That is the total tonnage available in our fleet as it sits, divided into the production.

We have done that on average bases and for our high years, and we have taken the activity index as we term that, that is the percentage, our potential is turned over, our one-trip potential, and we find that the high year since we have had a fleet of size would be 3.32 of the index. That is how we arrived at what we consider our fleet potential to be.

And we found that in relating the supply, we could supply by the end of 1946, based on the 1945 market, we could have supplied 83 percent. That went to 85, 85, 74, 75, 58 and now 72 percent of the market. I think it constitutes some answer to the problem of overbuilding.

Then we wanted to determine the validity of our index, and we compared some figures as produced by the State of California—

Senator MILLIKIN. Mr. Chairman, if I understood the statistics correctly, it also seems to me to have some relation to the possibility of a quota.

I would like to suggest my personal opinion that if not now, the day will come when there will be some kind of a quota solution on this and other import problems. It would be my personal suggestion, if you folks haven't been thinking about it, that the day will come when you may want to come before this committee and give us some statistics on bearable quotas.

I haven't the faintest idea whether that will become an important issue in this hearing or not, but it will surely some day, due to what we were talking about yesterday.

We have got, we are going to have a very peculiar relationship with Japan where it will probably be in our interests to keep her from trading in Asia, Communist Chinese Asia, and Great Britain is quite determined to keep her textile interests, and others in Southeast Asia, and we do not want to carry the whole load ourselves. When you get messing around with all those things, the factor of quota may become important.

Mr. CARY. Well, in the sense that this would provide some basic information, it might be worthwhile, as I mentioned initially, these

statistics are for the bait boat fleet only. It has been erroneously pointed out that these boats can fill the market easily regardless of imports.

There was a certain statement made that we have 191 vessels registered, and from the language it would be presumed that those are registered in San Diego. As of yesterday, we had 159 vessels which carry consolidated certificates of enrollment and license for the fishing service. We have four additional vessels under registry, which is little different, and three of those are for fishing and one is for freight. A couple of those are operating foreign, so we do not have the number suggested here.

It has been also mentioned that the fish is caught almost entirely by 200 clippers and speaks of 190 to 200 thousand tons of fish.

On a report prepared by the California Fish and Game in 1951 covering the 1950 landings, it shows that our fleet produced 125,900 tons, or 62.95 percent of those landings, which is not entirely or even near entirety.

It speaks of the principle of more profitably devoting time to unloading fish in other areas in the United States and the fruitless transportation of such fish. If that is a principle, I think there is at least one other principle involved, and that is the principle of labor cost.

Those American-flag vessels which are operated to the South in time gone by carried American crews. They unloaded into mother ships. Most of the mother ships, incidentally are foreign flag vessels, even though they are American owned, but lately these vessels which have been operating foreign to a large degree carry a minimum crew of Americans, usually a master, an engineer and probably one more man, and the balance of the crew is made up of people recruited from other areas.

There is a principle too of reducing labor cost involved. It is stated that 10 or 15 years ago our vessels averaged, in speaking of tuna clippers, less than 100 tons. I think the research there is at fault.

It states also that the average tuna clipper today carries 250 tons whereas the average is just about 200, 209½. These are just things which relate to our fleet.

The statement is that we have just overbuilt it to the degree that we have brought this entire problem upon ourselves. It probably is not determining in this factor, but it is interesting at least to observe what others have done.

If building and investment of money, of private funds, is a distressing thing, let us see what others have done. Japanese Tuna Fisheries—that is a publication—Fishery Leaflet 297 of the Interior Department which mentioned this. Tuna fleet operated during 1940—this is Japan—from 50 to 99 tons and over lists 381 vessels.

The tuna fleet available for operations during 1948—and I assume that would mean ready in 1947—shows 686 vessels. In respect to construction elsewhere, there are no complete statistics. In Peru there is a report prepared, a statement called Fishery Developments in Peru given January 20 by Norman Jarvis which states that—

The fishery mission in that year—

that is 1941—

found a total of 87 motor boats of all types. In 1951 the number of motor boats in the fishery industry had increased to 559.

There has been another question raised which is interesting, and is the matter of American flag imports, that indeed a number of these imports are of American flag origin and should enter duty free. Of course, they enter duty free, but would even with a tariff.

I have mentioned the fact that there are such items. We do have these items which are classified by customs as imports and are actually product of American fisheries. They do not materially change the trend. I worked out a chart on that which shows those reported by United States Customs, and the reclassification.

Now the reclassification trend line is just about comparable, in fact, it converges slightly at the end. The imports then we have expressed during this brief in terms of number of tons we have increased our imports, and if we use the data in the statement, we find that the imports in 1951 in frozen tuna have increased 16.9 times.

If we use the method suggested, that we eliminate certain ones, which might contain American flag imports as given in this brochure which I referred to, the increase over 1946 would be 46.3 times.

There are other matters, rather numerous, and to conserve the time of the committee I will cut them down.

The question has been raised in respect to Latin-America. We felt that we have had quite friendly relations with Latin-America in all our dealings. We have fished off their shores, we have done business in their ports, for better than a quarter of a century now.

In the matter of the trade and its effect upon them, I did look to see, on the basis of such preliminary information as I have, what is the value of the frozen tuna trade. In respect of value, for Mexico, I found for 1950-51, \$53,000; Nicaragua, Guatemala, El Salvador, Honduras, nothing; Costa Rica, \$2,300,000; Panama, Colombia, nothing; Peru, \$2,750,000. Those are taken from a tariff statement which I think you have before you or which is in the record.

The CHAIRMAN. Yes; it is in the record.

Mr. CARY. It could be corrected or verified.

Now the frozen tuna's percentage of the total volume of frozen tuna in respect to Mexico is four one-thousandths of 1 percent. Costa Rica, it is 10 percent, with the provision that a number of the Costa Rican imports are American-flag origin, and Peru, a material amount, 26 percent.

I find the percentage of the total imports of frozen tuna in respect to Nicaragua, Guatemala, El Salvador, Honduras, Panama, and Colombia are zero.

There has been some talk about the breakdown of trade relations, and it calls upon Congress for additional protection.

The statement is

If it becomes law it will unquestionably be the signal for countless minority groups throughout the country to besiege their Senators and Congressman for similar protection on their particular commodities.

Congress could be besieged by those which are on the free list. An examination of the free list, so far as I am able to determine it, indicates that there are not a great number of items on the free list which are produced in the United States, so that that would be limited in its extent.

There is also mentioned that we would lead to a breakdown of trade agreements, our trade policy as a whole. This, however, is

apparently directed entirely in respect to frozen tuna, and an accompanying letter in this same brochure which I am referring to says:

It therefore appears that the conclusion on the brochure which refers to a Tariff Commission hearing on fresh and frozen tuna is a misnomer and, as above stated, we join the domestic canners in seeking relief under the escape clause with respect to those canned items mentioned

which are the tuna and bonito packed in brine and the bonito in oil.

In other words, the fears expressed as to the breakdown of trade are expressed only in the narrow range of those affecting frozen tuna and not in canned tuna insofar as this particular group is concerned.

There are other items mentioned, such as the damage to the merchant marine, and actually an examination of merchant marine operating conditions, the subsidy system that prevails on even the routes where we operate is such that the amount of damage done to them would hardly be discernible.

There is a further item which I would comment on which is a press release, dated February 3, 1952, issued by the Tuna Canners Association, and they speak of a number of things. I will refer to only a few. It states:

Fronting for the tariff will be the American Tuna Boat Association of San Diego and the California Fish Canners Association whose members have seen their business grow under present trade agreements 80 percent in the past 4 years.

In that sense a comparison of our landings as between 1947 and 1951, the past 4 years in this case, shows that the landings have increased approximately 14 percent, and that the production of canned goods by domestic canners is in the 35 percent range.

One thing that I think is important to us. We have a very difficult problem in appearing before this committee with a matter of this kind. We want to preserve our friends abroad. I say that sincerely, and we want to preserve our business or such part of it as we have built up. The statement is made:

The opponents of the tariff will simply ask that the contentious matter be reviewed and studied by a competent and impartial body of experts before the tariff is imposed—the United States Tariff Commission.

I might add parenthetically at that point, H. R. 5693 does provide for such a study.

This neutral or fact-finding approach is frowned upon by the tuna boat owners.

I would read here, referring back to the brochure prepared, this statement which says:

We therefore warn—

and they are referring to their particular brochure; the conclusion in that brochure is this—

Since a Tariff Commission investigation is assured early in 1952, it would seem reasonable to defer legislative action until the facts are fully known.

Then there is this comment:

We therefore want to clarify the erroneous impression we are seeking a Tariff Commission investigation of any facts pertaining to the importation of fresh and frozen tuna at this hearing.

We don't frown upon investigation by the Tariff Commission. This is an extremely serious thing with us. It is certainly just as

serious to the committee hearing it. There are a great many areas of interest involved.

We wish to present you with such facts as we have and to get for you such facts as you would require or like to have in making your final determination.

In concluding this, I would be remiss entirely if I did not convey the thanks to you from not only my own organization, but for everyone I have met on the coast, for your courtesy in listening to us, in setting this hearing and expressing your willingness to go into this problem and examine it. We would like to place before you any and all data upon which an objective examination could be based.

The CHAIRMAN. Thank you very much, Mr. Cary, for your appearance, sir, and for your assistance to the committee.

(Mr. Cary submits the following tables and charts:)

TABLE 1.—Imports for consumption—Tuna, canned, in oil (0065200), 1931 to 1950, inclusive, by country of origin

| Country | 1931 ¹ | | 1932 ¹ | | 1933 ¹ | | 1934 ² | | 1935 | |
|--------------------------|-------------------|----------------|-------------------|----------------|-------------------|------------------|-------------------|------------------|------------------|------------------|
| | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value |
| Canary Islands..... | | | | | | | | | 5,250 | \$1,095 |
| Canada..... | | | | | | | | | 63 | 10 |
| Denmark..... | | | | | | | | | 2,240 | 347 |
| France..... | 26,501 | \$8,767 | 23,224 | \$5,124 | 9,871 | \$2,679 | 8,822 | \$2,658 | 4,431 | 2,298 |
| Hong Kong..... | | | | | | | 216 | 42 | 36,204 | 5,993 |
| Italy..... | 30,121 | 8,163 | 20,717 | 3,853 | 18,766 | 3,362 | 16,914 | 3,828 | 1,912 | 534 |
| Japan..... | 648,900 | 127,461 | 5,079,620 | 652,686 | 14,219,206 | 1,949,649 | 7,567,701 | 1,203,932 | 7,112,638 | 1,157,877 |
| Mexico..... | 196,511 | 14,643 | 750,005 | 39,822 | 75,781 | 3,974 | 315,203 | 16,820 | 581,205 | 34,864 |
| Netherlands..... | | | | | | | 106 | 36 | | |
| Philippine Republic..... | | | | | | | 310,588 | 40,934 | 424,328 | 55,987 |
| Portugal..... | 1,581 | 359 | | | 5,622 | 714 | 784 | 212 | 280 | 69 |
| Spain..... | 33,415 | 6,430 | 80,614 | 12,943 | 52,922 | 8,756 | 45,862 | 8,955 | 16,789 | 3,602 |
| Total..... | 937,029 | 165,823 | 5,945,180 | 714,428 | 14,382,168 | 1,969,134 | 8,266,196 | 1,277,417 | 8,185,340 | 1,262,676 |

¹ Source: U. S. Tariff Commission report to the U. S. Senate on tuna fish, Rept. No. 109, second series, Jan. 3, 1936.

² 1934 Presidential proclamation dated Dec. 14, 1933, increased tariff from 30 to 45 percent

ad valorem effective Jan. 12, 1934. Source: 1934 to date. Foreign commerce and navigation of the United States, and foreign trade reports, Bureau of the Census, U. S. Department of Commerce.

TABLE 1.—Imports for consumption—Tuna, canned, in oil (0085200), 1931 to 1950, inclusive, by country of origin—Continued

| Country | 1936 | | 1937 | | 1938 | | 1939 | | 1940 | |
|------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value |
| British Malaya..... | 96,236 | \$15,272 | 168,557 | \$26,900 | 463,578 | \$68,667 | 715,862 | \$102,192 | 655,055 | \$101,970 |
| Denmark..... | | | | | | | 275 | 26 | | |
| France..... | 11,163 | 3,666 | 8,210 | 2,818 | 17,779 | 5,067 | 18,945 | 4,749 | 13,267 | 2,790 |
| French Morocco..... | | | 7,356 | 1,949 | 83,668 | 12,991 | 126,267 | 18,688 | 17,972 | 3,045 |
| Hong Kong..... | 69,797 | 11,563 | | | | | | | | |
| Italy..... | 18,042 | 3,349 | 34,125 | 8,519 | 5,743 | 1,728 | 18,506 | 5,658 | | |
| Japan..... | 5,865,923 | 1,007,080 | 9,802,467 | 1,913,424 | 4,872,417 | 959,617 | 7,763,998 | 1,314,395 | 5,537,672 | 958,046 |
| Mexico..... | 611,321 | 36,311 | 831,591 | 47,596 | 1,055,411 | 61,824 | 337,629 | 19,552 | 410,777 | 22,880 |
| Norway..... | | | 2,194 | 385 | | | | | | |
| Other Portuguese Africa..... | | | | | 22,880 | 2,982 | 88,913 | 14,006 | 20,796 | 3,375 |
| Philippine Republic..... | 164,265 | 19,840 | 105,795 | 16,979 | 565,164 | 121,894 | 990,542 | 178,340 | 969,939 | 167,706 |
| Portugal..... | 2,977 | 618 | 90,630 | 14,743 | 103,560 | 16,910 | 60,183 | 9,141 | 52,030 | 6,325 |
| Spain..... | 4,763 | 850 | 2,424 | 745 | 1,268 | 375 | 5,492 | 1,713 | | |
| Sweden..... | | | | | 1,150 | 148 | | | | |
| Turkey..... | | | | | | | 675 | 88 | | |
| Total..... | 6,843,487 | 1,098,549 | 11,053,349 | 2,033,968 | 7,192,118 | 1,252,203 | 10,126,287 | 1,668,548 | 7,677,508 | 1,266,137 |

| Country | 1941 | | 1942 | | 1943 ¹ | | 1944 | | 1945 | |
|------------------------------|-----------|-----------|---------|----------|-------------------|-----------|-----------|-------------|-----------|-------------|
| | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value |
| Argentina..... | | | 453 | \$203 | 5,017 | \$3,406 | 60 | \$15 | 56 | \$24 |
| Azores..... | | | | | | | 42,877 | 20,824 | 8,418 | 3,919 |
| British Malaya..... | 20,979 | \$3,296 | | | | | | | | |
| Bahamas..... | | | | | 525 | 350 | | | | |
| Chile..... | | | | | 40,957 | 18,478 | 392,785 | 190,816 | 365,970 | 190,322 |
| Cuba..... | | | 10,500 | 5,321 | 36,314 | 26,771 | | | | |
| Costa Rica..... | | | | | | | | | 405 | 150 |
| Haiti..... | | | | | | | 1 | 1 | | |
| Japan..... | 1,785,161 | 373,539 | 22,425 | 3,262 | | | | | | |
| Mexico..... | 67,684 | 3,921 | 142,675 | 18,663 | 86,640 | 30,000 | 116,610 | 52,900 | 127,638 | 73,436 |
| Other Portuguese Africa..... | 5,271 | 754 | | | | | | | | |
| Peru..... | | | 45,000 | 12,500 | 341,340 | 86,076 | 1,247,784 | 316,469 | 2,167,969 | 610,577 |
| Philippine Republic..... | 1,435,792 | 269,108 | | | | | | | | |
| Portuguese Guinea..... | | | 172,006 | 52,499 | 525 | 225 | | | 316,239 | 170,235 |
| Portugal..... | 17,364 | 3,090 | 18,859 | 5,899 | 12 | 7 | 1,262,991 | 515,681 | 2,247,785 | 1,092,850 |
| Spain..... | | | | | | | | | 16,459 | 11,513 |
| Uruguay..... | | | | | | | | | 799 | 782 |
| Total..... | 3,332,151 | \$653,708 | 411,918 | \$96,426 | 511,330 | \$165,313 | 3,163,108 | \$1,096,796 | 5,251,738 | \$2,053,908 |

¹ 1943 tariff reduced from 45 to 22½ percent ad valorem as a result of entry into force of the reciprocal trade agreement between the United States of America and Mexico on Jan. 30, 1943.

² Includes 819,075 pounds valued at \$264,618 entered "Free, U. S. Government."

TABLE 1.—Imports for consumption—Tuna, canned, in oil (0065200), 1931 to 1950, inclusive, by country of origin—Continued

| Country | 1946 | | 1947 | | 1948 | | 1949 | | 1950 ¹ | |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|------------|
| | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value |
| Algeria..... | | | | | 230 | \$62 | | | | |
| Angola..... | | | | | 592,308 | 283,864 | 549,404 | \$254,627 | 215,151 | \$85,514 |
| Argentina..... | 107 | \$50 | | | | | | | 958 | 369 |
| Azores..... | 80,171 | 39,826 | 271,034 | \$128,177 | 278,239 | 130,893 | 77,034 | 37,544 | 189,336 | 75,280 |
| Australia..... | | | | | | | | | 960 | 232 |
| British East Africa..... | | | | | 53,163 | 29,643 | | | | |
| Canada..... | 24 | 20 | 118,851 | 58,904 | 7,546 | 4,064 | 2 | 1 | 280 | 205 |
| Canal Zone..... | | | | | 4,815 | 1,697 | | | | |
| Chile..... | 376,806 | 126,089 | 110,318 | 47,771 | 10,382 | 4,267 | 84 | 40 | 4,893 | 1,501 |
| China..... | | | | | 16,380 | 7,185 | 104,244 | 55,349 | | |
| Colombia..... | 3 | 3 | | | | | | | | |
| Cuba..... | 179,663 | 46,929 | | | | | | | 8,823 | 4,124 |
| France..... | | | 25,543 | 19,796 | 11,231 | 8,072 | 4,708 | 5,150 | 10,882 | 9,545 |
| French Morocco..... | 75,314 | 56,757 | 49,912 | 40,216 | 6,059 | 3,568 | 26,392 | 13,425 | 40,711 | 20,805 |
| Italy..... | | | 120 | 62 | 50,403 | 2,413 | 791 | 971 | 9,886 | 5,933 |
| Japan..... | | | 210 | 189 | 645,423 | 417,923 | 1,781,576 | 883,742 | 31,809,259 | 12,757,387 |
| Korea..... | | | | | | | 6,300 | 3,390 | | |
| Libya..... | | | | | 1,034 | 1,034 | | | | |
| Madeira..... | | | | | | | | | 4,712 | 1,568 |
| Mexico..... | 44,394 | 25,586 | | | | | 44 | 20 | 44 | 20 |
| Norway..... | | | | | | | | | 1,944 | 566 |
| Other Portuguese Africa..... | | | 88,432 | 43,121 | | | 3,528 | 1,500 | 45,097 | 18,531 |
| Netherlands..... | | | | | | | | | 5,050 | 2,578 |
| Peru..... | 3,363,117 | 1,270,527 | 4,546,545 | 2,445,408 | 4,682,435 | 2,959,444 | 1,648,456 | 800,396 | 2,285,723 | 817,991 |
| Portuguese Guinea..... | 20,954 | 8,316 | | | 57,160 | 25,180 | | | | |
| Portugal..... | 572,029 | 355,784 | 934,635 | 464,986 | 1,842,059 | 831,407 | 298,898 | 140,288 | 1,097,768 | 374,679 |
| Spain..... | 10,456 | 8,726 | 2,228 | 1,955 | 15,079 | 6,647 | 1,376 | 860 | 458,808 | 122,297 |
| Spanish Africa..... | | | | | | | | | 5,400 | 2,141 |
| Sweden..... | | | | | | | | | 5,291 | 1,983 |
| Tangier..... | 16,500 | 13,051 | 70 | 58 | | | 110 | 59 | | |
| United Kingdom..... | | | | | | | 1,960 | 1,852 | 116,471 | 44,885 |
| Union of South Africa..... | | | | | 15,496 | 6,377 | | | 96,760 | 23,420 |
| Yugoslavia..... | | | | | | | | | 360 | 185 |
| Total..... | 4,738,538 | 1,951,664 | 6,147,898 | 3,240,643 | 8,289,442 | 4,723,740 | 4,304,907 | 2,199,214 | 36,409,547 | 14,366,739 |

¹ Tariff reverted to 45 percent ad valorem on Jan. 1, 1951, as result of abrogation of reciprocal trade agreement between the United States of America and Mexico on Dec. 31, 1950.

TABLE 2.—Canned tuna and tunalike fishes imports for consumption and United States production 1931 to 1951, inclusive

IMPORTS

| | Tuna in oil | | | Bonito and yellowtail in oil | | | Total tuna and tunalike fish in oil | | Tuna in brine | | | Total tuna and tunalike fish in oil or brine ¹ | |
|-------------------|-------------|------------|-----------------|------------------------------|-----------|-----------------|-------------------------------------|------------|---------------|---------|-----------------|---|------------|
| | Pounds | Value | Value per pound | Pounds | Value | Value per pound | Pounds | Value | Pounds | Value | Value per pound | Pounds | Value |
| | | | Cents | | | Cents | | | | | Cents | | |
| 1931 | 937,029 | \$165,823 | 17.7 | (2) | (2) | (2) | 937,029 | \$165,823 | (2) | (2) | (2) | 937,029 | \$165,823 |
| 1932 | 5,945,180 | 714,428 | 12.0 | (2) | (2) | (2) | 5,945,180 | 714,428 | (2) | (2) | (2) | 5,945,180 | 714,428 |
| 1933 | 14,382,168 | 1,969,134 | 13.7 | (2) | (2) | (2) | 14,382,168 | 1,969,134 | (2) | (2) | (2) | 14,382,168 | 1,969,134 |
| 1934 | 8,266,196 | 1,277,417 | 15.5 | (2) | (2) | (2) | 8,266,196 | 1,277,417 | (2) | (2) | (2) | 8,266,196 | 1,277,417 |
| 1935 | 8,185,340 | 1,262,676 | 15.4 | (2) | (2) | (2) | 8,185,340 | 1,262,676 | (2) | (2) | (2) | 8,185,340 | 1,262,676 |
| 1936 | 6,843,487 | 1,098,549 | 16.1 | (2) | (2) | (2) | 6,843,487 | 1,098,549 | (2) | (2) | (2) | 6,843,487 | 1,098,549 |
| 1937 | 11,053,349 | 2,033,958 | 18.4 | (2) | (2) | (2) | 11,053,349 | 2,033,958 | (2) | (2) | (2) | 11,053,349 | 2,033,958 |
| 1938 | 7,192,118 | 1,252,203 | 17.4 | (2) | (2) | (2) | 7,192,118 | 1,252,203 | (2) | (2) | (2) | 7,192,118 | 1,252,203 |
| 1939 | 10,126,287 | 1,668,548 | 16.5 | (2) | (2) | (2) | 10,126,287 | 1,668,548 | (2) | (2) | (2) | 10,126,287 | 1,668,548 |
| 1940 | 7,677,508 | 1,266,137 | 16.5 | (2) | (2) | (2) | 7,677,508 | 1,266,137 | (2) | (2) | (2) | 7,677,508 | 1,266,137 |
| 1941 | 3,332,151 | 653,708 | 19.6 | (2) | (2) | (2) | 3,332,151 | 653,708 | (2) | (2) | (2) | 3,332,151 | 653,708 |
| 1942 | 411,918 | 96,426 | 23.4 | (2) | (2) | (2) | 411,918 | 96,426 | (2) | (2) | (2) | 411,918 | 96,426 |
| 1943 | 511,330 | 165,313 | 32.3 | 615,866 | \$151,447 | 24.6 | 511,330 | 165,313 | (2) | (2) | (2) | 511,330 | 165,313 |
| 1944 | 3,163,108 | 1,096,796 | 34.7 | 54,158 | 15,874 | 29.3 | 3,163,108 | 1,096,796 | (2) | (2) | (2) | 3,163,108 | 1,096,796 |
| 1945 | 5,251,738 | 2,053,808 | 39.1 | 88,467 | 16,197 | 18.3 | 5,251,738 | 2,053,808 | (2) | (2) | (2) | 5,251,738 | 2,053,808 |
| 1946 | 4,738,538 | 1,951,664 | 41.2 | 119,472 | 48,903 | 40.9 | 4,738,538 | 1,951,664 | (2) | (2) | (2) | 4,738,538 | 1,951,664 |
| 1947 | 6,147,898 | 3,240,643 | 52.7 | 268 | 115 | 42.9 | 6,147,898 | 3,240,643 | (2) | (2) | (2) | 6,147,898 | 3,240,643 |
| | | | | 150,517 | 45,731 | 30.4 | | | | | | | |
| 1948 | 8,289,442 | 4,723,740 | 57.0 | 306,108 | 121,576 | 39.7 | 8,595,550 | 4,845,316 | 12,884 | \$5,512 | 42.8 | 8,808,434 | 4,850,828 |
| 1949 | 4,504,907 | 2,199,214 | 48.5 | 8,053,940 | 3,106,523 | 39.8 | 12,558,847 | 5,305,737 | 79,357 | 25,313 | 31.9 | 12,638,204 | 5,331,050 |
| 1950 | 36,409,547 | 14,366,739 | 39.5 | 8,135,102 | 2,632,154 | 32.3 | 44,544,649 | 16,998,893 | 380,917 | 93,196 | 24.5 | 44,925,566 | 17,092,089 |
| 1951 ² | 3,383,230 | | | 9,474,090 | | | 12,857,320 | | 8,017,871 | | | 20,875,191 | |

TUNA IMPORTS

¹ Does not include bonito canned in brine, for which figures are not available. (See table canned fish not in oil (n. e. s.).

² None packed.

³ Small quantity packed experimentally by Japanese in mid-thirties and exported to the United States, but no official figures available. Some quantities exported to the United States by Chile and Peru between 1943-48 but not reported separately. (See table canned fish not in oil (n. e. s.).

⁴ Believed to be largely bonito canned in oil as reported in Foreign Trade 110 Annual Summary under other fish, canned, in oil (Classification Code 0066700), from Peru and Chile in 1943; Peru only 1944-48. Not included in totals columns 5-9.

⁵ This classification established April 1948.

⁶ This classification established March 1948. Covers tuna, antipasto, and smoked pollock not in oil. Invoice analysis reveals practically all tuna in brine.

⁷ 11 months' total.

Sources 1931-33, U. S. Tariff Commission report No. 109 (1936), 1934-46, foreign commerce and navigation of the United States; 1947-51, Bureau of the Census.

TABLE 2.—Canned tuna and tunalike fishes imports for consumption and United States production 1931 to 1951, inclusive—Continued

UNITED STATES PRODUCTION

| | Total United States production tuna and tunalike fishes canned in oil and brine ¹ | | | Total avail- able supply (imports plus United States pro- duction) | Ratio of im- ports to pro- duction | Ratio of im- ports to supply | | Total United States production tuna and tunalike fishes canned in oil and brine ¹ | | | Total avail- able supply (imports plus United States pro- duction) | Ratio of im- ports to pro- duction | Ratio of im- ports to supply |
|-----------|--|-------------|-----------------------|---|--|--|-----------|--|--------------|-----------------------|---|--|--|
| | Pounds | Value | Value per pound | | | | | Pounds | Value | Value per pound | | | |
| 1931..... | 29,207,424 | \$7,279,392 | 25.0 | Pounds 30,144,453 | Percent 3.2 | Percent 3.1 | 1942..... | 52,499,830 | \$30,742,493 | 58.5 | Pounds 52,911,748 | Percent 0.8 | Percent 0.8 |
| 1932..... | 28,948,248 | 6,183,019 | 21.4 | 34,893,428 | 20.5 | 17.0 | 1943..... | 56,563,178 | 31,430,189 | 55.5 | 57,074,508 | .9 | .9 |
| 1933..... | 34,635,192 | 6,934,485 | 20.0 | 49,017,360 | 41.5 | 29.3 | 1944..... | 70,185,231 | 40,836,117 | 58.0 | 73,348,339 | 4.5 | 4.3 |
| 1934..... | 47,206,632 | 10,009,542 | 21.2 | 55,472,828 | 17.5 | 14.9 | 1945..... | 86,978,464 | 47,407,451 | 51.5 | 94,230,202 | 5.9 | 5.6 |
| 1935..... | 60,259,872 | 12,823,729 | 20.8 | 68,445,212 | 13.5 | 12.0 | 1946..... | 98,887,871 | 59,135,823 | 63.4 | 98,626,409 | 5.0 | 4.8 |
| 1936..... | 64,337,616 | 14,715,391 | 22.8 | 71,181,103 | 10.6 | 9.6 | 1947..... | 117,468,708 | 90,609,175 | 52.0 | 123,616,906 | 5.2 | 5.0 |
| 1937..... | 75,468,024 | 18,995,779 | 25.1 | 86,521,373 | 14.6 | 12.8 | 1948..... | 139,681,953 | 112,612,296 | 81.2 | 148,290,387 | 6.2 | 5.8 |
| 1938..... | 66,099,432 | 15,183,636 | 23.0 | 73,291,550 | 10.9 | 9.8 | 1949..... | 141,700,593 | 97,710,325 | 68.9 | 154,338,797 | 8.9 | 8.2 |
| 1939..... | 87,430,824 | 20,079,567 | 23.0 | 97,557,111 | 11.6 | 10.4 | 1950..... | 174,794,436 | 112,830,094 | 64.3 | 219,720,002 | 25.7 | 20.4 |
| 1940..... | 100,523,040 | 23,727,560 | 23.5 | 108,200,548 | 7.6 | 7.1 | 1951..... | ² 189,000,000 | | | ³ 179,875,191 | ⁴ 13.1 | ⁴ 11.6 |
| 1941..... | 61,563,201 | 19,397,887 | 31.4 | 64,895,352 | 5.4 | 5.1 | | | | | | | |

¹ Does not include production in Territory of Hawaii.² Partly estimated.³ Includes 12 months estimate on production and 11 months actual on imports.⁴ Includes 12 months estimate on production and 11 months actual on imports; will be higher when 12-month totals are usedTABLE 3.—United States exports of canned tuna (code 008620), 1949-51 ¹ (10 months), by country of destination

| Country of destination | 1949 | | 1950 | | Country of destination | 1949 | | 1950 | |
|------------------------|--------|---------|--------|---------|--------------------------|--------|--------|--------|-------|
| | Pounds | Value | Pounds | Value | | Pounds | Value | Pounds | Value |
| Canada..... | 6,768 | \$5,783 | 18,621 | \$8,742 | Kuwait..... | 315 | \$254 | 210 | \$158 |
| Mexico..... | 300 | 115 | 400 | 110 | Saudi Arabia..... | 26,273 | 20,313 | 2,368 | 2,220 |
| Guatemala..... | 781 | 810 | 1,586 | 1,219 | Bahrain..... | 1,008 | 907 | | |
| Salvador..... | 357 | 276 | 566 | 416 | Afghanistan..... | 150 | 144 | | |
| Nicaragua..... | 1,615 | 1,435 | 2,737 | 2,034 | Indonesia..... | 24,140 | 18,659 | 168 | 119 |
| Panama..... | 3,438 | 2,757 | 6,818 | 4,858 | Philippine Republic..... | 34,537 | 25,955 | 14,789 | 8,338 |
| Canal Zone..... | 19,123 | 13,641 | 32,554 | 20,901 | Hong Kong..... | 1,514 | 1,317 | 400 | 298 |
| Bermuda..... | 16,301 | 10,821 | | | Japan..... | 22,404 | 16,809 | 13,034 | 2,825 |

| | | | | | | | | | |
|-------------------------|---------|---------|---------|--------|------------------------|---------|---------|---------|---------|
| Jamaica..... | 402 | 430 | 234 | 190 | French Morocco..... | 240 | 263 | | |
| Dominican Republic..... | 1,185 | 860 | 1,005 | 1,127 | Liberia..... | 420 | 412 | 2,610 | 2,039 |
| Leeward..... | 516 | 420 | 200 | 139 | Liberia..... | 420 | 380 | 807 | 593 |
| Trinidad..... | 136 | 147 | | | Belgian Congo..... | 400 | 373 | 126 | 132 |
| New Antilles..... | 5,412 | 4,626 | 5,790 | 4,113 | French Somaliland..... | 42 | 111 | | |
| Colombia..... | 12,793 | 10,268 | 62,275 | 45,012 | Honduras..... | | | 630 | 388 |
| Venezuela..... | 244,857 | 189,461 | 140,535 | 91,003 | Cuba..... | | | 20,001 | 4,711 |
| Surinam..... | 190 | 159 | | | Chile..... | | | 252 | 253 |
| Ecuador..... | 357 | 329 | 4,410 | 3,369 | Pakistan..... | | | 1,700 | 855 |
| Bolivia..... | 633 | 515 | 234 | 201 | Ceylon..... | | | 593 | 292 |
| Sweden..... | 380 | 350 | | | British Malaya..... | | | 537 | 421 |
| United Kingdom..... | 1,620 | 1,772 | 380 | 385 | Taiwan..... | | | 400 | 270 |
| France..... | 2,200 | 1,163 | | | Angola..... | | | 84 | 104 |
| Italy..... | 13,808 | 11,628 | | | | | | | |
| Lebanon..... | 1,292 | 634 | 2,565 | 1,593 | | | | | |
| Iran..... | 1,014 | 859 | | | | | | | |
| Israel-Palestine..... | 31,265 | 18,860 | 200 | 110 | | | | | |
| | | | | | Total..... | 478,505 | 364,016 | 340,409 | 209,548 |

| Country of destination | January | | February | | March | | April | | May | | June | | July | | August | | September | | October | |
|--|---------|---------|----------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|----------|----------|--------|-----------|---------|---------|---------|
| | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value |
| Canal Zone..... | 1,530 | \$1,111 | 2,790 | \$2,129 | 1,260 | \$1,018 | 1,260 | \$1,018 | 1,260 | \$1,018 | | | | | | | | | | |
| Philippine Republic..... | 12,579 | 8,985 | | | | | | | | | 1,900 | \$1,250 | | | | | | | | |
| Other cities..... | 2,217 | 1,400 | 2,159 | 1,649 | 7,569 | 5,113 | 4,033 | 3,011 | 4,690 | 2,913 | 4,671 | 3,122 | | | | | | | | |
| Colombia..... | | | 5,475 | 3,619 | | | 6,434 | 4,711 | | | | | | | | | | | | |
| Venezuela..... | | | 9,716 | 7,179 | 36,926 | 21,664 | 4,326 | 2,862 | 12,739 | 8,336 | 17,311 | 13,535 | | 32,516 | \$16,635 | | | | | |
| Canada..... | | | | | 4,375 | 3,500 | | | | | | | | | | | | | | |
| Panama..... | | | | | 1,950 | 1,253 | | | | | 2,925 | 1,774 | | | | | | | | |
| Saudi Arabia..... | | | | | | | 6,795 | 6,043 | | | 8,012 | 4,453 | | | | | | | | |
| Nantiles..... | | | | | | | | | 2,100 | 1,226 | | | | | | | | | | |
| Cities under \$10,000 ¹ | | | | | | | | | | | | | 30,771 | \$21,047 | 10,094 | 7,557 | 8,490 | \$5,984 | 10,932 | \$8,203 |
| Total ² | 16,326 | 11,505 | 20,140 | 14,576 | 52,080 | 32,548 | 22,848 | 17,645 | 20,789 | 13,493 | 34,819 | 24,138 | 30,771 | 21,047 | 42,610 | 24,192 | 8,490 | 5,984 | 10,932 | 8,203 |

¹ Data on exports of canned tuna not reported separately prior to 1949 (included with "Other canned fish").

² Classification effective July 1, 1951.

³ Total, 10 months: 259,805 pounds, value, \$173,331.

TABLE 4.—Imports tuna, antipasto and smoked pollock not in oil (0067, 200), 1926-51 (11 months), by country

| Country | 1948 | | 1949 | | 1950 | | 1951 | |
|-------------------------------|---------------|--------------|---------------|---------------|----------------|---------------|------------------|--------------------|
| | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value |
| Angola..... | | | | | 7,496 | \$2,387 | | |
| Australia..... | | | 75 | \$51 | | | | |
| Canada..... | 103 | \$41 | 504 | 280 | 205,944 | 44,778 | | |
| Chile..... | 12,596 | 5,206 | 40,432 | 13,048 | | | | |
| France..... | | | 1,617 | 1,342 | | | | |
| Italy..... | | | 2,149 | 1,726 | 3,367 | 2,185 | | |
| Japan..... | | | 11,250 | 2,500 | 73,235 | 22,503 | | |
| Mexico..... | | | | | 60 | 26 | | |
| Peru..... | 185 | 105 | 23,112 | 6,165 | 75,721 | 16,825 | | |
| Portugal..... | | | | | 11,651 | 3,355 | | |
| Other ports, West Africa..... | | | | | 3,443 | 1,137 | | |
| Spain..... | | | 218 | 203 | | | | |
| Total | 12,884 | 5,512 | 79,357 | 25,313 | 380,917 | 93,196 | 8,017,871 | \$2,025,364 |

| Country | January | | February | | March | | April | | May | | June | |
|--------------------|---------------|--------------|----------------|---------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value |
| Peru..... | 20,500 | \$4,720 | | | 4,800 | \$1,400 | 37,800 | \$8,649 | 56,868 | \$15,664 | 59,254 | \$14,258 |
| Chile..... | 4,700 | 1,381 | 13,449 | \$2,624 | | | 23,998 | 5,060 | | | | |
| Portugal..... | 5,035 | 1,330 | | | 2,381 | 713 | | | | | 952 | 285 |
| Japan..... | 4,988 | 2,165 | 155,163 | 60,618 | 236,913 | 96,506 | 261,787 | 108,732 | 371,768 | 156,195 | 432,248 | 163,269 |
| Angola..... | | | | | | | 23,195 | 6,819 | 6,786 | 1,720 | | |
| Total | 35,223 | 9,596 | 168,612 | 63,242 | 244,094 | 98,621 | 346,780 | 129,260 | 435,422 | 173,579 | 492,454 | 177,812 |

| | July | | August | | September | | October | | November | |
|----------------------------|----------------|----------------|----------------|----------------|------------------|----------------|------------------|----------------|------------------|------------|
| | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value | Pounds | Value |
| Peru..... | 3,900 | \$798 | 83,799 | \$19,149 | 93,675 | \$24,626 | 88,591 | \$22,509 | 127,948 | (3) |
| Chile..... | | | | | | | | | | (3) |
| Portugal..... | 720 | 285 | | | | | | | | (3) |
| Japan..... | 567,147 | 193,748 | 797,127 | 262,981 | 1,157,284 | 362,030 | 1,481,538 | 482,963 | 1,860,591 | (3) |
| Angola..... | 1,215 | 397 | | | | | | | 17,416 | (3) |
| Cities under \$10,000..... | | | 50 | 115 | 9,238 | 2,918 | 2,812 | 735 | 2,235 | (3) |
| Total 4..... | 572,982 | 195,228 | 880,976 | 282,245 | 1,260,197 | 389,574 | 1,572,941 | 506,207 | 2,008,190 | (4) |

1 These imports not reported separately prior to March 1948.

2 11 months' total.

3 10 months' total.

4 11 months' total: 8,017,871 pounds; value, \$2,025,364.

5 Not yet available.

TUNA IMPORTS

TABLE 5.—Tuna, fresh and frozen: United States imports for consumption, by principal sources, 1931-50

| Year | Japan | Costa Rica | Canal Zone ¹ | Canada | Nicaragua | Peru | Mexico | All other | Total |
|-------------------------------|--------|------------|-------------------------|--------|-----------|--------|--------|-----------|--------|
| Quantity (1,000 pounds) | | | | | | | | | |
| 1931..... | 6,812 | | 17 | 140 | | | 889 | | 7,858 |
| 1932..... | 4,205 | | | 224 | | | 519 | (?) | 5,038 |
| 1933..... | 4,497 | | 10 | 338 | 290 | | 801 | (?) | 5,936 |
| 1934..... | 5,733 | | | 268 | | | 92 | | 6,093 |
| 1935..... | 5,688 | | 228 | 173 | | | 196 | | 6,283 |
| 1936..... | 4,676 | | | 149 | | | 630 | | 5,455 |
| 1937..... | 11,046 | 776 | 1,520 | 630 | | | 386 | 53 | 14,411 |
| 1938..... | 4,449 | 7,817 | 480 | 219 | | | 729 | | 13,694 |
| 1939..... | 5,202 | 8,003 | 741 | 349 | 300 | | | | 14,595 |
| 1940..... | 1,521 | 3,758 | 1,239 | 192 | | 189 | 291 | | 7,190 |
| 1941..... | 554 | 2,438 | | 148 | | 175 | | | 3,316 |
| 1942..... | | 2,384 | 1,112 | 127 | | | 164 | 1 | 3,787 |
| 1943..... | | 1,051 | | 128 | | | 131 | | 1,310 |
| 1944..... | | 1,752 | | 587 | | 1,136 | | | 3,475 |
| 1945..... | | 1,387 | | 1,570 | | | 117 | (?) | 3,074 |
| 1946..... | | 2,854 | | 536 | | | 773 | 4 | 4,167 |
| 1947 ² | | 7,283 | | 897 | | | 916 | 108 | 9,204 |
| 1948 ³ | 2,392 | 3,058 | | 220 | | 485 | 1,984 | * 1,004 | 9,143 |
| 1949 ⁴ | 2,839 | 10,078 | 956 | 1,234 | | 2,327 | 1,990 | * 1,182 | 20,606 |
| 1950 ⁵ | 25,389 | 9,621 | 5,904 | 891 | | 13,256 | 59 | * 1,621 | 56,712 |
| 1951..... | 35,727 | 3,294 | 9,314 | 68 | | 20,238 | 3 | 1,582 | 70,225 |
| Foreign value (1,000 dollars) | | | | | | | | | |
| 1931..... | 530 | | 1 | 8 | | | 40 | | 579 |
| 1932..... | 271 | | | 6 | | | 21 | (?) | 298 |
| 1933..... | 179 | | (?) | 10 | 14 | | 29 | 1 | 233 |
| 1934..... | 396 | | | 13 | | | 4 | | 413 |
| 1935..... | 366 | | 13 | 8 | | | 8 | | 395 |
| 1936..... | 274 | | | 7 | | | 24 | | 305 |
| 1937..... | 665 | 86 | 89 | 53 | | | 15 | 9 | 867 |
| 1938..... | 275 | 450 | 28 | 13 | | | 37 | | 803 |
| 1939..... | 328 | 355 | 33 | 15 | 18 | | | | 749 |
| 1940..... | 132 | 185 | 57 | 16 | | 9 | 13 | | 412 |
| 1941..... | 45 | 123 | | 13 | | 10 | | (?) | 191 |
| 1942..... | | 144 | 69 | 11 | | | 10 | | 234 |
| 1943..... | | 66 | | 20 | | | 13 | | 99 |
| 1944..... | | 140 | | 102 | | 77 | | | 319 |
| 1945..... | | 97 | | 320 | | | 16 | (?) | 433 |
| 1946..... | | 334 | | 138 | | | 140 | (?) | 612 |
| 1947 ² | | 821 | | 253 | | | 154 | 9 | 1,237 |
| 1948 ³ | 536 | 397 | | 61 | | 29 | 480 | * 113 | 1,616 |
| 1949 ⁴ | 442 | 1,527 | 129 | 217 | | 131 | 323 | * 153 | 2,922 |
| 1950 ⁵ | 4,000 | 1,382 | 773 | 102 | | 1,196 | 10 | * 230 | 7,693 |
| 1951..... | | | | | | | | | |

¹ Data for 1931-37 are for Panama, including Canal Zone.² Less than 500 pounds.³ Preliminary.⁴ All from Ecuador.⁵ Includes 1,026,000 pounds, valued at \$131,000, from Ecuador.⁶ Includes 923,000 pounds, valued at \$130,000 from Ecuador; and 328,000 pounds, valued at \$62,000, from Norway.⁷ Less than \$500.

Source: Compiled from official statistics of the U. S. Department of Commerce. U. S. Tariff Commission, August 1951.

TABLE 6.—Canned tuna: Apparent supply available for consumption in the United States, 1926-51, by source and type and percentage of total supply

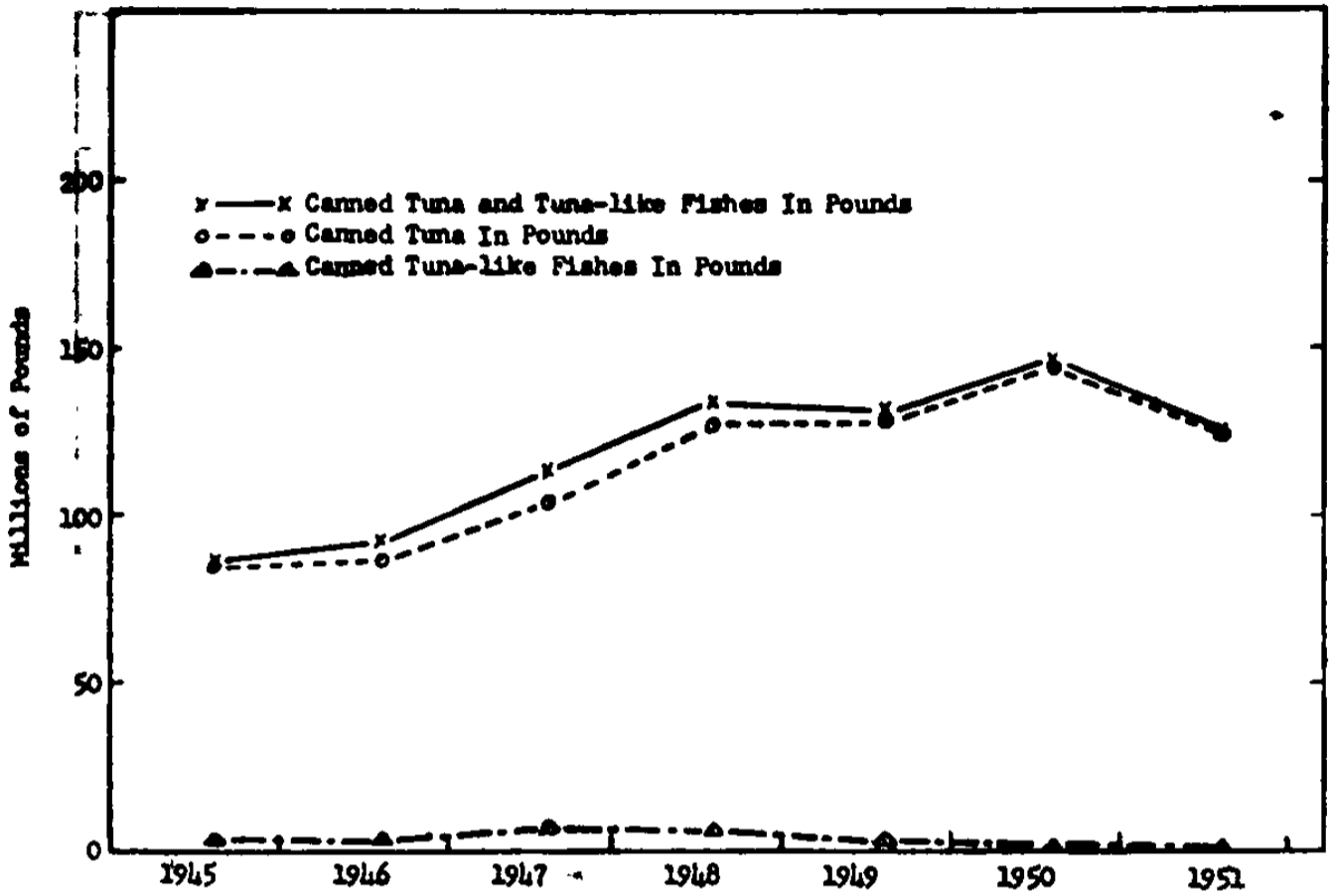
| Year | Packed in the United States from domestic catch | | Made from foreign-caught fish | | | | | | | | | | Total supply available Thousand pounds | |
|-----------------|---|----------|---|----------|----------------|-----------------------------|----------|----------------|-------------------------------|----------|----------------|-----------------|---|---------|
| | | | Packed in the United States from imported frozen tuna | | | Imported canned tuna in oil | | | Imported canned tuna in brine | | | Total foreign | | |
| | Thousand pounds | Per-cent | Thousand pounds | Per-cent | Duty (percent) | Thousand pounds | Per-cent | Duty (percent) | Thousand pounds | Per-cent | Duty (percent) | Thousand pounds | Per-cent | |
| 1926 | 18,654 | 100.0 | | | | | | | | | | | | 18,645 |
| 1927 | 23,631 | 99.8 | 61 | 0.2 | Free | | | | | | | 61 | 0.2 | 23,692 |
| 1928 | 26,273 | 92.9 | 2,000 | 7.1 | | | | | | | | 2,000 | 7.1 | 28,273 |
| 1929 | 31,191 | 89.9 | 3,521 | 10.1 | | | | | | | | 3,521 | 10.1 | 34,712 |
| 1930 | 41,395 | 91.9 | 3,637 | 8.1 | | | | | | | | 3,637 | 8.1 | 45,032 |
| 1931 | 24,005 | 83.4 | 3,842 | 13.3 | | 937 | 3.3 | 30 | | | | 4,779 | 16.6 | 28,784 |
| 1932 | 25,236 | 75.1 | 2,423 | 7.2 | | 5,945 | 17.7 | | | | | 8,368 | 24.9 | 33,604 |
| 1933 | 30,027 | 64.0 | 2,536 | 5.4 | | 14,382 | 30.6 | | | | | 16,918 | 36.0 | 46,945 |
| 1934 | 42,304 | 79.1 | 3,233 | 6.0 | | 7,956 | 14.9 | 45 | | | | 11,189 | 20.9 | 53,493 |
| 1935 | 51,707 | 82.5 | 2,827 | 4.5 | | 8,185 | 13.0 | | | | | 11,012 | 17.5 | 62,719 |
| 1936 | 55,518 | 85.7 | 2,455 | 3.8 | | 6,843 | 10.5 | | | | | 9,298 | 14.3 | 64,816 |
| 1937 | 63,819 | 78.4 | 6,485 | 8.0 | | 11,053 | 13.6 | | | | | 17,538 | 21.6 | 81,357 |
| 1938 | 54,134 | 80.2 | 6,162 | 9.1 | | 7,192 | 10.7 | | | | | 13,354 | 19.8 | 67,488 |
| 1939 | 75,441 | 81.9 | 6,568 | 7.1 | | 10,126 | 11.0 | | | | | 16,694 | 18.1 | 92,135 |
| 1940 | 92,631 | 90.3 | 3,236 | 3.2 | | 6,708 | 6.5 | | | | | 9,944 | 9.7 | 102,575 |
| 1941 | 52,203 | 91.5 | 1,492 | 2.7 | | 3,332 | 5.8 | | | | | 4,824 | 8.5 | 57,027 |
| 1942 | 49,017 | 95.9 | 1,704 | 3.3 | | 412 | .8 | | | | | 2,116 | 4.1 | 51,133 |
| 1943 | 53,102 | 98.0 | 569 | 1.1 | | 511 | .9 | 22½ | | | | 1,100 | 2.0 | 54,202 |
| 1944 | 67,569 | 93.5 | 1,564 | 2.1 | | 3,163 | 4.4 | | | | | 4,727 | 6.5 | 72,296 |
| 1945 | 85,857 | 92.8 | 1,383 | 1.5 | | 5,252 | 5.7 | | | | | 6,635 | 7.2 | 92,492 |
| 1946 | 88,343 | 98.0 | 1,875 | 2.0 | | 4,739 | 5.0 | | | | | 6,614 | 7.0 | 94,957 |
| 1947 | 104,364 | 91.0 | 4,142 | 3.6 | | 6,148 | 5.4 | | | | | 10,290 | 9.0 | 114,654 |
| 1948 | 128,043 | 91.2 | 4,114 | 2.9 | | 8,289 | 5.9 | | | | | 12,416 | 8.8 | 140,459 |
| 1949 | 129,372 | 90.3 | 9,273 | 6.5 | | 4,505 | 3.1 | | | | | 13,857 | 9.7 | 143,229 |
| 1950 | 147,942 | 69.6 | 25,520 | 12.1 | | 26,410 | 17.3 | | | | | 62,311 | 29.6 | 210,253 |
| 1951 (estimate) | 126,100 | 73.6 | 31,600 | 18.5 | | 3,600 | 2.1 | 45 | | | | 45,200 | 26.4 | 171,200 |

TUNA IMPORTS

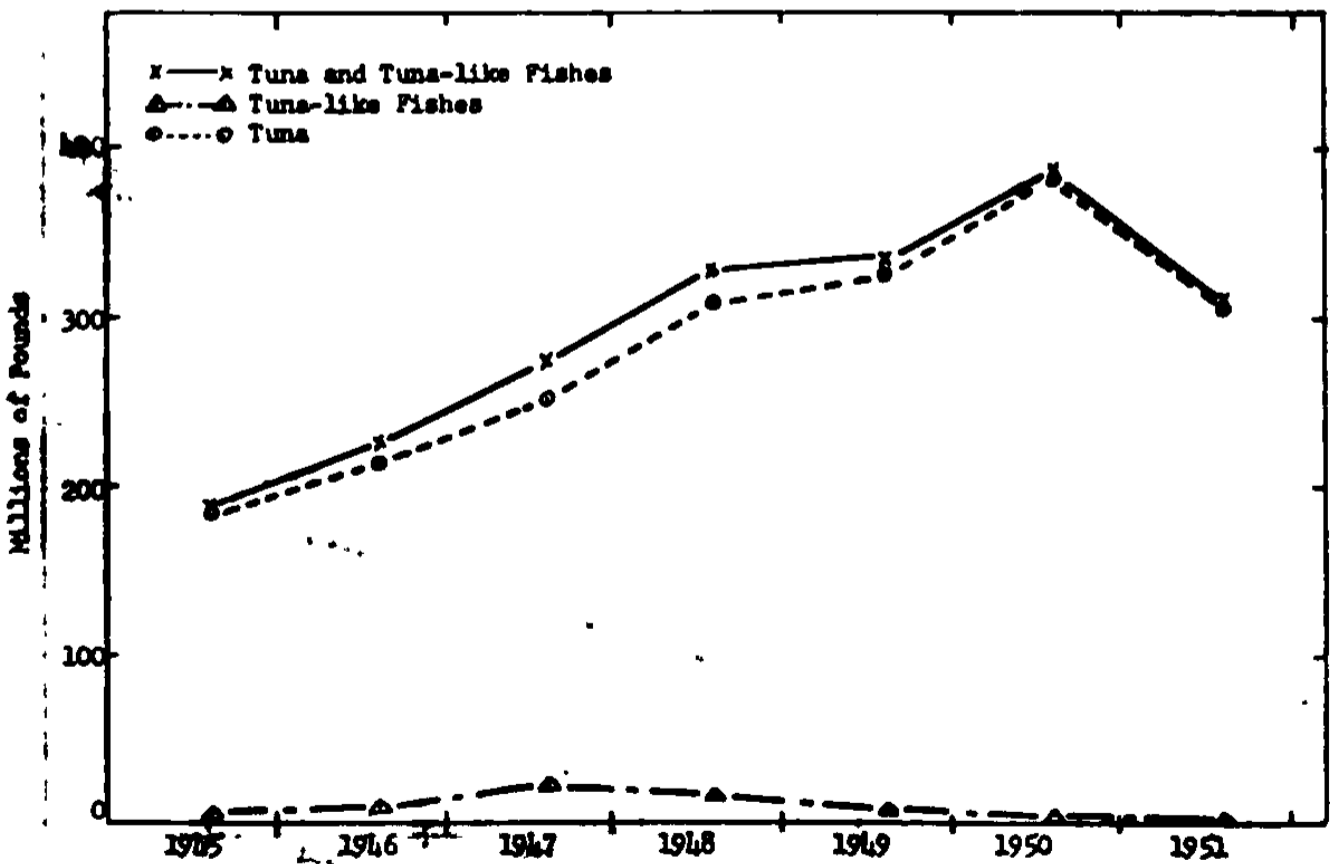
TABLE 7.—Canned tuna and tuna-like fishes: Apparent supply available for consumption in the United States, 1926-51, by source and type and percentage of total supply

| Year | Packed in the United States from domestic catch | | Made from foreign-caught fish | | | | | | | | | | Total supply Thousand pounds | |
|-----------------|---|---------|--|---------|----------------|--|---------|----------------|-------------------------------|---------|----------------|-----------------|---------------------------------|---------|
| | | | Packed in the United States from imported, frozen tuna | | | Imported canned tuna and tuna-like fish in oil | | | Imported canned tuna in brine | | | Total, foreign | | |
| | Thousand pounds | Percent | Thousand pounds | Percent | Duty (percent) | Thousand pounds | Percent | Duty (percent) | Thousand pounds | Percent | Duty (percent) | Thousand pounds | Percent | |
| 1926 | 20,429 | 100.0 | | | | | | | | | | | | 20,429 |
| 1927 | 30,079 | 99.8 | 61 | 0.2 | Free | | | | | | | 61 | 0.2 | 30,140 |
| 1928 | 27,189 | 93.1 | 2,000 | 6.9 | | | | | | | | 2,000 | 6.9 | 29,189 |
| 1929 | 32,582 | 90.2 | 3,521 | 9.8 | | | | | | | | 3,521 | 9.8 | 36,103 |
| 1930 | 44,618 | 92.5 | 3,637 | 7.5 | | | | | | | | 3,637 | 7.5 | 48,255 |
| 1931 | 25,365 | 84.1 | 3,842 | 12.8 | | 937 | 3.1 | 30 | | | | 4,779 | 15.9 | 30,144 |
| 1932 | 26,525 | 76.0 | 2,423 | 7.0 | | 5,945 | 17.0 | | | | | 8,368 | 24.0 | 34,893 |
| 1933 | 32,099 | 65.5 | 2,536 | 5.2 | | 14,382 | 29.3 | | | | | 16,918 | 34.5 | 49,017 |
| 1934 | 43,974 | 79.7 | 3,233 | 5.9 | | 7,956 | 14.4 | 45 | | | | 11,189 | 20.3 | 55,163 |
| 1935 | 57,433 | 83.9 | 2,827 | 4.1 | | 8,185 | 12.0 | | | | | 11,012 | 16.1 | 68,445 |
| 1936 | 61,883 | 86.9 | 2,455 | 3.5 | | 6,843 | 9.6 | | | | | 9,298 | 13.1 | 71,181 |
| 1937 | 68,983 | 79.7 | 6,485 | 7.5 | | 11,053 | 12.8 | | | | | 17,538 | 20.3 | 86,521 |
| 1938 | 59,937 | 81.8 | 6,162 | 8.4 | | 7,192 | 9.8 | | | | | 13,354 | 18.2 | 73,291 |
| 1939 | 80,863 | 82.9 | 6,568 | 6.7 | | 10,126 | 10.4 | | | | | 16,694 | 17.1 | 97,557 |
| 1940 | 97,287 | 90.7 | 3,236 | 3.0 | | 6,708 | 6.3 | | | | | 9,944 | 9.3 | 107,231 |
| 1941 | 60,071 | 92.6 | 1,492 | 2.3 | | 3,332 | 5.1 | | | | | 4,824 | 7.4 | 64,895 |
| 1942 | 50,796 | 96.0 | 1,704 | 3.2 | | 412 | .8 | | | | | 2,116 | 4.0 | 52,912 |
| 1943 | 55,974 | 98.1 | 589 | 1.0 | | 511 | .9 | 22½ | | | | 1,100 | 1.9 | 57,074 |
| 1944 | 68,621 | 93.6 | 1,564 | 2.1 | | 3,163 | 4.3 | | | | | 4,727 | 6.4 | 73,348 |
| 1945 | 87,595 | 93.0 | 1,383 | 1.4 | | 5,252 | 5.6 | | | | | 6,635 | 7.0 | 94,230 |
| 1946 | 92,013 | 93.3 | 1,875 | 1.9 | | 4,739 | 4.8 | | | | | 6,614 | 6.7 | 98,627 |
| 1947 | 113,327 | 91.7 | 4,142 | 3.3 | | 6,148 | 5.0 | | | | | 10,290 | 8.3 | 123,617 |
| 1948 | 135,568 | 91.4 | 4,114 | 2.8 | | 8,595 | 5.8 | | | | | 12,722 | 8.6 | 148,290 |
| 1949 | 132,428 | 85.8 | 9,273 | 6.0 | | 12,559 | 8.1 | | 13 | | 12½ | 21,911 | 14.2 | 154,339 |
| 1950 | 149,274 | 67.9 | 25,520 | 11.6 | | 44,545 | 20.3 | | 79 | | | 70,446 | 32.1 | 219,720 |
| 1951 (estimate) | 127,000 | 69.3 | 31,600 | 17.2 | | 14,600 | 8.0 | 45 | 381 | | | 56,600 | 30.7 | 183,200 |

PACKED IN UNITED STATES FROM DOMESTIC CATCH

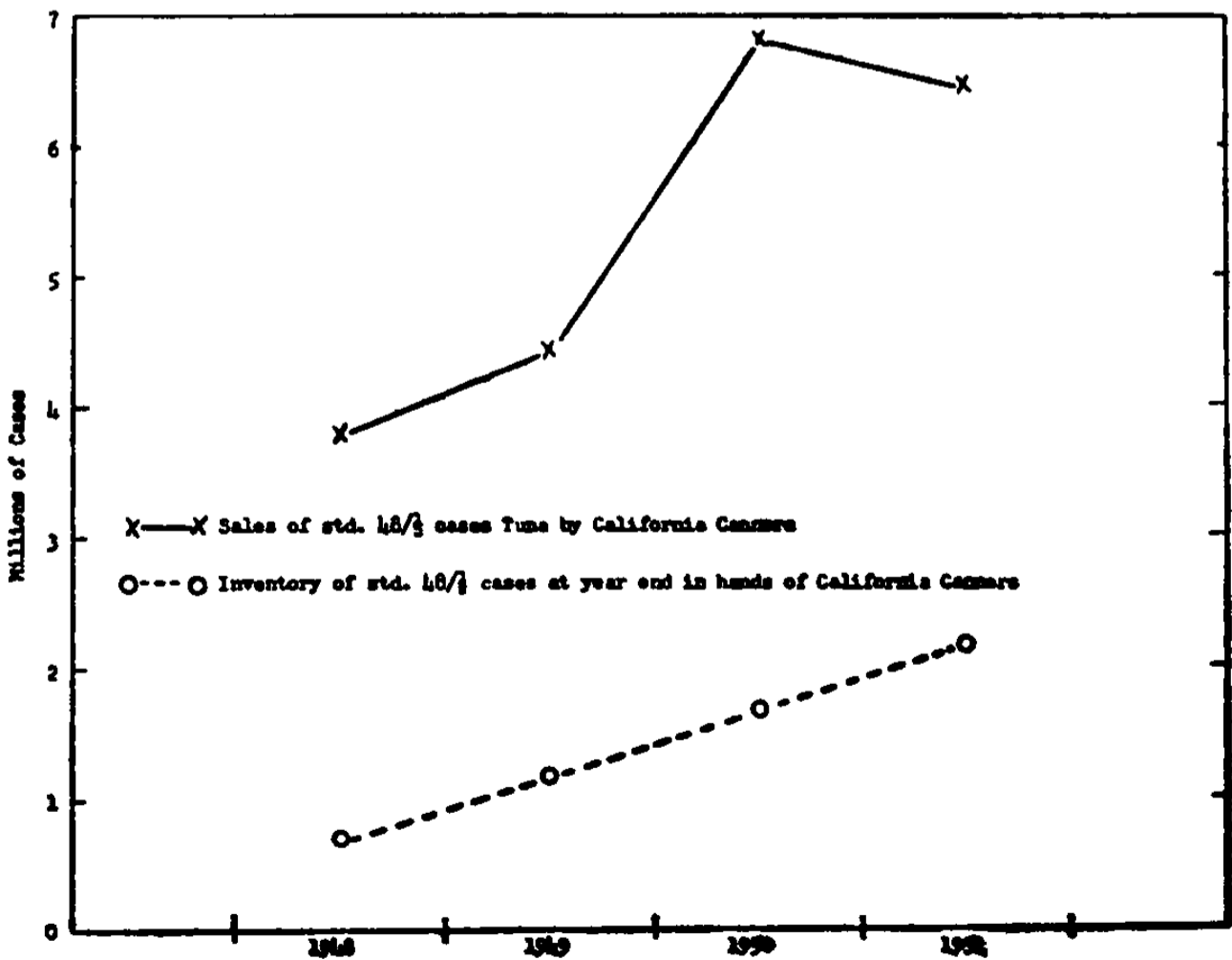
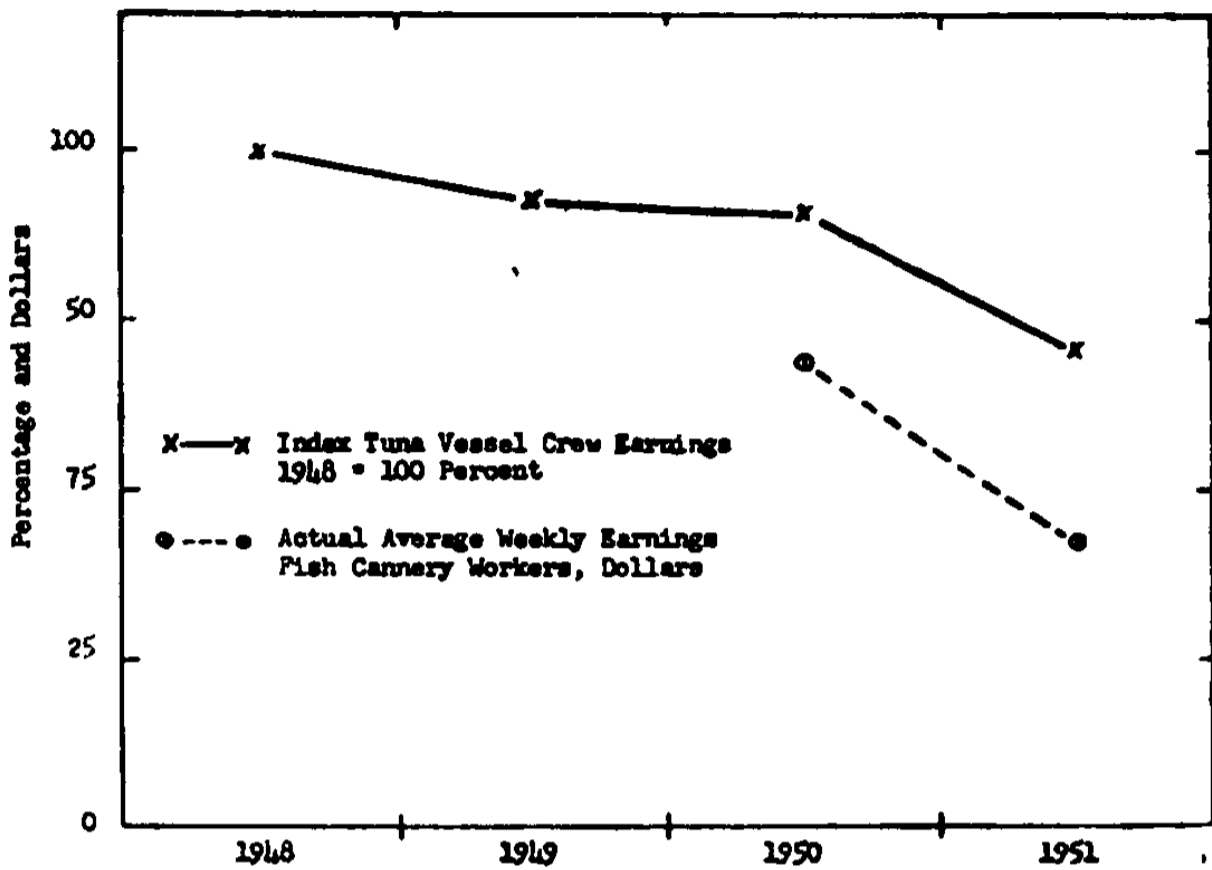


PRODUCTION OF TUNA AND TUNA-LIKE FISHES, RAW WEIGHT POUNDS FROM DOMESTIC VESSELS

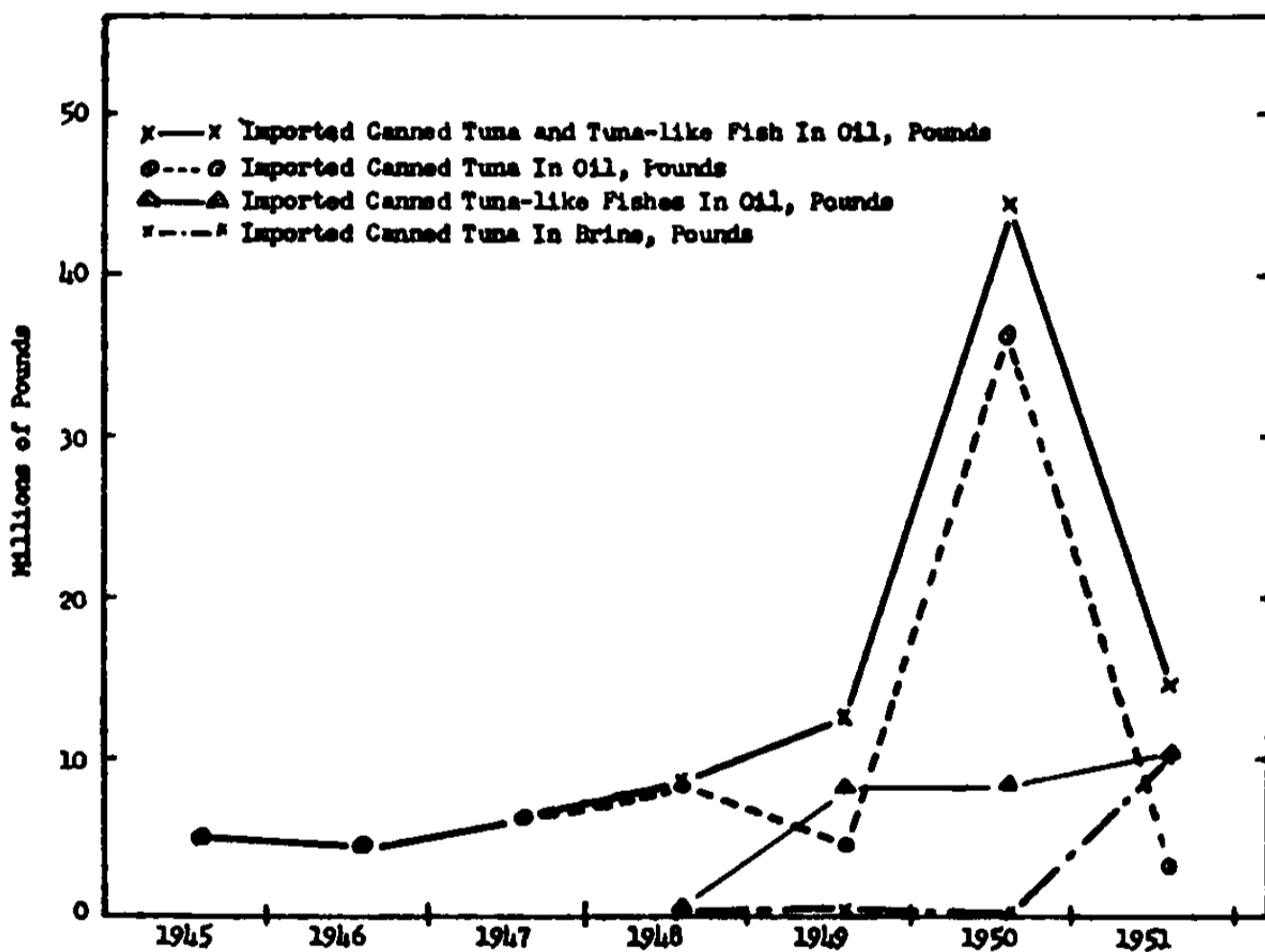


TUNA IMPORTS

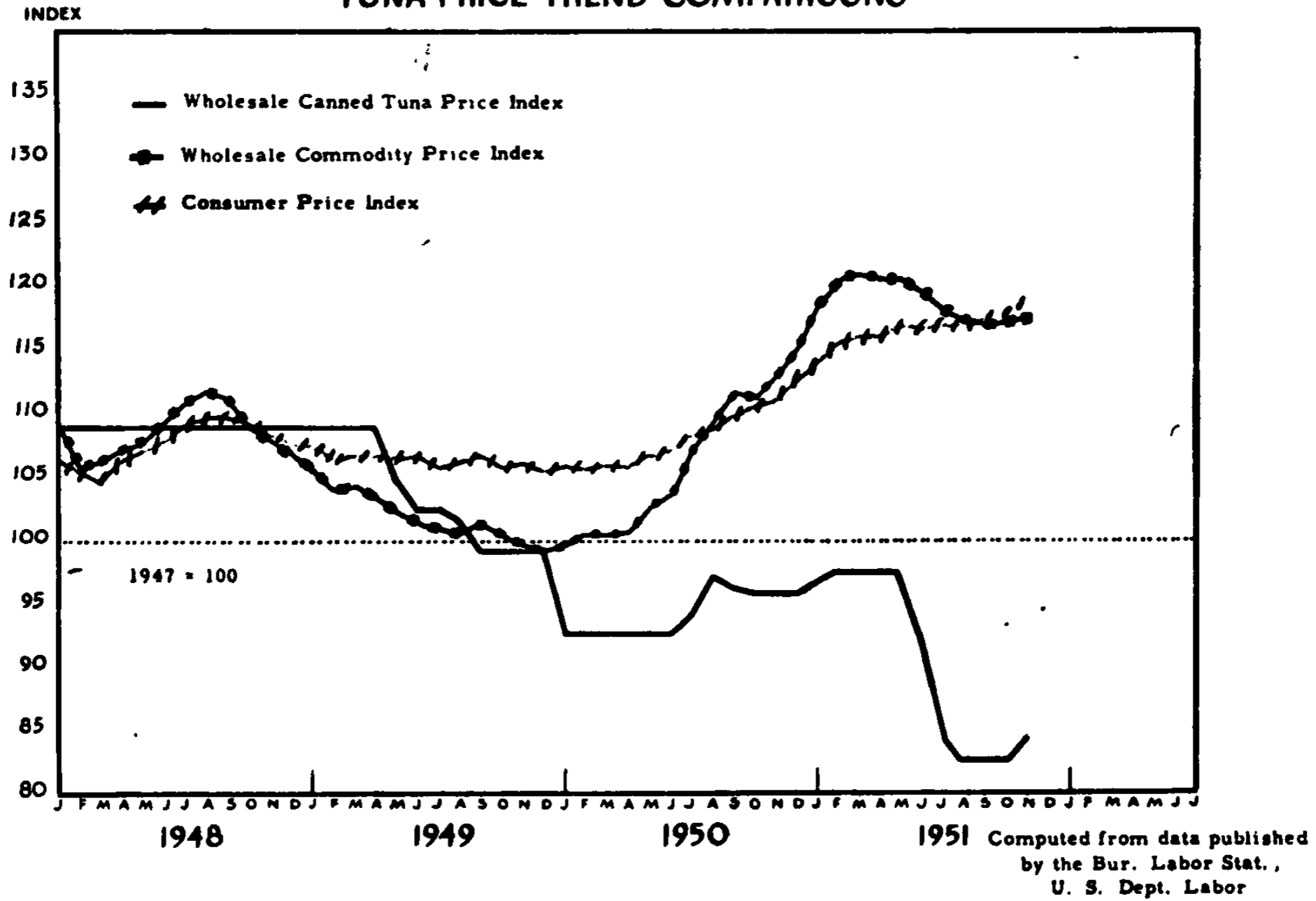
TUNA VESSEL CREW EARNINGS AND EARNINGS OF FISH CANNERY WORKERS



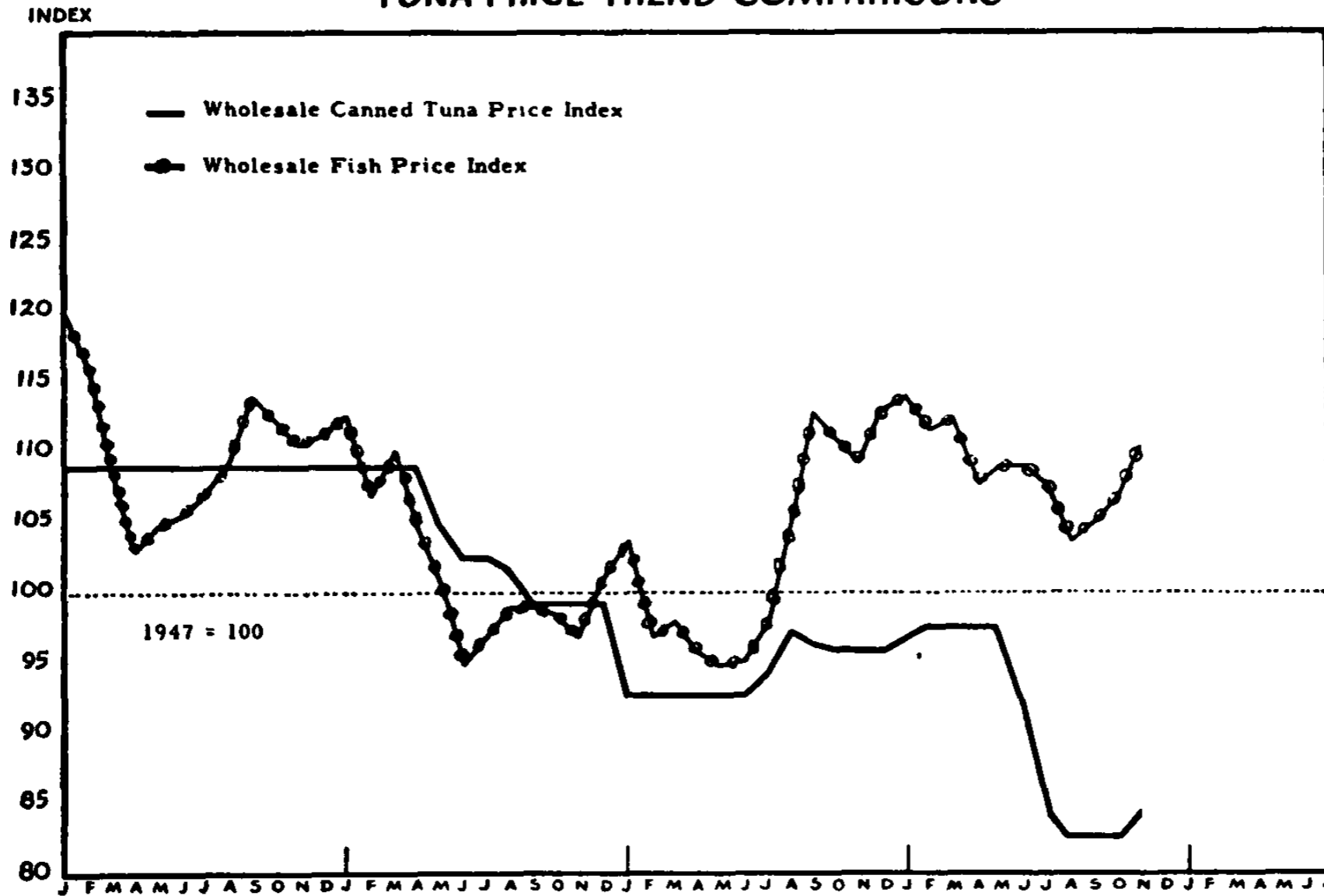
CANNED IMPORTS TUNA AND TUNA-LIKE FISHES INTO THE UNITED STATES



TUNA PRICE TREND COMPARISONS

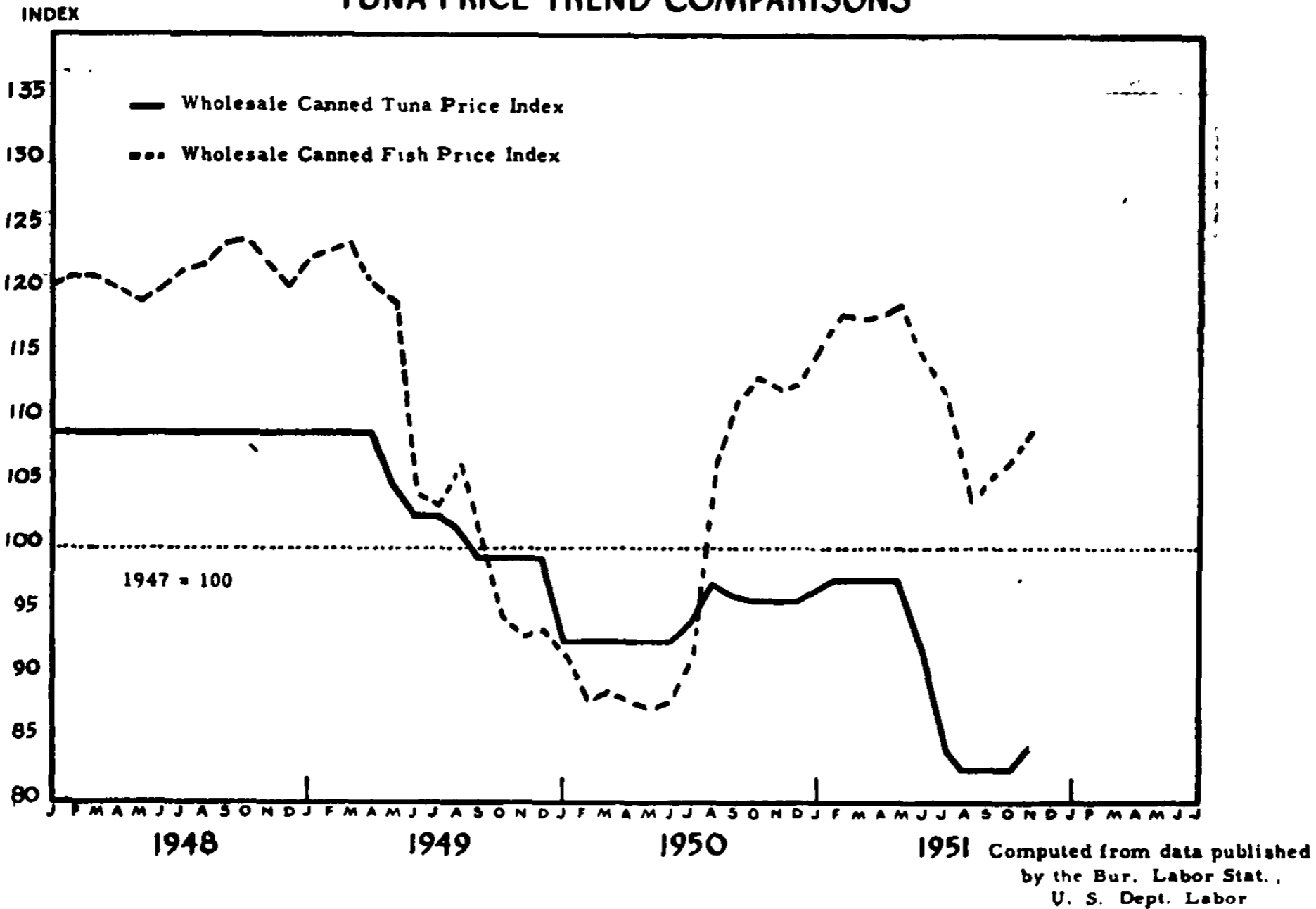


TUNA PRICE TREND COMPARISONS



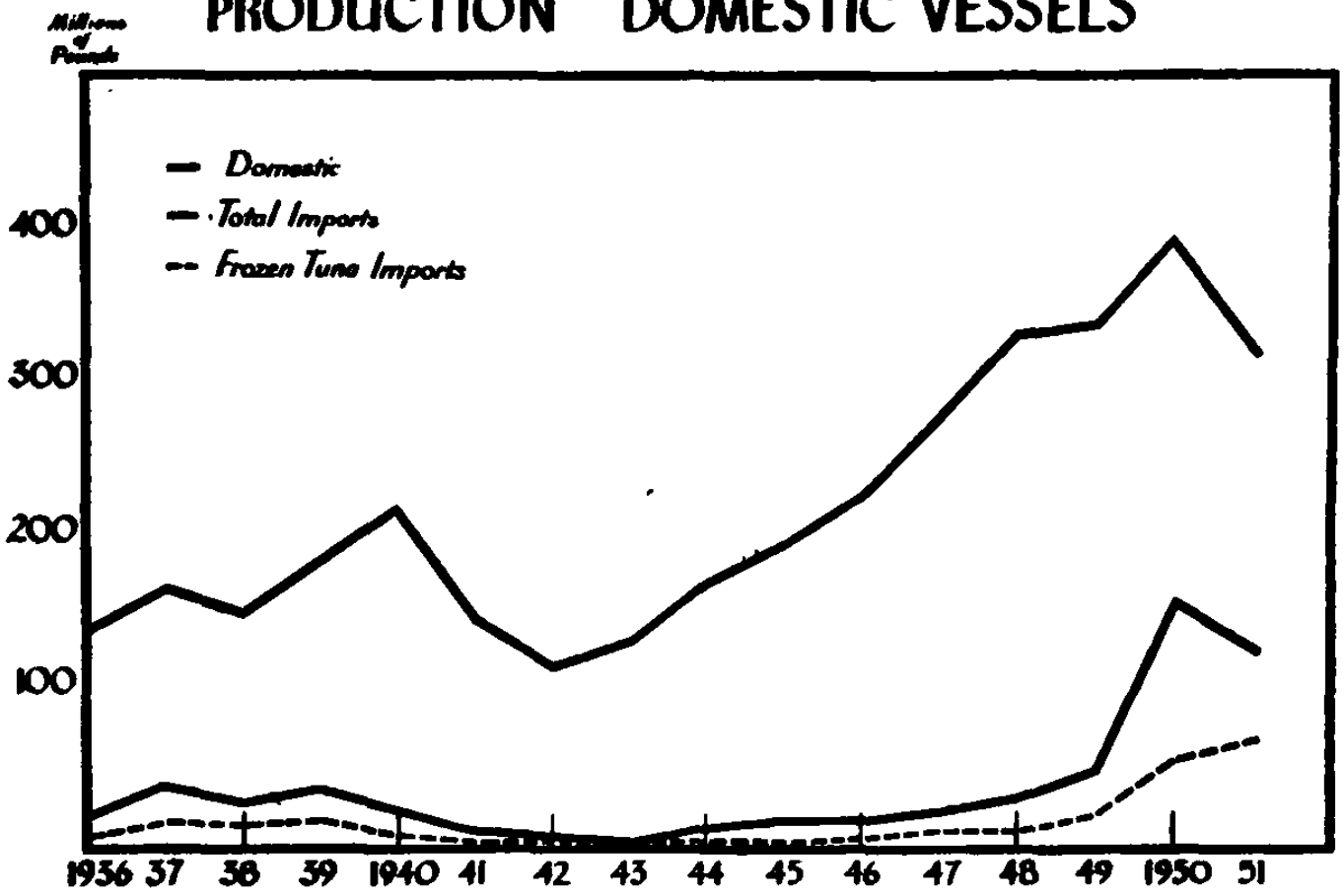
Computed from data published
by the Bur. Labor Stat.,
U. S. Dept. Labor

TUNA PRICE TREND COMPARISONS

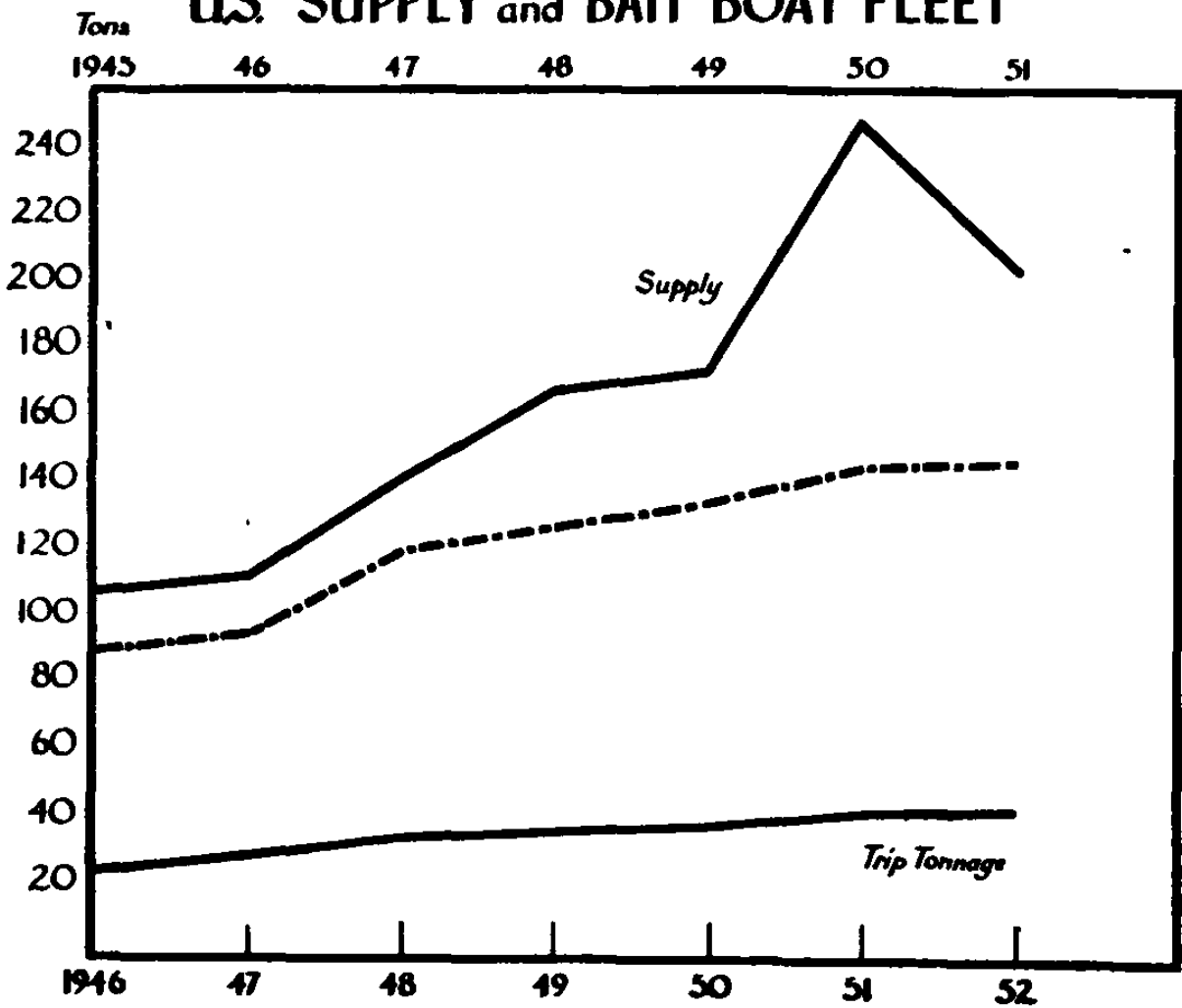


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PRODUCTION DOMESTIC VESSELS

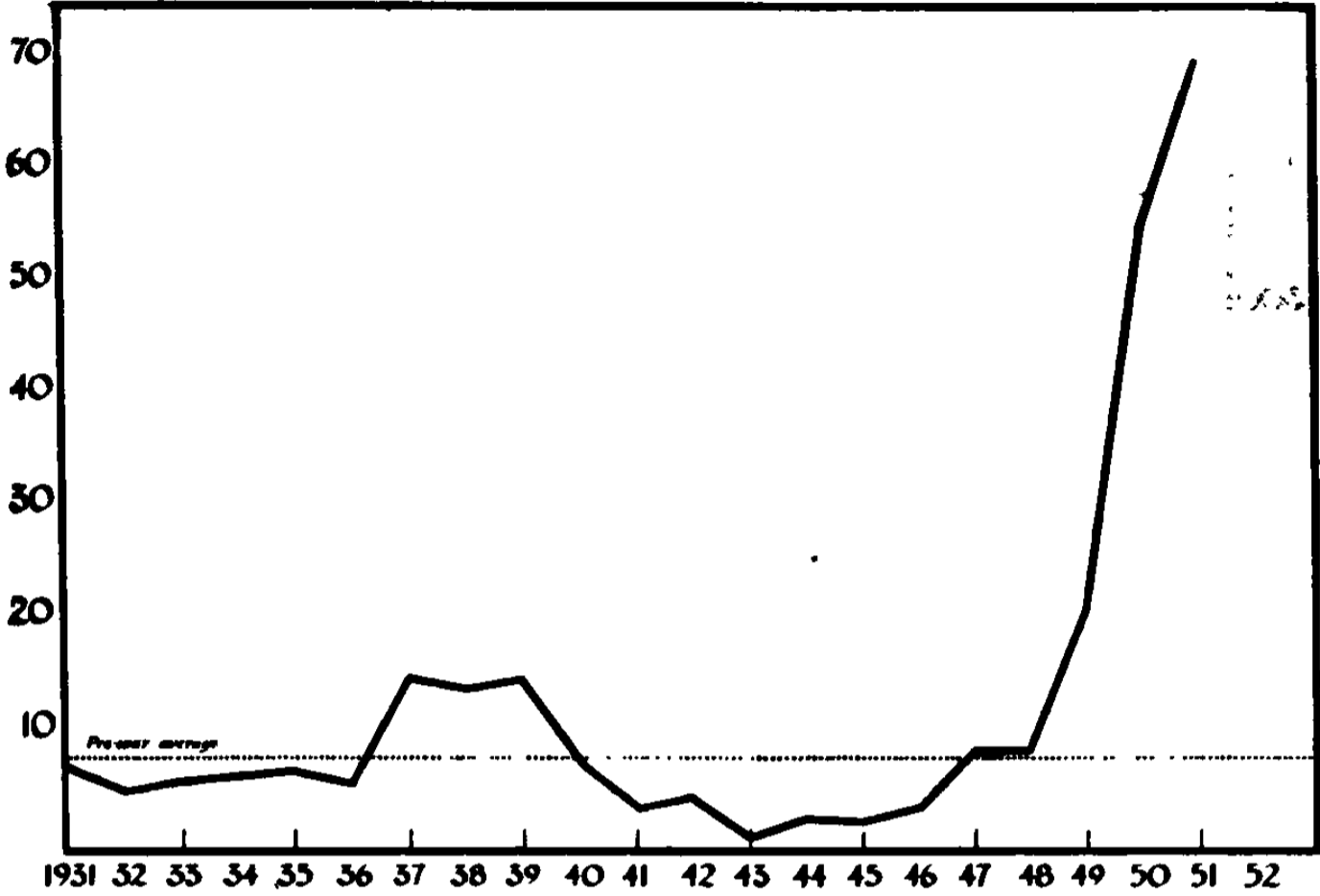


U.S. SUPPLY and BAIT BOAT FLEET



IMPORTS, FROZEN TUNA

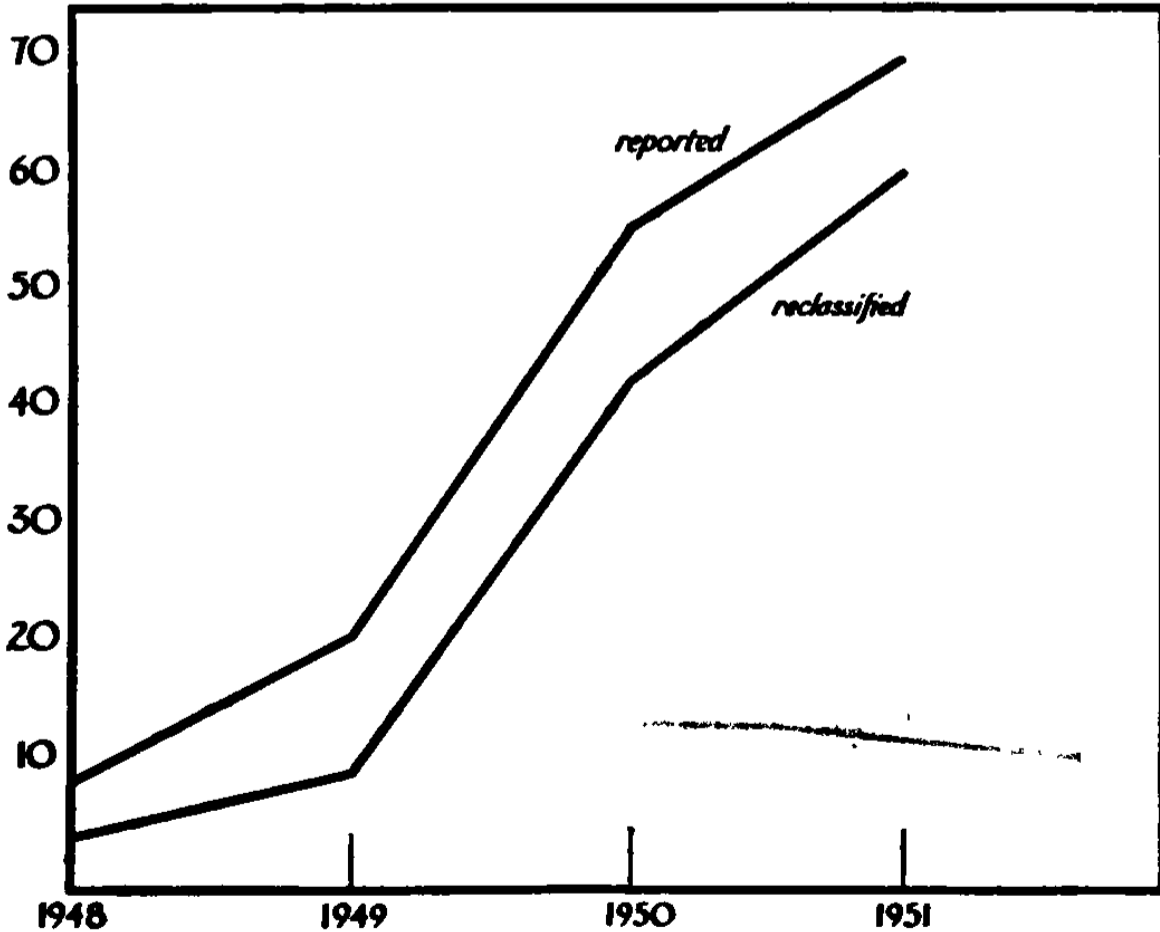
Millions of Pounds



IMPORTS, FROZEN TUNA

Millions of Pounds

(reclassified)



APPENDIX A—TUNA PRICE TREND COMPARISONS, 1948-51

Given below are comparisons between the wholesale average price of canned tuna as reported by the Bureau of Labor Statistics, with certain other average price indexes also reported by the Bureau of Labor Statistics.

All indexes have been converted to a 1947 base. No attempt has been made to reweight any of the indexes and the conversion is a straight arithmetic computation.

| | Wholesale canned tuna price index | Wholesale com- modity price index | Wholesale food price index | Wholesale canned fish price index ¹ | Wholesale fish price index | Consumer price index ² | Retail food price index | Retail meat, poultry, fish price index ³ |
|-------------------|--|--|-------------------------------------|---|-------------------------------------|---|----------------------------------|---|
| 1948—January..... | 109.0 | 109.2 | 106.7 | 120.7 | 119.8 | 106.0 | 108.2 | 109.4 |
| February..... | 109.0 | 105.9 | 102.3 | 121.1 | 116.1 | 105.2 | 105.6 | 103.5 |
| March..... | 109.0 | 106.3 | 103.1 | 121.1 | 108.9 | 104.8 | 104.4 | 103.5 |
| April..... | 109.0 | 107.2 | 104.8 | 120.1 | 102.9 | 106.3 | 107.3 | 107.7 |
| May..... | 109.0 | 108.0 | 105.2 | 119.2 | 104.8 | 107.1 | 108.8 | 112.5 |
| June..... | 109.0 | 109.5 | 107.5 | 120.1 | 105.4 | 107.9 | 110.5 | 117.5 |
| July..... | 109.0 | 111.1 | 111.7 | 121.6 | 107.0 | 109.1 | 111.9 | 120.6 |
| August..... | 109.0 | 111.9 | 112.4 | 122.0 | 109.1 | 109.6 | 111.8 | 123.0 |
| September..... | 109.0 | 111.3 | 110.9 | 123.8 | 113.9 | 109.6 | 111.0 | 122.2 |
| October..... | 109.0 | 109.0 | 105.7 | 124.0 | 112.1 | 109.0 | 109.1 | 118.0 |
| November..... | 109.0 | 108.0 | 103.4 | 122.0 | 110.6 | 108.2 | 107.1 | 113.0 |
| December..... | 109.0 | 107.0 | 100.9 | 120.3 | 111.2 | 107.7 | 105.8 | 111.1 |
| 1949—January..... | 109.0 | 105.8 | 98.3 | 122.7 | 112.3 | 107.3 | 105.7 | 108.7 |
| February..... | 109.0 | 104.2 | 95.8 | 123.1 | 106.8 | 106.2 | 103.0 | 102.0 |
| March..... | 109.0 | 104.3 | 96.6 | 123.8 | 109.7 | 106.5 | 104.0 | 105.8 |
| April..... | 109.0 | 103.4 | 96.6 | 120.3 | 104.6 | 106.6 | 104.6 | 108.0 |
| May..... | 105.1 | 102.6 | 97.2 | 119.0 | 100.9 | 106.3 | 104.4 | 107.0 |
| June..... | 102.5 | 101.8 | 96.3 | 104.2 | 94.9 | 106.5 | 105.4 | 110.8 |
| July..... | 102.5 | 101.2 | 95.7 | 103.6 | 96.8 | 105.8 | 104.1 | 108.7 |
| August..... | 101.8 | 100.8 | 95.3 | 106.7 | 98.9 | 106.0 | 104.5 | 110.3 |
| September..... | 99.2 | 101.3 | 96.1 | 100.0 | 98.9 | 106.5 | 105.4 | 112.2 |
| October..... | 99.2 | 100.3 | 94.7 | 94.5 | 98.2 | 105.8 | 103.5 | 108.3 |
| November..... | 99.2 | 99.9 | 94.2 | 93.1 | 96.9 | 105.9 | 103.6 | 105.5 |
| December..... | 99.2 | 99.6 | 92.4 | 93.6 | 100.6 | 105.2 | 101.8 | 102.8 |
| 1950—January..... | 92.7 | 99.8 | 91.8 | 91.6 | 103.4 | 105.7 | 101.1 | 101.1 |
| February..... | 92.7 | 100.6 | 92.9 | 88.2 | 96.8 | 105.5 | 100.6 | 101.3 |
| March..... | 92.7 | 100.6 | 92.2 | 88.6 | 97.7 | 105.8 | 101.4 | 105.6 |
| April..... | 92.7 | 100.7 | 92.1 | 88.0 | 95.5 | 105.8 | 101.8 | 106.4 |
| May..... | 92.7 | 102.7 | 94.8 | 87.6 | 94.7 | 106.3 | 103.1 | 110.6 |
| June..... | 92.7 | 103.6 | 96.1 | 87.9 | 95.0 | 106.9 | 104.8 | 113.5 |
| July..... | 94.0 | 107.3 | 101.7 | 91.6 | 97.5 | 108.0 | 107.4 | 117.8 |
| August..... | 97.2 | 109.6 | 103.6 | 106.3 | 105.6 | 108.9 | 108.3 | 120.1 |
| September..... | 96.4 | 111.7 | 105.1 | 111.3 | 112.5 | 109.7 | 108.4 | 120.2 |
| October..... | 96.0 | 111.4 | 102.3 | 113.2 | 110.8 | 110.3 | 108.7 | 116.7 |
| November..... | 96.0 | 113.1 | 103.9 | 112.5 | 109.2 | 110.8 | 108.8 | 115.3 |
| December..... | 96.0 | 115.5 | 106.2 | 112.9 | 112.9 | 112.3 | 111.6 | 116.7 |
| 1951—January..... | 96.9 | 118.6 | 108.1 | 115.7 | 113.7 | 114.0 | 114.5 | 121.4 |
| February..... | 97.6 | 120.9 | 111.3 | 118.1 | 111.6 | 115.5 | 116.6 | 124.4 |
| March..... | 97.6 | 121.2 | 110.7 | 118.0 | 112.1 | 115.9 | 116.7 | 125.4 |
| April..... | 97.6 | 120.9 | 110.2 | 118.1 | 107.8 | 116.0 | 116.5 | 125.6 |
| May..... | 97.6 | 120.5 | 111.1 | 118.5 | 108.9 | 116.5 | 117.3 | 125.7 |
| June..... | 91.9 | 119.7 | 110.5 | 114.5 | 108.9 | 116.3 | 117.1 | 125.1 |
| July..... | 84.3 | 118.2 | 110.3 | 111.5 | 107.3 | 116.5 | 117.5 | 125.8 |
| August..... | 82.9 | 117.3 | 111.1 | 103.4 | 103.5 | 116.5 | 117.1 | 126.7 |
| September..... | 82.9 | 117.0 | 111.5 | 105.1 | 104.9 | 117.2 | 117.3 | 126.9 |
| October..... | 82.9 | 117.3 | 112.3 | 106.8 | 106.4 | 117.7 | 118.3 | 127.4 |
| November..... | 84.6 | 117.5 | 112.0 | 109.0 | 111.2 | 118.5 | 119.4 | 126.0 |
| December..... | (4) | (4) | (4) | (4) | (4) | (4) | (4) | (4) |

¹ Including canned tuna.

² Cost-of-living index.

³ Includes canned salmon but not tuna.

⁴ Data not available.

The CHAIRMAN. Mr. Riley?

Mr. RILEY. Mr. Chairman, Senator Millikin.

The CHAIRMAN. You may be seated, Mr. Riley. Whom do you have with you?

STATEMENT OF GEORGE D. RILEY, NATIONAL LEGISLATIVE COMMITTEE, A. F. OF L. ACCOMPANIED BY GEORGE R. BAKER, INTERNATIONAL ASSOCIATION OF MACHINISTS, A. F. OF L., SAN DIEGO, CALIF., AND LESTER BALINGER, SECRETARY-TREASURER, A. F. OF L., CANNERY WORKERS AND FISHERMEN'S UNION, SAN DIEGO, CALIF.

Mr. RILEY. I will introduce them in a second. I am George D. Riley. I am a member of the national legislative committee of the American Federation of Labor.

Accompanying me today are George R. Baker, business representative of the International Association of Machinists, Lodge 389, A. F. of L., San Diego, Calif.; Lester Balinger, secretary-treasurer, Cannery Workers and Fishermen's Union, San Diego, Calif.; James Waugh, president, Cannery Workers Union, Los Angeles Harbor area, California; Mathew Dushane, legislative representative, Seafarer's International Union of North America; and George Nelson, grand lodge representative, International Association of Machinists.

Mr. Chairman, each of us has a statement. We would like to have the courtesy of having each statement included in the record in the proper place, and for that purpose I will submit my own statement and the statement of Mr. Balinger. In my own case I am setting forth a brief history, an outline and history of the problem, especially from the labor viewpoint.

In Mr. Balinger's statement, he sets forth the unfair disadvantage under which the American tuna industry is forced to try to operate, and the tone of Mr. Baker's statement is in support of fair tariffs, so long as they do not strangle American industry.

The CHAIRMAN. All these statements will go into the record, Mr. Riley.

Mr. RILEY. I want to include the statement of Mr. James Waugh, who is asking that the gaping tariff loophole be closed at once.

The CHAIRMAN. Yes; that statement will go into the record.

Mr. RILEY. Mr. Waugh is representing the Tuna Canning and Fishery Workers Union.

(The statements above referred to are as follows:)

STATEMENT OF GEORGE D. RILEY BEFORE THE SENATE COMMITTEE ON FINANCE WITH RESPECT TO H. R. 5693

My name is George D. Riley. I am a member of the national legislative committee of the American Federation of Labor.

The American Federation of Labor is wholeheartedly supporting the position taken by the unions in their efforts to obtain relief on the west coast from unfair competition due to imports of tuna fish and tunalike fish.

Those present today are: George R. Baker, business representative, International Association of Machinists, Lodge 389, A. F. of L., San Diego, Calif.; Lester Balinger, secretary-treasurer, Cannery Workers and Fishermen's Union, San Pedro, Calif.; John Calise, secretary-treasurer, A. F. of L. Fishermen's Union, San Pedro, Calif.; James Waugh, president, Cannery Workers Union, Los Angeles Harbor area, California; Mathew Dushane, legislative representative, Seafarers' International Union of North America; and George Nelson, grand lodge representative, International Association of Machinists.

This situation first arose in the early 1930's, at which time the tariff on the only important tuna commodity then in trade—tuna canned in oil—was increased from 30 to 45 percent ad valorem. This was done upon the recommendation of the United States Tariff Commission after they had conducted a comprehensive study

of the cost of production in the United States and in Japan. This action took care of the situation that prevailed at that time.

From 1934 up until 1941 the healthy competitive situation created by the 45-percent tariff permitted the growth of both the United States tuna industry and the Japanese tuna export industry. From 1941 to 1949 various conditions, such as stoppage of imports from Japan, increased food demands by the armed services and the civilian population, the Navy's action of taking most of the tuna clippers for war service, etc., made no protection necessary for the domestic industry.

But in 1943 a trade agreement had been concluded with Mexico which dropped the tariff on tuna canned in oil from 45 percent to 22½ percent ad valorem. Again in 1949, when her own food needs had been pretty well taken care of, Japan took advantage of the situation and began flooding the United States market with tuna canned in oil. The Mexican Trade Agreement was abrogated in June 1950, effective January 1, 1951. A terrific flood of canned tuna descended on the United States market in this 6-month period, but then subsided to reasonable proportions.

The Japanese did not stop exporting tuna in increasing volume to the United States, however. They switched temporarily in 1951 to sending the fish in frozen, on which form no tariff is levied. Later on the Japanese found that there had been a trade agreement signed with Iceland in 1943, under which they could ship in canned tuna at 12½ percent ad valorem if they canned it any way except in oil. So they put water in the can instead of oil and began importing tuna canned in brine. In these two ways the Japanese have evaded the obvious purpose of the 45-percent tariff on tuna canned in oil, which was to keep the domestic tuna industry free from serious injury by reason of imports.

The most serious of these two gimmicks is the duty-free tuna which is shipped in frozen and is causing serious lay-ups of the fleets of boats and the men employed thereon.

There is no way to escape this situation except by tariff relief from the Congress. The alternative is to put the earnings of fishermen back to a starvation basis, thereby forcing these men to seek some other means of obtaining a livelihood and ultimately leaving clear the whole United States tuna market to the Japanese importers. This, in our opinion, will give a complete monopoly to foreign producers and will ultimately cost the United States consumers considerably more for the canned tuna in the end, inasmuch as the balance wheel of competition from American industry in this field would be gone.

In 1949 the A. F. of L. convention forewarned and called to the Government's attention the serious situation being created by this foreign importation. A resolution submitted by the Seafarers' International Union was adopted which called for limitations on the importation for foreign fishery products into the United States.

The A. F. of L. earnestly requests this committee to report favorably H. R. 4693 and to work for its enactment.

The details to support any of the statements made herein will be supplied by witnesses who are here and who are close to the situation.

STATEMENT OF LESTER BALINGER BEFORE THE SENATE COMMITTEE ON FINANCE
WITH RESPECT TO H. R. 5693

My name is Lester Balinger. I am secretary-treasurer of the Cannery Workers and Fishermen's Union of San Diego, Calif., affiliated with the Seafarers' International Union of North America, American Federation of Labor, representing 2,037 fishermen who for many years have been engaged in the business of fishing commercially for tuna and other fish in the tuna industry. We respectfully petition the honorable Finance Committee of the United States Senate to render a favorable report on H. R. 5693, which imposes a tariff of 3 cents per pound on fresh and frozen tuna fish imported into the United States until March 30, 1953.

In consideration of this petition, the union respectfully represent and presents the following:

THE CRUCIAL STATE OF DOMESTIC TUNA FISHING, AMERICA'S LARGEST FOOD-FISH
INDUSTRY

The tuna industry is in a critical, crippled condition, with the tuna fishing fleet seriously affected and facing wholesale bankruptcy. Most of the fleet is laid up at the dock, either indefinitely or on a restricted rotation system, which necessi-

tates 60 or more days of idleness between trips. The articles are numerous and widespread, convincingly picturing for the American public the tuna boats being tied up in port. As a consequence of this condition, thousands of Americans who earn their living fishing for tuna are out of work. So are many of the mechanics who maintain the fishing equipment and the businessmen and storekeepers who service or supply the fleet and its fishermen. These facts have been officially recognized by the Branch of Commercial Fisheries in the Department of Interior. This condition is most sharply felt in San Diego, the tuna capital of the United States, and, therefore, has a tremendous impact on the fishermen of this petitioning union who man substantially all of the tuna boats in southern California, together with the boat engineers of the International Association of Machinists.

The Cannery Workers and Fishermen's Union of San Diego, Calif., affiliated with the Seafarers' International Union of North America, American Federation of Labor, is an unincorporated association of whose membership 2,037 are employed on vessels of the tuna fleet, engaged in the business of fishing commercially in the Pacific Ocean. These vessels are registered and otherwise documented under the flag of the United States, catching 60 to 65 percent of all of the major portion of tuna and tunalike fish taken by United States fishermen. Their operations are based in ports of the United States, and the operations of the vessels are at all times conducted in accordance with and in fulfillment of Federal, State, and local health and sanitary regulations and with Federal navigation law.

What is the basic underlying cause for this condition? Statistics show that the public demand has increased, and the American public is eating more tuna than ever before. Canned tuna has become a staple item in the American diet, valuably supplementing our supply of animal protein food with a delicious, nutritious, inexpensive product. Obviously, then, more tuna has been made available than the market can absorb, and the sudden flooding of the American tuna market by a rapid rise in uncontrolled tuna imports, tariff free, has been and still is the prime cause of this economic condition. Foreign fishing interests have taken advantage of the fact that fresh and frozen tuna can enter this country tariff and quota free and are flooding the market with their tuna catch, at a price substantially below that at which our domestic tuna fishing fleet can profitably operate.

The principal suppliers of fresh and frozen tuna to the United States are Japan and Peru. Japan supplies about 45 percent of such fish, Peru about 27 percent, and the balance comes from other countries, of which Costa Rica and Canada are next in percentage.

THE IMPORTANCE OF THE AMERICAN TUNA FISHING INDUSTRY, A MULTIMILLION DOLLAR ENTERPRISE

While tuna fishing is a relatively new American industry in comparison with others, it is America's largest food-fish industry. The value of tuna caught by American fishermen and that packed by the tuna-packing industry exceeds any other fish, including salmon. This American industry is a multimillion dollar enterprise, due to private capital and the typical American initiative and foresight of the pioneering individuals connected with it.

In a normal year, the fishing fleet brings in the neighborhood of \$60,000,000 of new wealth from the sea, which increases in valuation to approximately \$120,000,000 by the time it has been processed and canned for distribution to the food shelves of the Nation. Take away that influx of new wealth, and a chain of economic injury is set in motion, affecting all water-front industries, such as the ship-repair yards, the fuel companies, the customs brokers, the engine and parts manufacturers, the firms selling provisions and supplies to the boats, those engaged in servicing the boats, banks, retail stores, etc.—to the entire economy of the community.

FLOODING OF THE AMERICAN MARKET AS THE BASIC CAUSE OF THIS CRITICAL CONDITION AND ITS SERIOUS EFFECT ON THE COMMUNITY ECONOMY

Tuna and tunalike fish are imported into the United States in three main forms: That coming in the fresh and frozen state and canned in domestic canneries, that packed in oil, and that packed in brine. Basically the main concern of the fishermen is the first mentioned; namely, the uncontrolled importation of fresh and frozen tuna.

According to the official Department of Commerce figures on the imports of tuna, we have the following:

| | Period | Pounds im- ported | Case equiva- lent | Foreign per- cent of United States market |
|-----------|---------------|----------------------|----------------------|---|
| | <i>Months</i> | | | |
| 1946..... | 12 | 4,167,094 | 83,342 | 6.16 |
| 1947..... | 12 | 9,204,199 | 184,084 | 7.71 |
| 1948..... | 12 | 9,142,564 | 182,851 | 7.95 |
| 1949..... | 12 | 20,606,381 | 412,128 | 12.84 |
| 1950..... | 12 | 56,711,596 | 1,134,232 | 29.34 |
| 1950..... | 7 | 22,871,861 | 457,437 | 22.08 |
| 1951..... | 7 | 45,728,130 | 915,162 | 26.41 |

How are these statistics translated into terms of vessel operation? One way is to consider this in terms of average clipper loads of 170 tons of tuna each. Calculated in this way, the 1946 imports amounted to 12.3 clipper trips; in 1949 they amounted to 61 clipper trips; in 1950 they amounted to 167 clipper trips; while in the first 7 months of 1951 they doubled the same period in 1950, which, on that same average, meant about 230 clipper trips for 1951. And there is the source of our difficulty. In 5 years, tonnage of fresh and frozen tuna imported has increased over 1,400 percent, and foreign imports of all kinds of tuna now total more than 30 percent of the United States market.

The domestic tuna fleet, working under normal conditions, will average approximately four trips per vessel per year. There are about 217 tuna vessels in this fleet, costing anywhere from \$100,000 to more than a half million dollars each. Therefore, the imports of fresh and frozen tuna, replacing the domestic market of our vessels, have diminished our fleet's market to the extent that its operations are reduced by the equivalent of the imports of frozen tuna; namely, over 200 clipper trips during 1951, or more than one-fourth of its normal fishing time. In other words, this importation of fresh and frozen tuna has cut down the operations of our entire domestic tuna fleet over one trip a year for each vessel, or over one-fourth of what it would be without the imports.

This obviously has meant a substantial reduction in income to these fishermen, their families, and the numerous industries and services dependent upon their continued patronage. The business of supplying these vessels and crews with the many essentials for their protracted fishing trips has become a large business, which engages several thousand people as principals and employees and involves all of the ramifications of supplying and maintaining the necessary facilities and equipment for such business activities. Laying up the tuna fleet alone for one trip results in an estimated loss of at least \$1,500,000 to the industries which supply it, plus additional amounts for losses to repair yards, insurance agencies, and similar activities. Such curtailment or injury to the tuna-fishing industry, therefore, substantially and seriously affects the economy of the entire community.

This union sent out questionnaires to each of its 2,037 fishermen union members, to arrive at their average yearly income and the resultant effect of this sudden increase of imported frozen tuna. An examination of these questionnaires discloses that the average gross income for all classes of fishermen was \$5,390.45 during the year 1949, \$5,367.61 for 1950, and \$4,126.04 for 1951. This represents an approximate reduction in income for 1951 of \$1,241.57 for each fisherman union member, which is 23 percent less than their 1950 average, or approximately the same percentage loss of income as the operations of the domestic tuna fleet were curtailed because of the importation of fresh and frozen tuna.

These questionnaires also showed that the fisherman devotes an average of 13½ hours per day, 7 days a week, to the performance of his duties while at sea—certainly his normal income does not constitute overpayment under the American standard of living in view of his arduous and long hours, risks, and isolation while at sea.

Of further interest is the disclosure from these questionnaires that approximately 51 percent of the fishermen union members are veterans, who have faithfully served the cause of their country and who are deserving of that consideration for the protection and maintenance of their livelihood in return.

The importation of fresh and frozen tuna directly affects the domestic fisherman. It not only fills his market, but absorbs the working capital of his canners to the end that they cannot purchase his fish until they have recovered their capital by the sale of the canned fish which results from the frozen fish imports. This importation has been doubling consistently each year, as seen from the official Department of Commerce figures on the imports of tuna, previously set

forth, and there is no reason to expect that it will not continue to increase at a similar sharp rate in the years immediately ahead, unless the uncontrolled flow of frozen tuna into this country from foreign fishermen is arrested.

The present situation must be remedied and alleviated, or our tuna-fishing industry will be destroyed.

**EFFECTIVE ELIMINATION OF THIS CRITICAL CONDITION BY A TARIFF ON
IMPORTED FRESH AND FROZEN TUNA**

This condition can be simply and effectively eliminated and a degree of prosperity restored to the tuna fleet by obtaining a tariff on the importation of fresh and frozen tuna. In order for the domestic tuna fishing industry to stay in a healthy, growing condition, it is necessary for it to stay in a position of competitive equality with the tuna fishermen of the countries from which tuna is imported. Equality can only be maintained in one of two ways: cutting our production and labor costs materially so that our price is the same as theirs, or obtaining a tariff sufficiently high to equalize the differences in the production costs of our country and theirs.

The underlying principles of tariff are so clear as to require no argument. Those same principles are evident with tuna fishing in that the principal part of the cost of fishing is governed by the American standard of living and results from the costs for fuel, supplies, ship repairs, insurance, taxes, etc., which are not under the control of the fishing industry. The Japanese and Peruvian fishermen, on the other hand, operate on a much lower standard of living structure—a daily wage standard of 60 to 90 cents—a standard to which we cannot lower ours. Obviously, the only way the domestic fishermen can be competitive is to balance these costs of production and standards of living with a tariff equal to the difference.

We cannot financially and successfully survive the present difficulties with our fishing fleet and industry unless we receive remedial tariff legislation. If we are to remain a strong and vigorous section of the food suppliers of this Nation so that our fishermen can achieve an adequate income under the American standard of living, we must have protection similar to that given the other parts of the United States food industry. Nearly all other food products in the United States have some protective tariff at the present time. All frozen fish imports of any consequence, with the exception of tuna and shrimp, have such protective tariffs.

The investment and enterprise of the tuna fishing fleet must be protected, and American capital and labor given a moderate tariff on imported fresh and frozen tuna for its protection from foreign encroachment and annihilation. The industry must be permitted to maintain its sound position in the domestic economy of this country, with the domestic worker protected and kept in business. That is our objective.

The tuna canning industry, representing several million dollars invested in plants and equipment and employing thousands of cannery workers, men and women, is supplied with fish from tuna fishing vessels. The many ramifications and incidents of the operation and maintenance of these cannery plants also reaches into every business activity common to large communities. Manifestly, the healthy maintenance of the tuna canning industry is also an important and conspicuous element in the economy of the community, State, and Nation.

Canneries cannot operate without a supply of fish. Heretofore the domestic canning industry has received practically its entire supply of fish from the domestic fleet. These canneries, from the import figures, are gradually increasing their usage of imported fresh and frozen tuna and will, to that extent, become dependent upon the supply of imported tuna if a part of the domestic fleet is replaced, reduced, and ceases to exist for lack of an adequate market. If such occurs and if the tuna canners become dependent upon operations of a foreign tuna fishing industry, that would leave the national economy and welfare unprotected against exploitation from abroad, which might even become cessation of that source of fish supply at a time of vital emergency.

H. R. 5693 AS A DESIRABLE TEMPORARY TARIFF SOLUTION

The tariff encompassed in H. R. 5693 will tend to approximate the present difference in the standard of living structure of this country compared with those of the countries importing frozen tuna into the United States and will help provide an equality of competition. We do not ask for special protection or favors, but only equal, competitive protection.

At the present time fresh and frozen tuna bears no tariff and is not subject to any quotas. It may be imported free of duty under the provisions of the Tariff

Act of 1930. There are no trade agreements or other treaties which interfere with an imposition of some tariff or other import duty on the importation of fresh or frozen tuna. Therefore, the Congress is free to impose a tariff if it wishes to do so, and congressional action is necessary if a duty is to be imposed.

All tuna fish imported into this country is used in canning. It is not consumed as a fresh fish. We have an import duty of 45 percent ad valorem on canned tuna fish in oil and an import duty of 12½ percent ad valorem on tuna fish canned in any other way than in oil. This 45 percent ad valorem tariff on tuna canned in oil has caused tuna to be brought into this country both canned in brine and in the frozen state. Though tuna canned in brine is not within the province of this bill and could not be included, nevertheless, the bill will attempt to protect the fishermen and will attempt to equalize the tariff on competing products, namely frozen tuna and canned tuna packed in oil.

H. R. 5693, providing for an import duty of 3 cents a pound on fresh or frozen tuna, would substantially protect our domestic fishing fleet and will tend to accomplish the same objectives and results as the 45 percent ad valorem on canned tuna fish in oil, the importation of which has dropped very greatly since this tariff rate went into effect. Three cents per pound is the figure estimated by some to hold the balance between the fishermen and fishing fleets of our country with that of imported competition and to enable our domestic fleet to continue operating normally without, at the same time, jeopardizing or increasing the price of canned tuna. It is a cautious approach at holding this balance and temporarily rescuing the domestic fisherman from an otherwise inevitable bankruptcy until exhaustive studies reveal the necessary figure to accomplish our objectives, while, at the same time, keeping faith with our national policy of building up the economies of allied countries.

The tariff provided by H. R. 5693 would increase the cost of fresh and frozen tuna \$60 a ton, which amount obviously would not completely stop the flow of imported frozen tuna but would merely lower its attractiveness, while protecting the price of domestic tuna by that amount. It would mean \$60 a ton less profit to the foreign fishing industry and to those brokers engaged in the business of selling imported tuna to the canneries. If the large profits to these brokers are reduced, there will be less incentive for their vigorously selling imported tuna. The total inevitable result would be a slowing down of the present, increasingly uncontrolled flood of frozen tuna.

H. R. 5693 also importantly provides for studies by the United States Tariff Commission into the competitive position of the domestic tuna industry, including the effect of imports of fresh or frozen tuna fish on the livelihood of American fishermen, so as to assist the Congress in determining what changes, if any, shall be made in such duty rate. We welcome such a study, as we only strive being on a par with competition. Experience and practice from this 3 cents per pound rate for an estimated year and the Tariff Commission studies will enable arriving at a precise tariff to protect the domestic industry in view of all our objectives, personal and national. Sufficient time is provided in the bill for a study of a long-range program that will keep the American tuna fishing industry alive and protected and still encourage trade, leaving some of the market for other countries.

CONCLUSION

Thus we have seen from both statistics and facts that the tuna industry is facing a crisis which will result in complete destruction and annihilation from foreign encroachment unless quick, adequate relief is provided. Because of a sudden flooding of the domestic market by a rapid rise in uncontrolled tuna imports, tariff and duty free, at a lower price than our industry operating under the American standard of living can meet, the present operations of the domestic tuna fleet and the income of the fishermen engaged therein have been reduced one-fourth, with an increase in this importation inevitable unless this uncontrolled flow of tuna is arrested. A decrease in the effective operations of the tuna industry seriously affects the economy of the community, State, and Nation, because the operations and maintenance of the industry reach into every business activity in the community.

This condition can be effectively eliminated and our multimillion dollar fishing industry preserved by equalizing the differences between the production costs of our country with those from which tuna is imported, resulting from differences in standards of living, by an equal, competitive, protective tariff which will enable our domestic tuna fishing industry to remain healthy and vigorous and hold the balance between the domestic and foreign tuna fishing industries. H. R. 5693 provides for such an equal, competitive, protective tariff and is a desirable

and workable solution to this critical condition. It would, in our opinion, reduce this uncontrolled flow of imported tuna and rescue our tuna fleet, enabling it to operate normally, and it would guarantee the fishermen an adequate, American standard of living income.

Protection is needed and vital to our domestic tuna fishing industry, the many incidents of which reach out into every business activity common to the community and extend into almost every walk of life, and those engaged therein, who, directly and indirectly, make substantial contributions to governmental requirements, Federal, State and local, through the medium of tax obligations and contribute through their patronage to the health and stability of the business and industry of this country, whereas the foreign industries and those engaged therein contribute nothing to those categories.

STATEMENT OF GEORGE R. BAKER, BUSINESS REPRESENTATIVE, LODGE 389, INTERNATIONAL ASSOCIATION OF MACHINISTS, IN FAVOR OF H. R. 5693

Mr. Chairman and members of the committee, I am business representative of the International Association of Machinists, Lodge 389, a labor organization whose members are employed (1) as engineers and assistant engineers aboard the tuna clippers operating from the ports of San Diego, Calif., and San Pedro, Calif.; and (2) as general machinists, marine machinists, marine pipefitters, marine welders, and helpers in the boatyards located in San Diego, Calif. Ninety percent of the work performed in these boatyards is building and repairing tuna clippers.

Members of the International Association of Machinists are also employed in the boatyards of the ports of Tacoma, Wash.; Seattle, Wash.; Hoquiam, Wash.; Astoria, Oreg.; Coos Bay, Oreg.; Eureka, Calif.; San Francisco-Oakland, Calif.; Monterey, Calif.; and San Pedro, Calif., where these tuna clippers and other types of fishing vessels used in the tuna fishing industry are built and repaired.

Members of the International Association of Machinists are also employed in the marine machinery, food processing machinery and light aircraft industries that supply the domestic tuna industry with machinery and replacement parts.

Engineers mentioned in this statement, with fishermen who are members of the Cannery Workers and Fishermens Union of San Diego, Seafarers International Union, A. F. of L., man these tuna clippers under a collective bargaining agreement with each individual clipper and its owners, in compliance with the Labor-Management Relations Act of 1947, and are not paid wages for their services but share in the net receipts from the sale of fish, as provided in United States Code, title 46, section 531 (R. S. 4391).

This method of compensation, when all relative factors are favorable, is comparably satisfactory. However, this situation has not existed since 1948 in the tuna fishing industry.

Normally, the tuna clipper fleet based at San Diego and San Pedro, Calif., operates the year around without interruption in the fisheries off Central and South America in quest of Yellowfin, Skipjack, Big-eye, etc.—species that, when packed, are known as light-meat tuna.

Since 1948 the price of raw tuna delivered to the canneries has been reduced twice and the vessels have been subjected to increasingly restricted sailing schedules that reflect a reduction in wages and increasing idleness for our members. This situation for the most part can be traced to the importation of tuna produced in countries where the wage and living standards are so low that the American tuna fishermen, whose living standards and cost of doing business are determined by the "American way of life," find competition impossible on the American tuna market, which they helped create.

In order to determine what effect the increased importation of foreign tuna has had upon the yearly earnings of these engineers and assistant engineers employed on tuna clippers, this organization conducted a survey. A questionnaire was sent out to each engineer and assistant engineer (approximately 420) who was employed on a tuna clipper. From their replies we can submit the following authentic information. There will be variations in our figures as compared to those submitted by the other interested groups since the nature of the work and the share (percent of catch) differs. The questionnaire requested yearly earnings and number of idle months for 1949, 1950, and 1951; also age, number of years in the fleet, number of hours worked per day and if a war veteran.

As indicated in exhibit I there is a distinct movement toward decreased yearly earnings from 1949 through 1951 for a greater share of the group surveyed. From

an average yearly income of \$7,064 in 1949 to an average yearly income of \$5,910 in 1951 represents a decrease of 16 percent (exhibits II and IV). It should be noted that the percentage decrease in average yearly earnings is not as great as the percentage decrease in average number of days worked from 1949 through 1951 (exhibit III). The explanation is that more fish were caught per unit of time in 1951 than in 1949 as the activity in 1951 was concentrated in the most productive fishing months. The expected close correlation between average months worked and average yearly income is distorted by this factor. Idle months increased 25.5 percent from 1949 through 1951.

However, since we do have a record of average number of idle months for 1949, 1950, and 1951 and a record of the average number of hours worked per day (14.6) it is possible to determine the approximate average straight-time hourly rate. Here again our computations disclose the lack of correlation between average hours worked and average yearly income. In 1949, the group surveyed showed an average yearly income of \$7,064 with an average of 1.8 idle months. This resulted in an average straight-time hourly rate of \$1.58. In 1951, with an average yearly income of \$5,910 and an average of 4.6 idle months, \$1.82 proved to be the average straight-time hourly rate. While the average yearly income in 1949 was greater than 1951 and while also the average months idle in 1949 were less than 1951, the average straight-time hourly rate was greater in 1951. The increased straight-time hourly rate for 1951 also reflects an unusually large number of promotions from assistant engineer to engineer made in 1951.

Our survey shows the average workday to be 14.6 hours. Because of the nature of the work and the method of payment involved, no overtime provisions are included in the contracts with the tuna clippers. For 1951 with an average of 4.6 idle months, the personnel employed on tuna clippers represented by the International Association of Machinists worked, on the average, 3,241.2 hours. Since there were fewer idle months in 1949 and 1950, this figure would be even greater for these years. The normal number of hours worked per year for machinists employed in other industries represented by the International Association of Machinists is around 2,300 hours. If we were to apply the overtime provisions found in most contracts which the association has in other industries (time and one-half for over 8 hours) to the average yearly income and average daily hours worked by the engineers and assistant engineers on the tuna fleet for the year 1951, we would find that they were working for the equivalent of \$1.48 per hour.

Machinists now employed in other industries throughout the Los Angeles area are earning far more per hour than those engineers and assistant engineers aboard the tuna clippers. In the newspaper, brewing, airframe, and machine tool industry, machinists with equivalent skills are earning from \$1.90 to \$2.75 per hour. The allegations that are made to the effect that engineers and assistant engineers aboard tuna clippers are earning fabulous wages far out of line with all industries are completely false. In reality their wages are far beneath the rates for machinists paid in most industries.

Besides the many thousands of employees of the tuna canneries, ship chandlers, oil depots, and provisioners in San Diego, there are approximately 900 shipyard workers, of which 420 are marine machinists, marine pipefitters, marine welders, and helpers, who are members of this union and depend upon the uninterrupted operations of the tuna clipper fleet to provide them with a livelihood. The tuna industry is the only major industry in San Diego, Calif., that is not directly affected by national defense, as are the aircraft industries and naval establishments.

Other members of the International Association of Machinists who are employed in the boatyards of the Pacific coast, the marine machinery industry and the light aircraft industry are also affected by the tuna import situation and join with their fellow workers in urging this honorable committee to enact legislation that will bring relief to the American tuna industry.

The modern tuna clippers are very complex vessels and have more different kinds of machinery than most large freighters and passenger liners; such as, up to 1,800 horsepower Diesel reversible main engines, 200 horsepower Diesel electric generators of which each vessel has two; fresh water evaporators; refrigeration compressors, capable of keeping 500 tons of fish at zero degrees Fahrenheit; large 12-inch centrifugal pumps to keep the bait fish alive; many smaller electric pumps for circulating, cooling bilge and fire work; automatic pilots; mechanical steering; radar; long-range, two-way radio; electronic sounding machines, and many other electronic devices. So it follows that the deck and engineering officers on these vessels must be skilled in several lines in order to operate and maintain these vessels.

Most of these vessels are in excess of 200 gross tons and come under the Officers Competency Certificates Convention, 1936, and the officers are certified or licensed under United States Code, title 46, section 224, such licenses being issued by the United States Coast Guard. Many of the officers on the vessels under 200 gross tons also hold these certificates. Of the 425 engineers who are members of this union, 370 hold this license and I estimate that there is a like number of licensed deck officers.

The Department of Labor recognizes the importance of these licensed officers and has placed them on the critical manpower list at the request of the Defense Fisheries Administration.

Thus, the tuna clippers stand as a reserve auxiliary fleet ready to answer the call to colors, just as they did in World War II when the Armed Forces commissioned the vessels and crews for interisland service in the South Pacific to haul perishable provisions from the supply ships and depots to the front lines and the fighting ships.

Another facet of the tuna fleet in relation to national preparedness is the great need in wartime for protein food, as a coastal attack from any foreign power would eliminate imports as a source of protein food. History shows that in recent wars lack of adequate food supplies contributed to defeat more often than lack of manpower.

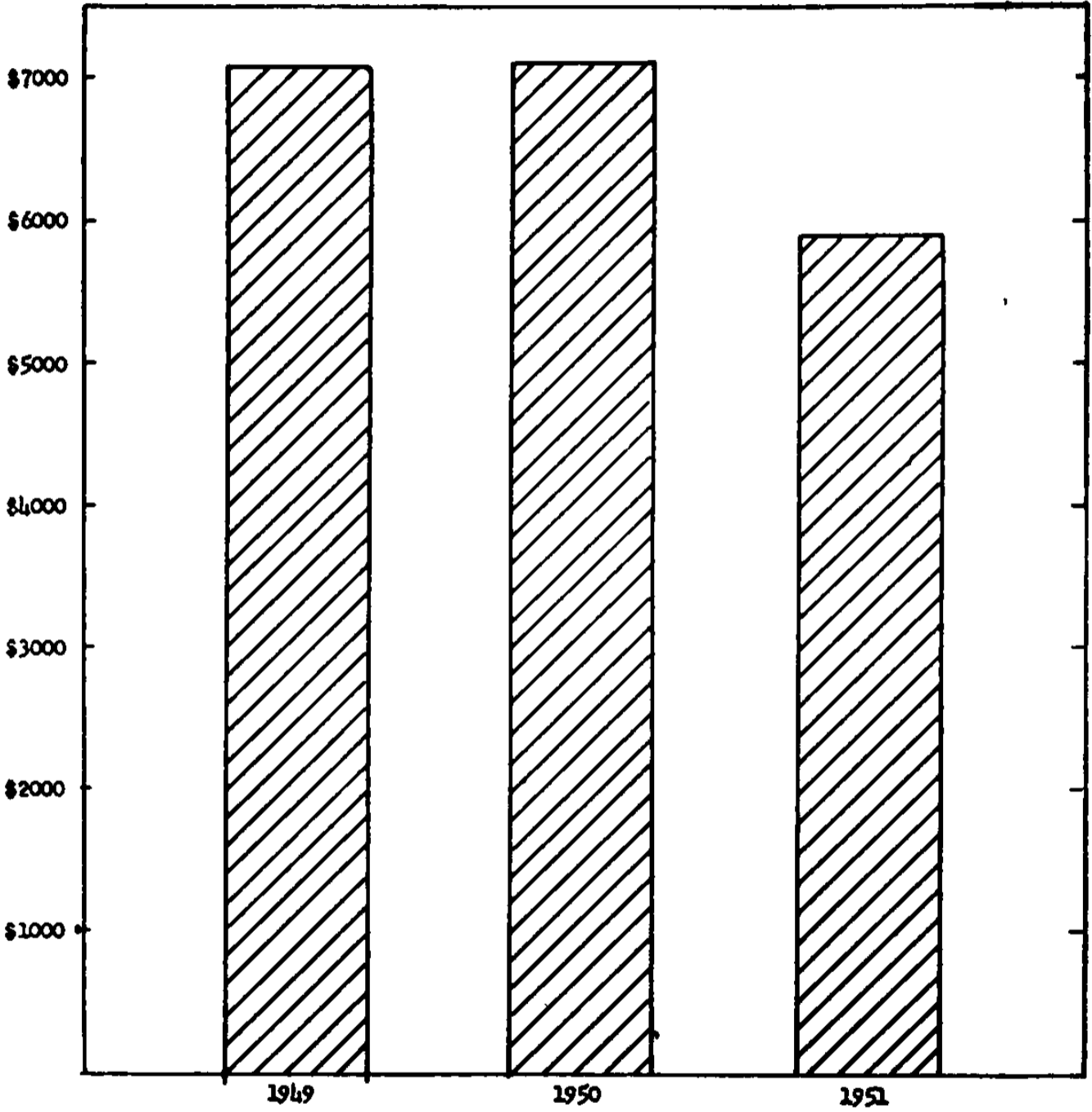
Forty-four percent of the engineers in our union are veterans of World War II and it is difficult to find words to explain to them the Government's foreign policy as it relates to the necessity of keeping the Japanese economy stable with American dollars as a bulwark against communism while American fishermen and their ships are idle due to imports from Japan.

In February 1949, in a statement before the House Subcommittee on Fisheries, Harvey W. Brown, retired president of the International Association of Machinists, joined with the rest of labor in warning the Government of the impact that the continued rise in imports would have on the domestic fishing industry. That situation is now upon us.

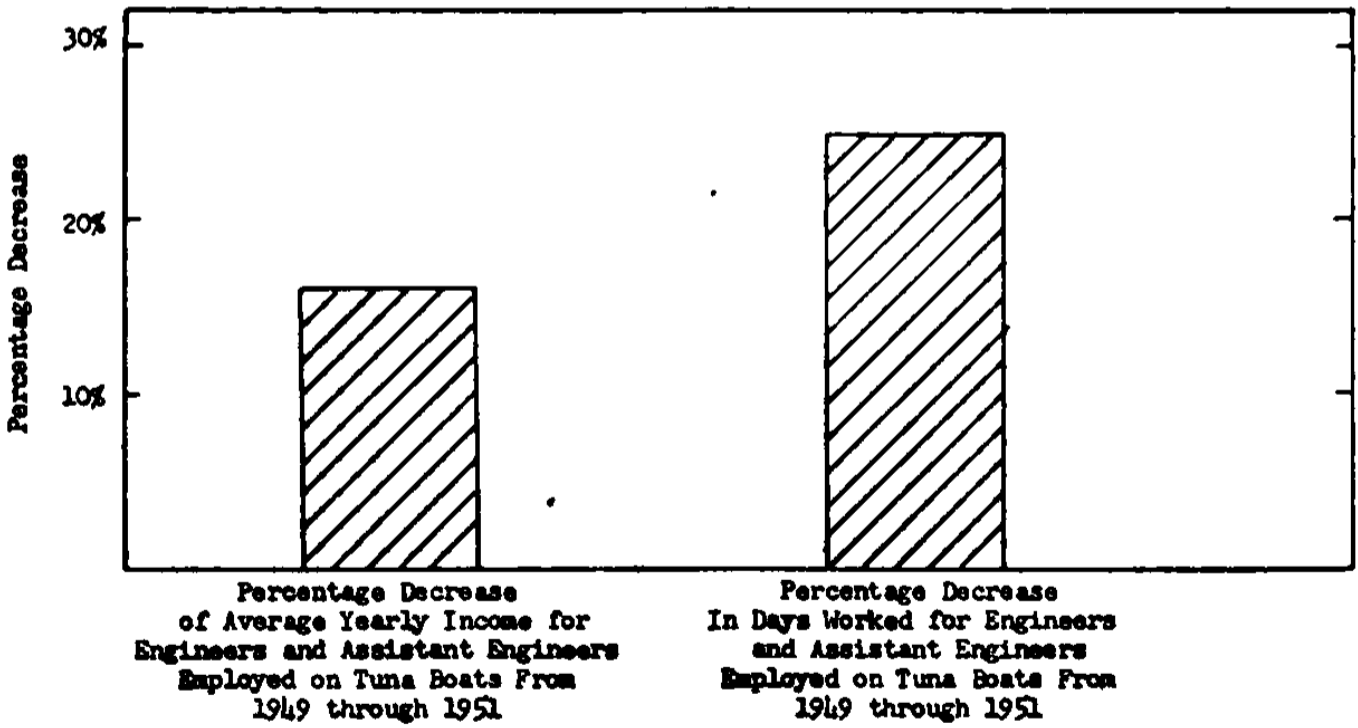
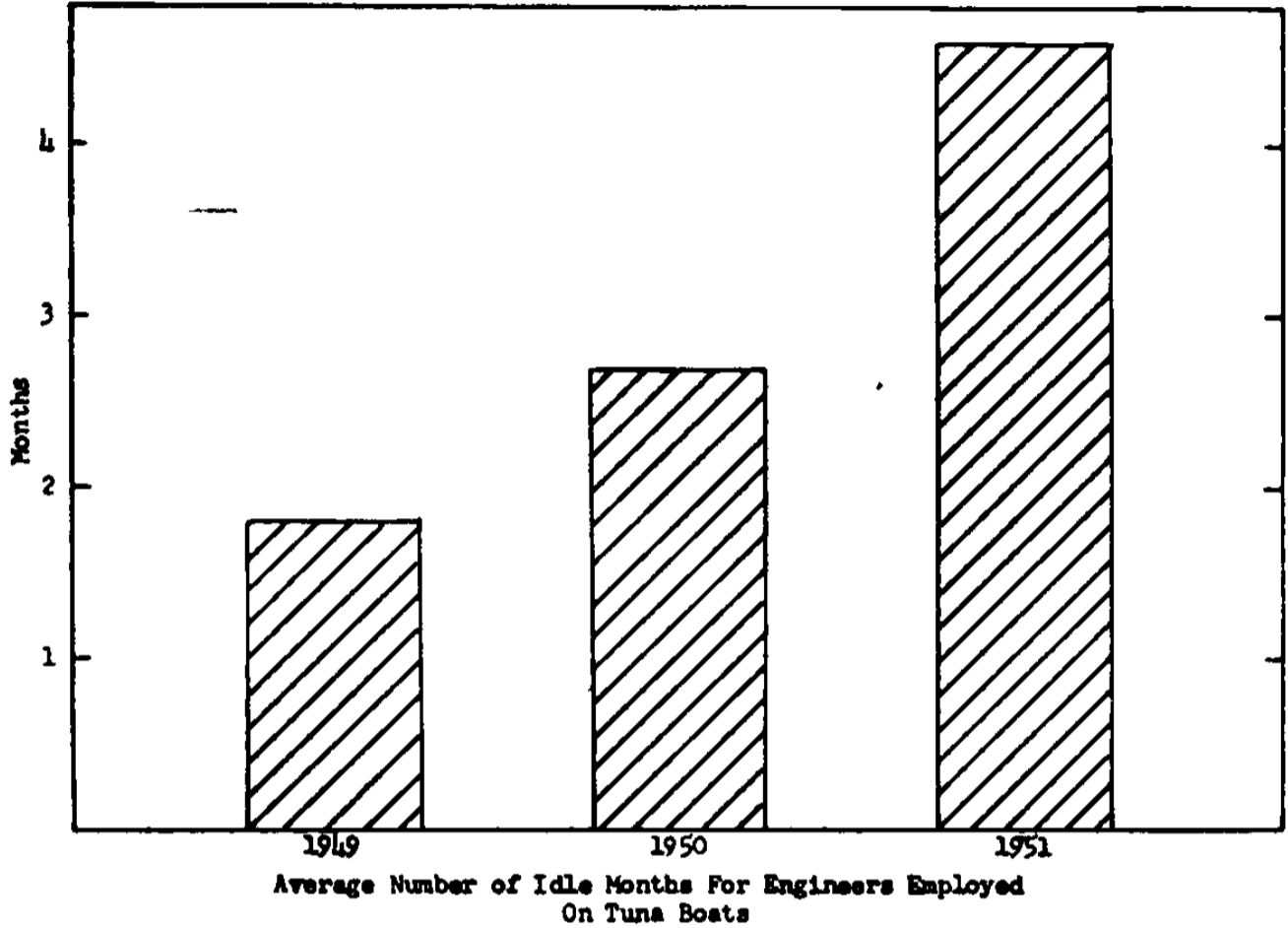
However, the position of the International Association of Machinists is in support of the administration foreign policy so long as the commodities imported compete fairly on the domestic market and do not strangle American industry.

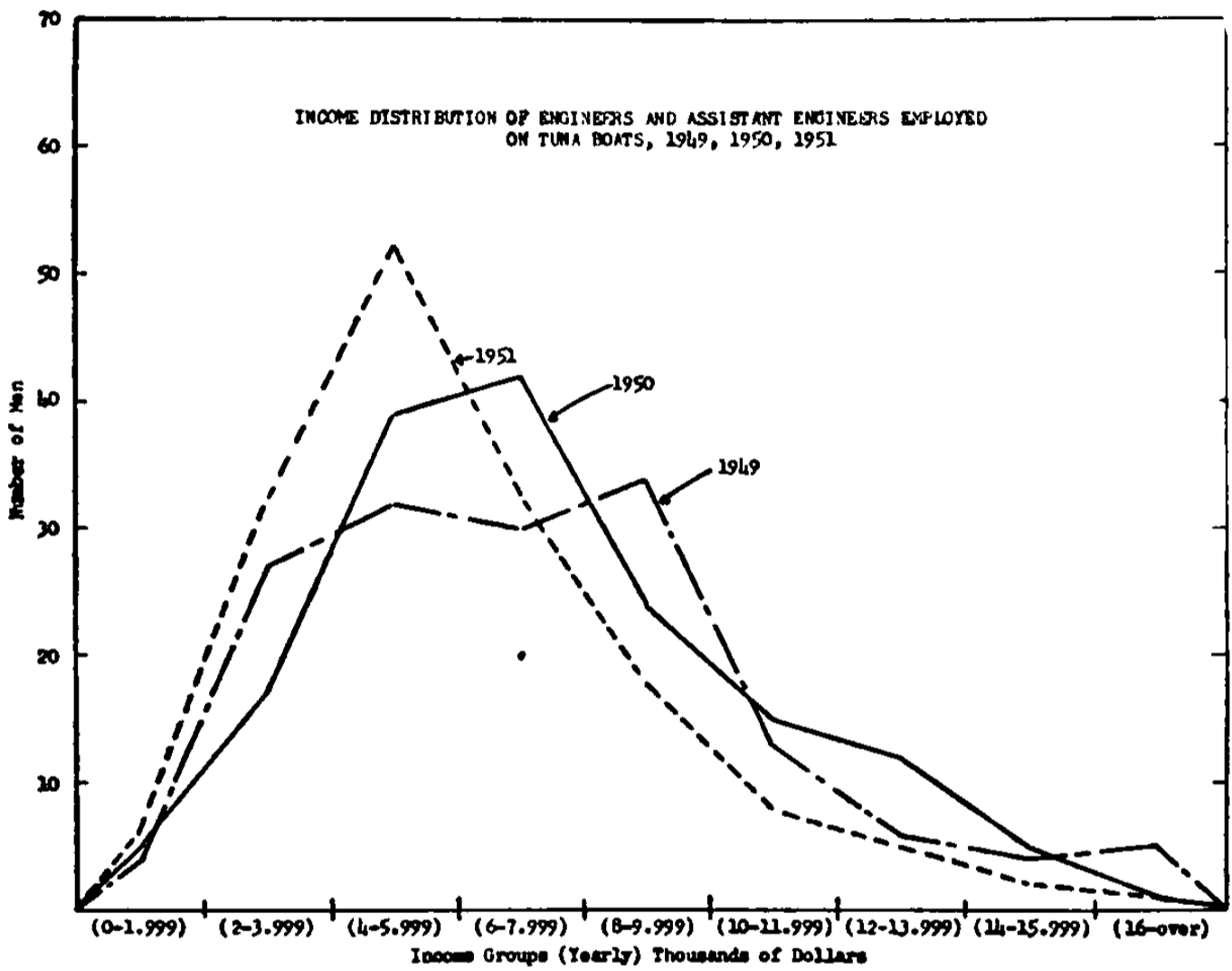
In consideration of the foregoing statement and the facts and figures submitted during this hearing, I join with the rest of labor and the management of the American tuna industry in requesting this honorable committee to report favorably on H. R. 5693 and work for its enactment to help insure continued prosperity and growth of the vital American tuna industry.

AVERAGE ANNUAL INCOME FOR ENGINEERS AND ASSISTANT ENGINEERS EMPLOYED ON TUNA BOATS



TUNA IMPORTS





(The following letter was subsequently received for the record:)

TUNA CLIPPER ENGINEERS, LODGE No. 389-E,
INTERNATIONAL ASSOCIATION OF MACHINISTS,
San Diego, Calif., February 12, 1952.

HON. WALTER F. GEORGE, *Chairman,*
HON. EUGENE D. MILLIKIN, *Minority Leader,*
Senate Finance Committee, Senate Office Building,
Washington 1, D. C.

MY DEAR SENATORS: Many thanks for the opportunity of appearing before your committee on H. R. 5693, and I would like to compliment you on the manner in which the hearings were held and the extensive questioning that brought out the facts that are so necessary for fair legislation.

There were several facets of the problems relating to H. R. 5693 that I had failed to consider before. Number one was the source of raw material for those canners on the eastern seaboard, and questions were raised as to whether the San Diego fleet could or would deliver fish to these packers. This particular problem has several solutions:

(a) Eastern packers might negotiate with vessels that normally deliver to southern California canneries on a contractual basis, but it would have to be of a term long enough to insure a profitable continuing market not subject to termination due to vegetable or fruit canning seasons.

(b) There are several large long-range tuna clippers for sale in the San Diego, San Pedro area that these Eastern packers might purchase or finance for experienced fishermen that could be a start of a tuna clipper fleet on the Atlantic coast.

(c) There are shipyards on the Pacific and Gulf coasts that will build tuna clippers, using all the latest machinery and techniques that have been developed and financed by these fishermen on the west coast.

It would seem to me that these eastern packers, if they are in earnest when they want to compete fairly on the domestic market, and as they claim, are closer to the domestic fishing banks than the San Diego, San Pedro canners, would not object to encouraging and financing the fishermen who supply their raw fish just as the southern California canners have done since the start of the American tuna industry, rather than seek an advantage of low-priced frozen tuna that is produced by workers whose wages and living standards enable them to undercut the American fisherman whose wages and living standards are predicated on the American way of life.

It would seem to me that if H. R. 5693 was enacted, it would put the American fisherman and boat owners in a fair competitive position with the Japanese and Peruvian fishermen, and the domestic processors would depend upon these American fishermen for their prime source of raw tuna, using the imported as a supplementary source.

On the other hand, if H. R. 5693 is not enacted it would have the reverse effect such as happened during the year 1951, when the domestic processors ordered Japanese tuna by the shipload, and when the American fisherman attempted to sell his catch the American processors reduced the price to levels at which the vast majority of American fishermen could not operate, or refused to buy the fish at all, due to their heavy stock of imported tuna.

I trust that these thoughts may be of some help to you in reaching a decision on H. R. 5693.

I wish to again thank you and your colleagues for the consideration shown me during my stay in Washington, D. C., and with kindest regards and best wishes I am

Sincerely yours,

GEORGE R. BAKER,
Business Representative.

STATEMENT OF JAMES WAUGH BEFORE THE SENATE COMMITTEE ON FINANCE
WITH RESPECT TO H. R. 5693

The Cannery Workers Union of the Pacific joins with all management, labor, and boat owner groups in the tuna fish canning and fishing industry in support of H. R. 5693.

My name is James Waugh, and I appear in support of this legislation in my official capacity as president of the Cannery Workers Union of the Pacific, affiliated with the Seafarers' International Union and with the American Federation of Labor. My remarks represent the expressed position of our union representing

several thousand fish cannery workers in the San Pedro Harbor district of southern California.

As passed by the House of Representatives during the first session of this Eighty-second Congress, the Camp bill, H. R. 5693, would impose a temporary 3-cents-per-pound tariff on fresh and frozen tuna to remain in effect until Congress can have the benefit of a report from the United States Tariff Commission. At the present time, fresh and frozen tuna are imported entirely free from duty. The sharply increased importations of tuna fish from foreign sources and the threat of even greater imports confront the American Industry—canners, cannery workers, boat owners, fishermen and the owners and employees of allied business—with economic destruction unless relief is forthcoming from the Federal Government.

The United States tuna fishing and canning industry employs between 25,000 and 35,000 workers, many of whom reside in southern California. These working people—fish cannery employees, fishermen, and other related workers—make up the integrated labor force of a vital and useful American industry. The fish cannery workers cannot expect to maintain themselves and their families in keeping with the American standard of living unless there is a stable supply of fish from the tuna fleet available for canning purposes. The fishermen, who receive their wages in the form of a share of the catch which is marketed to the canneries, cannot earn a decent living unless the canneries are able to pack and market canned tuna under profitable conditions. The many workers engaged in businesses which supply materials and services to the tuna fleet and the fish canneries are similarly dependent upon the prosperity of the integrated United States tuna canning and fishing industry as a whole.

At present, a large number of tuna boats are idle on the west coast and many fish canneries are either shut down or operating on a curtailed basis. This recession in our industry is solely due to the fact that in a few short years foreign imports of tuna and tunalike fish have skyrocketed until more than one-third of the tuna market in the United States has been cornered by Japanese and other foreign sources.

There is little or no consumer demand in the United States for fresh or frozen tuna fish. Historically, during the past several decades, there has been an ever-expanding domestic consumer demand for canned tuna, customarily packed in oil. The unfair advantage enjoyed by Japanese sources of canned tuna produced with cheap foreign labor receiving near-starvation wages was originally met by Congress in 1934, when, upon recommendation of the United States Tariff Commission, it raised the ad valorem tariff on canned tuna in oil from 30 percent to 45 percent. American workers were thus relieved in large measure from the cutthroat competition of this cheap Japanese labor, and foreign producers of canned tuna were required to compete in the United States domestic market on a more equitable basis.

Improvements in refrigeration methods aboard ship during the last 15 years have been seized upon by the Japanese and other foreign tuna industries. The transportation of frozen fish to this country has been widely used as a means of circumventing the 45 percent tariff on canned tuna in oil, which was restored by the abrogation of the Mexican trade agreement in January 1951. Imports of frozen tuna caught in Japanese fishing areas have been steadily increasing to the point where the United States tuna fleet stands in danger of being wrecked on the shoals of unfair competition. Once more, the advantages of cheap labor costs are being exploited by the Japanese tuna industry to the disadvantage of American tuna fishermen. The 45 percent protective tariff on canned tuna in oil first imposed in 1934 and restored early in 1951 is ineffective to deal with this frozen tuna problem. Widespread transportation of frozen tuna was not anticipated when the Tariff Commission made its investigation of the tuna fishing and canning industry almost two decades ago.

Several methods of evading the 45-percent ad valorem tariff on canned tuna in oil have been developed by Japanese, Peruvian, and other foreign fishing industries. First of all, there is the importation of duty-free frozen tuna for canning in the United States just referred to. Eventually, this practice alone would lead to the destruction of the United States tuna fleet and make our canneries wholly dependent upon foreign sources of fish. Such a result would put our domestic tuna canneries at the mercy of these foreign sources. They could then manipulate the price and supply of the frozen fish so as to put United States canneries at a competitive disadvantage with Japanese and other fish canneries abroad which also enjoy low labor costs due to inferior living standards of foreign workers.

Other methods of tariff evasion, which are the subject of an application before the Tariff Commission by the California fish canners and others under section 7 of the Trade Agreements Extension Act of 1951, include the importation of canned tuna in brine, and of other tunalike fish, such as bonito and yellowtail, under excessively low duties. (Canned tuna not in oil enters under a 12½-percent tariff rate. Canned tunalike fish in oil under a 15-percent ad valorem tariff.)

It is obvious that equalization of tariffs on all canned tuna and canned tunalike fish will cause foreign producers to turn more and more to the practice of flooding American shores with duty-free frozen tuna, unless this gaping tariff loophole is plugged at once.

As a result of the rapid and staggering increase in foreign tuna imports, thousands of fish cannery workers and fishermen in southern California already face the economic ravages of unemployment and decreased earning power. In a period when the economic stabilization policies under the Defense Production Act recognize the need for upward adjustments in wages paid to all workers to offset rises in the cost of living since 1950, our people are losing work and wages due to direct competition of foreign tuna imports. Eventually our members will be forced to leave the jobs where they work and the communities in which they live unless Congress acts promptly.

During World War II, certain tariff concessions were made by the executive department of the United States Government in trade agreements with countries like Mexico and Iceland which took away the effective protection of the canned tuna tariffs established by Congress in 1934. Only the fact that military and civilian consumer demand for good quality high protein canned tuna was at its peak and the fact that operation of the Japanese tuna fish industry was suspended during the war years prevented serious injury. Otherwise this reduced 22½-percent tariff on canned tuna in oil and 21-percent tariff on canned tunalike fish would have brought economic havoc to our domestic industry. When our Government assisted the Japanese tuna industry to start up again, after VJ-day, and continued to help South American countries, such as Peru and Ecuador in the development of their own fisheries, the present crisis developed with alarming speed because adequate tariff and quota limitations were lacking.

It is obvious that foreign fishing industries will avail themselves of any gap in the United States tariff structure to exploit their competitive advantage gained from relatively cheap labor costs. When the Mexican trade agreement was abrogated in June of 1950, and it was announced that the ad valorem tariff on canned tuna in oil would revert from 22½ percent to 45 percent as of January 1, 1951, a million cases of foreign canned tuna were shipped into the United States in time to beat the deadline. Since January 1, 1951, the importation of frozen tuna from foreign sources has grown by leaps and bounds. Unless H. R. 5693 is passed without delay, the American fleet will be permanently injured and ultimately the domestic canneries will be set up for destruction at the hands of the foreign fishing industries. During the last 2 or 3 years, huge inventories of imported tuna fish have taken a tremendous toll from American workers in loss of earnings, jobs, and work opportunities. Continuation of the present trend unchecked will sooner or later force American fishermen and fish cannery workers to abandon their present occupations by putting our home industry out of business.

Foreign industries can compete fairly in the United States domestic market, but they should not be allowed to compete at the expense of the jobs and living standards of American workers.

In urging passage of H. R. 5693, I am not only defending the economic status of the fish cannery workers and the fishermen, but also the welfare of all American citizens who work for a living and their families. Unless tariff relief is forthcoming, our consuming public, with a 10,000,000 case appetite for canned tuna fish, would have no choice but to purchase foreign canned tuna at a price dictated through the establishment of a practical monopoly by the Japanese and South American producers. Once our domestic fishing industry is wrecked by the importation of duty-free frozen tuna and our domestic canneries are destroyed by diversion of the raw catch of foreign fishing fleets to foreign canneries, the foreign fishing monopoly will be able to blackjack the United States public into paying exorbitant prices or going without this food product altogether. If world conflict should come again, a vital and valuable food commodity could be taken away from the United States by the foreign tuna fish monopoly thus created.

The welfare of all the American people as well as the urgent economic needs of the workers in the tuna canning and fishing industry on the west coast requires immediate passage of H. R. 5693.

Mr. RILEY. Now obviously we are in support of this bill, Mr. Chairman. It is an emergency bill. It will be the relief that the industry and those employed in it need to have very badly.

Senator MILLIKIN awhile ago expressed an interest in some of the working arrangements and the working conditions. If there are any further details on the labor side that can be supplied, we have competent men who live with this thing every day. We can give you any answers you would like to have.

Senator MILLIKIN. Are there any special outstanding features? If so, I think we ought to know about them. I would certainly be glad to hear them.

Mr. BAKER. Mr. Chairman and Senator, the one outstanding feature has already been expressed by Mr. Cary. That is that historically the crew members have not been paid wages.

It is risk labor. They do go down to the sea in these ships. While there is a good chance that they will come back with a good pay day, sometimes they do not, and sometimes they might come back owing the boat owner money.

Senator MILLIKIN. Do you agree with the range of figures Mr. Cary gave us?

Mr. BAKER. Yes; within the general range.

Senator MILLIKIN. Our technician asked me to ask what happens if they bring back a load of fish and can't sell it.

Mr. BAKER. Generally we have the boat owner make a prearranged sale for his fish with the canners, who are the sole market for our fleet.

However, oftentimes here lately, due to the influx of imports, the canners have been flooded, and due to working capital, they say, have been unable to immediately buy the fish, and the fish has had to be held in refrigeration aboard the vessels anywhere from 3 weeks up to 50 days until the canners are able to take the fish and pay the crew off.

Now the crew does not receive any additional money for laying there in port with their load of fish aboard and watching that fish and keeping it refrigerated until the canner can use it.

Senator MILLIKIN. Do they pay their share of the expense of that?

Mr. BAKER. That is true, and neither are they eligible for unemployment compensation.

Senator MILLIKIN. They have to stand by all the time?

Mr. BAKER. Yes, sir; and sometimes we can get part-time employment for them so that they can get the immediate needs of their families taken care of, but it has been a rough situation this last, about 8 months on that particular system.

Senator MILLIKIN. When that does happen, I imagine if the usual laws of economics prevail, that situation drives the price of fish down.

Mr. BAKER. Not necessarily so, because the boat owners are fishing under contract to the canners for a predetermined price of fish. They arrange that between the boat owners and the canners. The laborers or crew members have no part of that due to the antitrust laws of these United States.

The CHAIRMAN. Have conditions improved, shown any improvement in recent weeks in the fishing industry on the west coast?

Mr. BAKER. Well, sir, we have been here in Washington for the past 2 or 3 weeks. Indications were that they might. There have been a few sailings, but what the over-all picture, the clear picture is, I could not give it to you exactly as of today.

MR. BALINGER. Mr. Chairman, the committee might be interested in this: There has been a definite decline in the earnings of these fishermen over the past 3 years when these imports were most noticeable, and that decline in the earnings of the fishermen—and I am speaking now specifically of the share fishermen that were referred to previously in previous testimony, which comprises from 9 to 16 or 17 men on these boats—has been approximately 23 percent.

This in face of facts that there have been steady increases granted to practically every other industry all over the United States on a cost-of-living basis. We have suffered a 23-percent decline.

Of further interest, we took a recent poll of the fleet by questionnaire. We find that normally speaking, we have very young people in this industry. It is not an old man's game by a long ways. It is strictly a young man's business.

It is a very hard, difficult task, and 51 percent of these boys are veterans who have served their country and fought for the cause of this form of government, and it is particularly hard to explain to those boys.

When they see this foreign fish being unloaded and them sitting on the beach not working, it is particularly difficult to explain to them why they do not deserve some of the protection that they fought so gallantly to give this Government. We feel that these boys are a deserving lot. We sincerely hope that you people will give us some good action on this bill.

THE CHAIRMAN. All right, Mr. Baker, do you have something else to say?

MR. RILEY. That concludes my statement, Mr. Chairman and Senator Millikin.

MR. BAKER. Now, Mr. Chairman and Senator. I believe that your time is valuable. We would be glad to answer any questions that might arise that we can. I think as far as a statement goes, you have our written statements.

THE CHAIRMAN. Those written statements have been placed in the record. The committee will have a full opportunity to read and study them.

MR. BAKER. If there are no more questions, I believe we would be just taking up your valuable time, sir.

SENATOR MILLIKIN. You gentlemen, as far as you have heard the testimony here or as far as it has been discussed in advance, are you gentlemen roughly in approval of the representation, generally speaking, that has been made to us here?

MR. RILEY. We are in accord.

MR. BAKER. That is right.

MR. BALINGER. We are in accord with this bill. We want the adoption of this bill.

MR. RILEY. We want the bill.

SENATOR MILLIKIN. Did you hear Mr. Cary's testimony?

MR. RILEY. Yes, sir; in full.

SENATOR MILLIKIN. In the main, are you in agreement with what he presented?

MR. RILEY. Yes, indeed, a very true portrayal.

THE CHAIRMAN. Thank you, gentlemen, for your appearance.

MR. STRACKBEIN, will you have a seat, please.

STATEMENT OF O. R. STRACKBEIN, CHAIRMAN, NATIONAL LABOR-MANAGEMENT COUNCIL OF FOREIGN TRADE POLICY, WASHINGTON, D. C.

Mr. STRACKBEIN. Thank you. My name is O. R. Strackbein.

The CHAIRMAN. You are appearing here as the chairman of the National Labor-Management Council on Foreign Trade Policy?

Mr. STRACKBEIN. That is correct.

The CHAIRMAN. All right, we will be very glad to hear you.

Mr. STRACKBEIN. I have no written statement, Mr. Chairman, and in view of the testimony already given here, which I think has been quite complete, I will confine myself simply to an endorsement of the bill as it is before the Finance Committee at this time.

I have been in touch with this bill since its inception before the House Ways and Means Committee, and have engaged in numerous conferences in shaping up the information, and so forth, and believe that this bill would serve a very good and necessary purpose.

The bill, if passed, would give time to study this whole question of a tuna tariff. That tariff at the present time ranges all the way from zero on the fresh and frozen product up to 45 percent on tuna in oil. In between there, there are 12½ percent and 15 percent on various products.

Actually all these products are competitive in this market, and if this bill is passed, a study can be made to try to get a uniform and equitable rate throughout for all tuna products.

Senator MILLIKIN. If this bill should be passed, would not the Tariff Commission necessarily take into account whatever the effect of this bill may be on the matters which it has before it?

Mr. STRACKBEIN. Oh, yes.

Senator MILLIKIN. It certainly should.

Mr. STRACKBEIN. This bill would put before the Tariff Commission the study of this particular item along with the studies of the other item that they are now making.

Senator MILLIKIN. Yes. Mr. Strackbein, first of all, I want to say that I regard you as one of the best students on these trade matters in the United States.

Mr. STRACKBEIN. Thank you, Senator.

Senator MILLIKIN. I would be very glad to have your opinion as to whether you think this 3 cents is an exclusionary figure or whether it will allow some imports.

Mr. STRACKBEIN. Senator Millikin, if I regarded it as an exclusionary figure or if I regarded it as an embargo in any sense, I would not support it nor would my organization.

We have a set of principles which declares that as high a volume of trade as is possible without injuring, seriously injuring or destroying American industry, is what we favor.

Senator MILLIKIN. And you think this 3-cent duty would meet those specifications?

Mr. STRACKBEIN. So far as I have been able to determine, that is the case. The 3-cent duty would give a measure of protection which would still permit imports, but nobody really knows the exact figure that would serve this purpose on a permanent basis, and it is for that reason that this study is suggested in the bill.

Senator MILLIKIN. Do you think the 3-cent experience for the expiration of the bill—if there is anything wrong with it, of course, time will show that up, and it might afford a sort of measuring stick to go from there on, is that correct?

Mr. STRACKBEIN. Exactly.

Senator MILLIKIN. You do not think that any serious injury would be done to anyone if the 3 cents were adopted for the remaining period of time?

Mr. STRACKBEIN. No, I don't believe so, Senator Millikin.

Senator MILLIKIN. If experience showed that the 3 cents is, let us say, grossly out of line, that it would establish a lot of vested interests in the meantime that would be difficult to disturb, if that proved to be the fact—

Mr. STRACKBEIN. If that proved to be the fact, but the final date of this bill is, I believe, March 31, 1953.

Senator MILLIKIN. That is right.

Mr. STRACKBEIN. And that is only 14 months away. I would make this suggestion: that that end date be made the final date, but if a conclusion can be reached before that time as to what the tariff rates should be, they should not have to wait until the expiration of the total period before the new system might be put into effect.

Senator MILLIKIN. It has been suggested, and I think it is correct, that, of course, if anything real bad happens under this 3-cent rate, Congress, could change it.

Mr. STRACKBEIN. Yes; I am sure they could.

Senator MILLIKIN. We would show the same solicitude then as we are now in trying to get a fair rate.

Mr. STRACKBEIN. Well, if anything in the nature of an embargo should develop, which I don't believe it will, I, for one, would suggest a loosening of that rate, a proper adjustment of the rate, because it is not our intention to put forth a proposal here which will upset the international relations.

We are aware of the great importance of these relationships, not only with Japan but with the South American countries, and certainly I believe that you can feel that this industry is composed of responsible people, and the people on the west coast particularly more aware of our relationships with Japan than the people in the rest of the country, and I do not believe that they have any intention of upsetting our relations with Japan.

The CHAIRMAN. Thank you very much, Mr. Strackbein.

Mr. STRACKBEIN. Thank you.

The CHAIRMAN. Mr. John Real. Mr. Real, will you please identify yourself for the record?

STATEMENT OF JOHN REAL, MANAGER, FISHERMEN'S COOPERATIVE ASSOCIATION, SAN PEDRO, CALIF.

Mr. REAL. My name is John Real, and I am the manager and attorney for the Fishermen's Cooperative Association of San Pedro, Calif. However, my appearance at this moment is not in that capacity.

It has been requested by some of the proponents of the measure presently before you gentlemen that I assist in coordinating the testimony of the west-coast witnesses, with the idea in mind of telling our story in a minimum amount of time without needless repetition.

There are many people here from the west coast, each representing some phase of the tuna industry. In fact, the representation is so large and so varied that we feel that we have the people here capable of answering any questions regarding any phase of this problem as it affects the taking of fish, the buying of it, the processing of it, and the ultimate marketing of it.

We also have with us men adequately qualified as scientists to answer questions regarding the tuna itself, its location, habits, abundance, and availability. Now all of these people felt the seriousness of the tuna import problem and each has a particular story to tell. We fully recognize, however, that in the telling of our complete story we must limit ourselves to the confines of the necessarily limited time of this committee.

We, therefore, have concluded that a substantial portion of our story must be placed in the record in written form, so, with the permission of the committee, therefore, we would like to introduce the following statements for the record.

Probably in the interest of expediency, Mr. Chairman, if you will permit me to recite the authors of the statements and then at the end if you see fit to have them introduced, you will permit that to be done.

The CHAIRMAN. We will be glad to have them introduced.

Mr. REAL. The first is a statement of Mr. Charles L. White, an albacore fisherman, president of the San Diego Commercial Fishing Boat Owners, Inc., and of the Southern California Fishing Boat Owners Cooperative.

Next is a statement of Mr. Mason Case, chairman representative of the Pacific Coast Fish Producers Institute. He is also representing his firm, Mason Case & Co., who are fish buyers.

Mr. White's and Mr. Case's statements concern themselves with the history of the albacore fishery, the effect of imports on this fishery, and in Mr. Case's statement you will find an affirmative answer to a question which we believe will be asked in these proceedings, namely, Can the domestic albacore fishermen assure the Northwest canners of a steady supply of albacore? In connection with this last proposition, we also wish to file the statement of Dr. Richard Van Cleve, director of the School of Fisheries of the University of Washington.

Dr. Van Cleve's statement also gives the results of a survey he conducted regarding the size, value, productivity, and earnings of the albacore fleet.

Next is a statement of Mr. Fred Wolleson, a fisherman who is the president of the Offshore Fishing Vessel Owners' Association of Astoria, Oreg. He is also the coordinator for the Pacific Coast Fish Producers Institute for the State of Oregon. His statement relates from personal experience what unrestricted imports did to him.

The next is a statement of my own, John J. Real, as a representative of the Fishermen's Cooperative Association, wherein I relate the effect of imports on the purse seine fishing fleet which operates out of San Pedro, Calif., and in support of that statement I have the statement of the officers of two of the unions representing the crews on the vessels the owners of which are members of the organization that I represent.

The first is a statement of John Calise, who is the secretary-treasurer of the Seine and Line Fishermen's Union, A. F. of L., affiliated with Seafarers' International Union A. F. of L.

The other is a statement of Mr. Anthony D. Sokolich, secretary of the Fishermen's Union, Local 3-33, affiliated with the ILWU. You

have heard from other witnesses of labor. These are the two labor witnesses that have come here from San Pedro, Calif. They represent the crew members aboard the purse seine fleet.

The next is the statement of Mr. John F. Janssen. Mr. Janssen is assistant chief of the Bureau of Marine Fisheries, the State of California, Department of Fish and Game. His statement treats of the concern of the State of California on the effect on other California fisheries of tuna imports.

Expressing similar fears for the fisheries of the State of Washington, the statement of Robert J. Schoettler, director of the Washington State Department of Fisheries.

The next is a statement by Mr. Harold E. Lokken, manager of the Fishing Vessel Owners Association of Seattle, Wash. His statement concerns itself with the effect of unrestricted tuna imports on the welfare of the Northwest halibut fishermen.

To a similar effect is a statement of Mr. Robert B. Barrett, who is general manager of the Halibut Producers Cooperative of Seattle, Wash., again relating the effect of imports on the membership which he represents in the halibut fishery, that is, the effect of tuna imports on the halibut fishery.

The next is a statement of Mr. Bert G. Johnston, who is the secretary of the Fishermen's Cooperative Association of Seattle, Wash.

Senator MILLIKIN. May I interrupt? Is there a quite definite relationship between what happens in tuna and what happens as to halibut?

Mr. REAL. Yes, sir.

Senator MILLIKIN. Is that the end point of your paper?

Mr. REAL. Yes, sir. In the main it happens in this manner, Senator. First of all, most smaller boats are in a combined fishery, that is, they must fish for tuna part of the year and for another species of fish in another part of the year. This happens particularly to the purse seine fleet in San Pedro. This income from one fishery is insufficient to give them an equitable annual earning.

And second and probably most important, and it is what the scientists from Washington and California have said, the fears they have expressed being these: The boats which are fishing tuna during certain parts of the year may be forced into other fisheries which are presently considered overcrowded, and that is the point, the main point, of some of the statements that I have just referred to.

The next is a similar statement as to the effect on a different type of fishery, namely, the Northwest salmon fishery, and that statement is by Mr. Bert G. Johnston, secretary of the Fishermen's Cooperative Association, Seattle, Wash.

The next three statements are from Mr. George E. Campbell, representative of the San Diego Chamber of Commerce and member of the firm of Campbell Machine Co. of San Diego, a shipbuilding concern, the statement of Shreve & Hays, San Diego customhouse brokers, and the statement of Lawrence Holzman, executive secretary and manager of the San Diego Wholesale Credit Men's Association.

Statements of these men describe the effect of unrestricted tuna imports and the consequent lay-up of the San Diego fleet on the shore side, businesses dependent upon that fleet and on the credit of the owners of the various fishing vessels affected.

Now, almost all the men for whom statements have been filed are present here today. They, along with many others present who have not filed statements, stand ready to answer questions on that phase of the problem which is within the knowledge or experience of each.

We are confident that the committee will recognize that this manner of presentation is followed out of respect for the committee's time. We are also confident that the importance of our case will not be measured by its brevity in this respect.

I do want to at this point call attention to one thing. When Mr. Cary testified he made reference to a pamphlet and to certain other communications sent out by the Tuna Cannery Association. We want to make it clear in the record that that association has no connection with the California Fish Cannery Association, for whom Mr. Montgomery Phister testified for earlier in this hearing.

The Tuna Cannery Association, which is made up of opponents to this bill, is organized from people in canneries outside of southern California. I do not know of any southern California cannery that belongs to that organization.

I might mention that 90 percent of the California tuna canning industry is in southern California, and 70 percent of the total United States industry is in southern California.

Gentlemen, we have with us, as I said, many people. We have some fishermen here, boat owners, owners of the large type bait boats, owners of the one-man boat.

The next witness which will succeed me will be one of those. We have these people here, but the interest of time, we have kept them off the stand.

However, if you manifest any interest in the actual fishing operation of any of these boats, we can give it to you. We also have men who have fished aboard purse seine fishing vessels. In addition to that, if the committee should have the time and the desire, upon call to us, we will be very glad to furnish the committee with a movie which we have here in Washington, a short movie, which would show the committee the actual tuna fishing operation conducted by the bait boats.

We do not want to present it to you, but in the event an interest is manifested in it, however, we have it available for you. Thank you, gentlemen.

The CHAIRMAN. Thank you very much. All of the several statements that you have offered for the record will go in the record in the order in which you have presented them.

(The statements above referred to are as follows:)

STATEMENT OF CHARLES L. WHITE BEFORE THE SENATE COMMITTEE ON FINANCE
WITH RESPECT TO H. R. 5693

My name is Charles L. White. I am president of the San Diego Commercial Fishing Boat Owners, Inc., and am appearing here on behalf of that organization and the Southern California Fishing Boat Owners Co-operative, representing management.

The membership of the San Diego Commercial Fishing Boat Owners, Inc., and the Southern California Fishing Boat Owners Co-operative is comprised of boat owners who fish the coast of Baja California, Mexico, and the offshore waters of California, Oregon, and Washington.

Boats in this fleet do not have the range or capacity to fish economically in excess of 500 miles from an American port. This fleet follows the annual runs of

albacore tuna and stays at sea until loaded or supplies of food and fuel oil are exhausted. These trips extend from 10 to 45 days in length.

HISTORY OF SOUTHERN CALIFORNIA ALBACORE FISHERY

From 1917 to 1926 the albacore tuna was the only tuna delivered and canned to any considerable degree in southern California, the area most advantageously located for tuna fishing and canning. In 1926 the albacore became locally scarce in the usual fishing grounds due to warm ocean currents cyclically approaching the shore, and the small, poorly equipped boats available at that time did not allow the fishermen to follow the schools of fish. Also, their attention was attracted to other species, namely, yellowfin tuna and skipjack tuna. These varieties appeared in great numbers at the time of albacore disappearance. The warmer ocean currents brought yellowfin and skipjack tuna and caused the albacore tuna to move farther up the coast where water temperatures were to their liking. The fishermen of that day were unable to follow the albacore or to even locate them because they did not have the range, or a place in the central California area to sell and deliver the fish. Today this has changed—the boats are modern and seaworthy, with refrigerated holds, two-way radios, fathometers, direction finders, and expensive Diesel engines.

OPERATION OF THE FLEET

In recent years the albacore tuna have appeared off of Baja California, Mexico, during the last 2 weeks of June. As the season progresses the fish move up the Pacific coast until in November the boats may be fishing off of northern California, Oregon, or Washington.

Two fishing methods are used, namely, trolling and bait fishing with bamboo pole in the traditional tuna bait fishing manner.

Vessels in this fishery range in size from 25 feet in length to 60 feet, and during some years even the largest tuna clippers participate. The small boats have one or two men in the crew and fish by troll methods. Boats from 40 feet up may have from two to five or more in the crew. Wage settlements are made on a share basis.

Since 1948 many halibut, salmon, and shark boats have been forced by economic reasons to enter the southern California albacore tuna fishery. This together with the expansion and modernization of the southern California fleet brought domestic production in 1950 to over 30,000 tons. Refusal of the canners to buy, and depressed prices in 1951, precluded another record year.

Today's modern fleet reached peak efficiency in 1950, and stands ready to exceed past production. Equipped with refrigerated holds, two-way radios, fathometers, direction finders, and expensive Diesel engines, today's albacore tuna fleet can supply each year approximately 30,000 tons of albacore tuna. In the face of continued imports from Japan in the quantity reached in 1951, the albacore tuna fleet has lost one-half or more of its market, and the one-half left to Americans enters the canneries at a depressed price. This situation if allowed to continue means ruination for the American Pacific coast fishery.

The loss of the albacore fishery will increase the fishing intensity in the salmon, crab, halibut, and other fisheries now overcrowded. In short, the fate of the whole investment in short range fishing boats rests on a profitable albacore fishery. These boats together with shore facilities for servicing the fleet are a sizable part of the economy of every Pacific coast port.

The approximate number and estimated replacement value of albacore boats based at San Diego and San Pedro, Calif., and engaged primarily in albacore tuna fishing is as follows:

| | \$8,000 class | \$10,000 class | \$20,000 class | \$50,000 class |
|--|---------------|----------------|----------------|----------------|
| San Diego: | | | | |
| Number of boats | 200 | 150 | 125 | 50 |
| Replacement value..... | \$1,600,000 | \$1,500,000 | \$2,500,000 | \$2,500,000 |
| San Pedro: | | | | |
| Number of boats..... | 200 | 100 | 125 | 20 |
| Replacement value | \$1,600,000 | \$1,000,000 | \$2,500,000 | \$1,000,000 |
| Total number of boats..... | | | | 970 |
| Total replacement value | | | | \$14,200,000 |
| Percent dependent on albacore tuna..... | | | | 75 |

Attached hereto are three exhibits: Exhibit A, picture and information on typical small troll boat used in southern California; exhibit B, picture and information on typical best type of albacore tuna bait and troll boat; exhibit C, picture and information on typical best type of albacore tuna bait boat.

CONCLUSION

Present situation: The importation of tariff-free fresh and frozen albacore tuna in the present quantities will force the American fisherman out of business. This is assured by the following set of circumstances:

1. The American canners are forced to enter the Japanese market for raw material in order to stay on a competitive basis with other processors. In other words, if only one or two bid in the Japanese market the price in Japan would drop below prices paid in United States and allow imported fish to undersell the American product. Those processors that stayed out of the Japanese market would be at a disadvantage.

2. The Japanese production in the winter fishery for albacore is contracted for ahead of the American season: the American fisherman gets only the share of the market left to him after imports. In 1951 the American albacore fisherman lost 50 percent of his season because of imports.

3. The American processor controls the domestic production by price drops and cessation of buying. He does not have this lever over the Japanese fishery.

4. The low standard of living and low wages paid to Japanese fishermen and not their efficiency place the American fisherman in an impossible competitive position.

5. The technical improvements in refrigeration in the last 10 years make it possible to ship frozen tuna around the world. This is now a common practice.

6. The claim is made by certain Northwest canners that they need a year-around supply of albacore tuna. They are located far from the geographical center of tuna production, and are and were originally salmon canners. In 1951, shipments of American albacore were refused even at a price of \$50 per ton less than the imported fish cost. This happened at the height of the American fishing season in 1951—and resulted in heavy losses to American fishermen.

Who oppose tariff protection for American fishermen?

1. Certain misplaced salmon, sardine, clam, and vegetable canneries, recently activated for canning tuna, hope to cash in at the expense of the long-time established industry. They overlook the fact that if the American fisherman goes out of business they will then be at the mercy of the foreign producer who will set his own price, or better yet, can it himself.

2. Firms dealing in imports that have no investment at stake, and are interested only in short-term profits.

3. People who believe in the theory of free trade.

Reasons H. R. 5693 should be enacted—

1. The boat owners suffered heavy losses in 1951 due to imports.

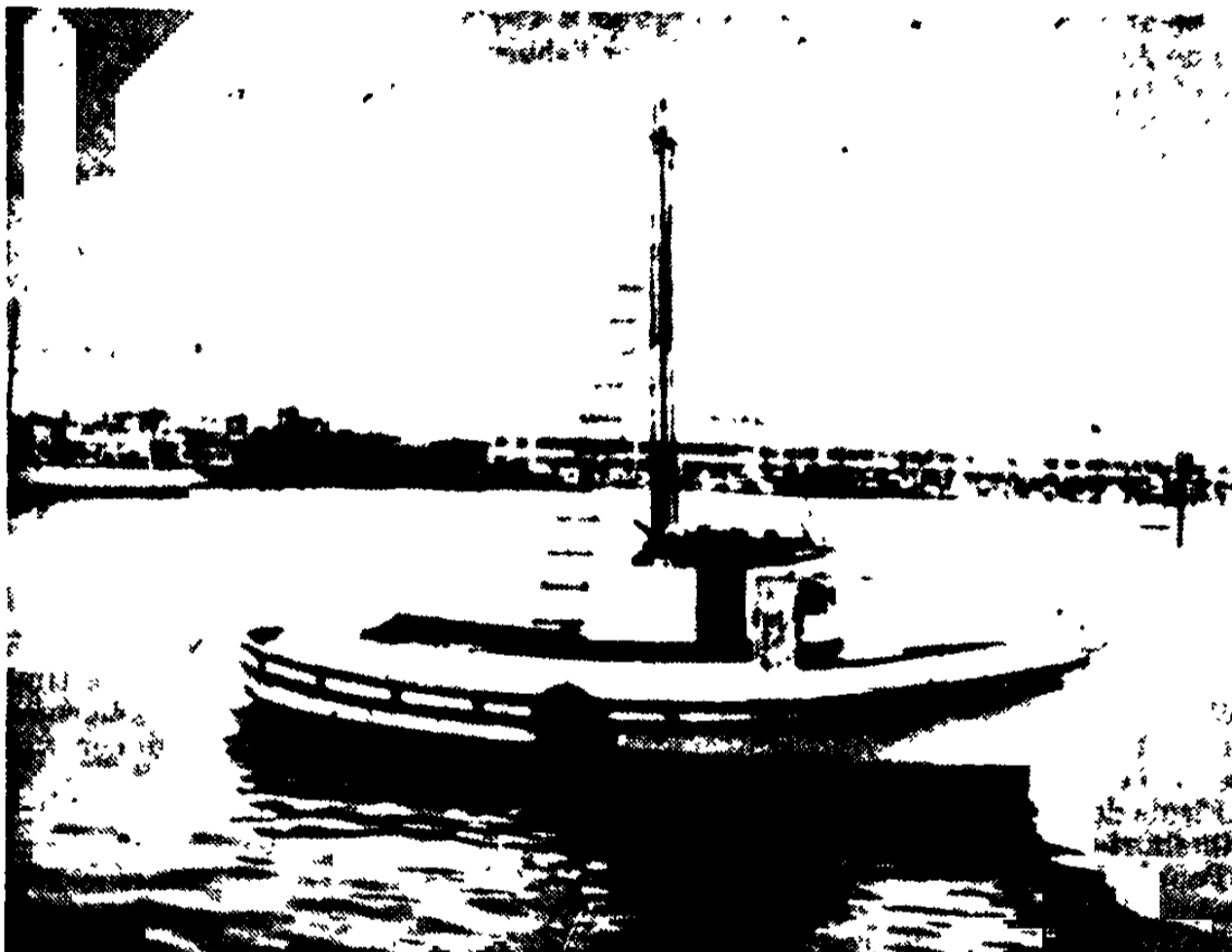
2. This bill will not exclude imports, but will put the American fisherman in a better competitive position.

3. A modern well-equipped fishing fleet in the Pacific is a very valuable national defense unit.

4. The bill is a stop-gap measure with a 1-year limit providing for a complete and thorough study by the Tariff Commission and Fish and Wildlife Service. Out of this study, permanent and suitable legislation will evolve.

We respectfully request favorable action on H. R. 5693. This bill will provide some measure of immediate protection to the industry, very likely will help put the many idle boats back to work, and will initiate a complete and thorough study by the Tariff Commission and Fish and Wildlife Service to evolve a permanent and proper solution to the present tuna import problem.

EXHIBIT A

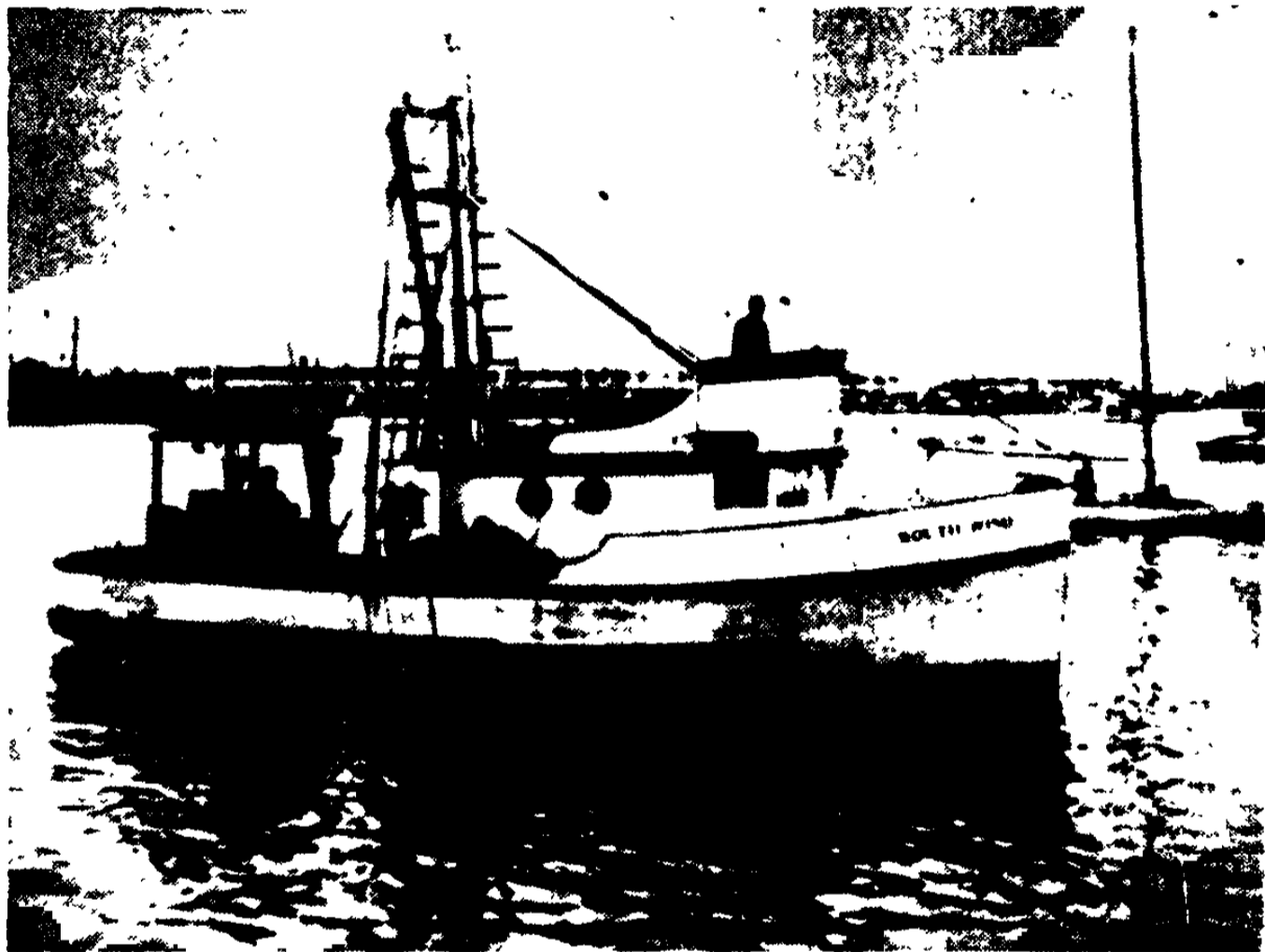


Fishing boat: *25A158* (Monterrey type).
Port of registry: San Diego.
Length: 32 feet.
Capacity: 3 tons.
Number in crew: 1 or 2.
Cruising range: 800 miles.
Replacement cost: \$8,000.

Equipment:
Chrysler marine gasoline engine.
Refrigeration compressor and coils.
Two-way radio.
Direction finder radio.
Fathometer.
Automatic pilot.

The above boat is typical of the small troll boats used in southern California.

EXHIBIT B



Fishing boat: *Southwind*.
Port of registry: San Diego.
Length: 38 feet.
Capacity: 10 tons.
Number in crew: 3.
Cruising range: 2,000 miles.
Replacement cost: \$20,000.

Equipment:
Diesel main engine.
Diesel Auxiliary engine.
Refrigeration compressor and coils.
Two-way radio.
Direction finder radio.
Fathometer.
Automatic pilot.
Bait tank.

The above boat is typical of the very best type of albacore tuna bait and troll boat.

EXHIBIT C



Fishing boat: *Dagle*.
Port of registry: San Diego.
Length: 50 feet
Capacity: 25 tons albacore tuna.
Number in crew: 5.
Cruising range: 3,000 miles.
Replacement cost: \$40,000.

Equipment:
Diesel main engine.
Auxiliary engine.
Refrigeration compressor and coils.
Two-way radio.
Direction finder radio.
Fathometer.
Automatic pilot.
Bait tanks.

The above boat is typical of the very best type of albacore tuna bait boat.

STATEMENT OF MASON CASE BEFORE THE SENATE COMMITTEE ON FINANCE
WITH RESPECT TO H. R. 5693

My name is Mason Case. I am chairman of the Pacific Coast Fish Producers Institute, and I am also representing Mason Case & Co., of Moss Landing and Sausalito, Calif., buyers of fish. I appear here today in support of H. R. 5693 which would amend the Tariff Act of 1930, so as to impose certain duties upon the importation of tuna fish.

THE FISH

Albacore is the species of tuna inhabiting the temperate water areas of the high seas. Being a creature of the open ocean, it is found in commercial quantities as much as 1,000 miles from land and has no dependence whatever on land, banks, etc., but confines itself rather to those waters ranging between 55 degrees and 70 degrees Fahrenheit. The eggs are laid, fertilized and hatched while floating singly in the upper ocean layers at the mercy of the currents. The adults do not come close to the shore of any continent although the juveniles do seasonally.

Albacore travel in schools both as young and as adults, feeding on almost any animal food large enough to see and that is abundant—squid, lantern fish, saury fish, shrimp-like crustaceans of the high seas, scad mackerel and all like-sized animals of the high seas. They are found most abundantly in areas of the ocean where a mixture of currents cause the food-rich subsurface ocean layers to well up to the surface, for it is in these areas that the small things upon which albacore feed, thrive and swim. These areas of ocean upwelling may be along shore where a current hitting the coast creates turbulence enough to bring the subsurface water to the top, or they may be far to sea where two ocean currents rub together with the same effect.

While albacore occur in the temperate high seas of all the world, they are not fished commercially as yet in the Southern Hemisphere and little is known of their abundance there. In the North Atlantic they are not fished commercially along the North American shore, but are fished to a small extent off Western Europe, principally in the Bay of Biscay and adjacent seas. Far more than 95 percent of all albacore caught in the world, however, are taken from the North Pacific.

THE NORTH PACIFIC FISHERY

In the North Pacific, two important commercial fisheries exist quite separately; that conducted by the Japanese in the Western Pacific and that conducted by Americans and Canadians in the Eastern Pacific. The bulk of the production of both fisheries is consumed in the United States as canned white meat tuna.

Both fisheries are associated with the Japanese current. Where this current brushes the eastern shores of the Japanese home islands up to the latitude of north central Honshu Island, small albacore are caught by trolling during the summer and early fall. Where it brushes down along the North American coast from British Columbia to northern Mexico, small albacore are also caught in the summer and early fall.

This Japanese current in its passage across the North Pacific sets up two vast eddies, each as large as a small continent, called the Western Gyral and the Eastern Gyral. The Western Gyral occupies the offshore open Pacific between Japan, the Aleutians, Midway and Wake Islands. During the past 15 years the Japanese have established a winter fishery in this vast area which now is more productive than their offshore summer fishery. This fishery is for large adult albacore from 20 to 70 pounds in weight and never found close to shore. Vessels of this fleet during their normal fishing activity intercepted the carrier task force raiding Tokyo in 1942 far offshore and nearly spoiled that venture. This is the expanding section of the Japanese albacore fishery.

The Eastern Gyral is a little smaller than the Western Gyral and lies a little farther south. It lies in the offshore open Pacific between Oregon and California and Hawaii. Large adult albacore are known to occur throughout it also but there is no commercial fishery except minor winter fishing north of Hawaii for the Honolulu market. Only since the war has the American troll fleet been equipped with vessels suitable to, and capable of, ranging far to sea, fishing under winter conditions which will permit a fishery to be established in this area. Provided the American troll fleet is given suitable share of the American tuna market, at prices which permit it to operate, it is the development of the winter fishery of the Eastern Gyral which will be the big producer of albacore in the next 15 years in the same way that the Western Gyral has become the big producer for the Japanese in the past 15 years.

The Japanese get most of their production from long-line fishing. A long line is much like a trotline for catfish or a set line for halibut except that it is long (up to 60 miles of gear worked by one vessel in 1 day), hung by floats to fish suspended below the surface (but as much as 20,000 feet from bottom in open Pacific) and is handled rapidly by specialized winches and mechanical gear. American production is obtained either from trolling single hooks from several lines or in bait fishing using single hook and line. This, basically, is the same method used in sport fishing for bass, salmon, and other lively fish.

The Japanese have two fisheries. One is a summer fishery for small albacore (6 to 20 pounds) within 200 miles of their home islands representing the older but now the smaller producer of the two and a winter fishery far offshore to the longitude of Midway Island for adult fish (20 to 50 pounds) representing the younger but now the larger of the two and the one capable of further large expansion. The Americans have one albacore fishery just like the summer Japanese fishery and are only in the initial stages of building a winter fishery like that of the Japanese.

THE AMERICAN ALBACORE FISHERY

The history of the American albacore fishery has been divided into several fairly distinct phases.

Prior to 1926

The canned-tuna industry originated during the period of food shortage and economic stress brought about by World War I. Production was all in southern California and, during the war years and immediately thereafter all canned tuna was albacore.

The new product caught on and developed a growing market. A little to the south of the albacore area and overlapping albacore was yellowfin and skipjack tuna (the subtropical species of tuna). When the water off southern California got too warm seasonally for albacore they left the fishing area. In with the warm water, which drove the albacore out, came yellowfin and skipjack.

Albacore was strictly seasonal in southern California and the growing market demanded a more stable supply of product. The canners began to pack yellowfin and then skipjack to get this more stable supply. During the early 1920's several million dollars were spent in advertising to develop public taste for "light meat" tuna, which comes from yellowfin and skipjack as contrasted to white meat tuna which comes only from albacore.

During the developmental period of the industry the fleet was composed only of small boats with gas engines, with no refrigeration, no radios and capable of working only a few miles from port. Primarily they were day-boats staying at sea only 1 day at a time, but as icing facilities came into being the boats were able to go from port to sea for 2 or 3 days at a time or even a week.

The market and industry grew rapidly and in the 1920's finally achieved almost national distribution. As the market and industry grew albacore remained dominant but the demand for light meat tuna from yellowfin and skipjack was growing. The production of albacore increased steadily to its biggest year—1925. Then in 1926 practically no albacore came to the southern California grounds. The next year few came and the bottom dropped out of the albacore production.

The market, however, was continually growing and had to be supplied. How was this done? With the cyclic change in ocean conditions the warm water from the south invaded the southern California fishing area, driving the albacore away from the inshore area which the then available short-range fleet could operate. Where the albacore had gone nobody then knew or very much cared because yellowfin and skipjack moved in with the warm water which had driven the albacore out. The vessels all went fishing for yellowfin, forgetting albacore, and made no attempt to locate new schools. Yellowfin was the prize and new champ of the tuna market.

1926 to 1935

Still certain market areas, such as Boston and Philadelphia, wanted "white meat" tuna in preference to "light meat" tuna which had become the popular choice. The southern California canners sought a supply of albacore to fill this specialized demand and found the source in Japan. They then began to import frozen albacore from Japan to bolster the meager supply available in local southern California waters.

As a result this came near being a fatal mistake. The Japanese caught and ate tremendous quantities of tuna either raw or dried but had never canned it com-

mercially. When the southern California canners bought Japanese albacore to help fill the market here, they called this market, which they had built for canned tuna in the United States, to the attention of the Japanese tuna industry. They Japanese began canning tuna for the market at prices the Southern California canners could not compete with.

By 1933 the Japanese genii, which the southern California canners had liberated from the bottle, had 30 percent of the United States canned tuna market and on their way to take the rest. In 1934, and just in the nick of time, the Tariff Commission and President Roosevelt came to the rescue with a 45-percent ad valorem tariff on canned tuna, which equalized costs of production between the Japanese and American industries in this market.

Under the newly stable market conditions the American industry continued to grow and by advertising and skillful merchandising continued to swell the market for canned tuna in the United States. The Japanese industry was benefited without a share cost to them and expanded greatly.

The emphasis was now all on yellowfin and skipjack and the "light meat" market. Yellowfin and skipjack were seasonal in southern California as had been albacore before them and to get a more stable year-round supply for the rapidly growing market the industry had to reach farther and farther the south. During this period the fleet was in continual change. Diesel engines became practical and displaced gas engines. Ice came into use on all the vessels increasing the distance they could go south for fish. Then small auxiliary refrigerators became available which extended the life of the ice and the range of the vessels.

During all this period albacore was almost forgotten by California fishermen whose principal thought was yellowfin and skipjack. The small amount of albacore needed for special "white meat" markets could be had from Japan. The waters off southern California stayed warm during this period and the albacore did not return in numbers.

1936 to 1941

In this period of time several things happened in the Northwest fisheries which, when put together, vigorously changed the whole aspect of the American albacore fishery.

During these years the halibut fishery was stabilized under Government control and the halibut season decreased from a year-round fishery to a spring fishery only 2 months long or less. A fleet of long-range vessels, sufficiently seaworthy to venture far to sea and manned by capable crews used to fishing far to sea, was left increasingly idle. They did not remain idle but spread to other fisheries in other seasons—crab, salmon trolling, bottom fish, black cod, shark, etc. This brought pressure on all the other fleets fishing for these species of fish.

The character of the fleets and the abilities of the fishermen as well as their experience changed continuously and grew rapidly. There developed, as a result a multiple-purpose very seaworthy vessel able to switch from long-lining halibut to set-netting shark to trawling rock cod or flounder or to trolling salmon as the market and the season required.

Off the coast of northern California, Oregon, and Washington these vessels only trolled for salmon which occur only in the cold water during the summer lying in a narrow band 5 to 20 miles wide between the shore and the warmer Japanese current offshore. Neither salmon trollers nor any other fishing vessels ventured out into the Japanese current where there were no salmon.

In 1934 the State of Washington permitted the reduction of pilchard (or California sardine) to oil and meal which had been heretofore prevented by law. Oregon quickly followed. Immediately a good summer fishery developed with purse seiners from Monterey and California coming up to Oregon and Washington for July and August fishing.

The sardine was at the edge of the Japanese current well offshore from where the salmon trollers worked. The sardine seiners immediately, as they came into the area, began sighting and reporting large schools of albacore. They were not interested in them because purse seiners can seldom catch albacore and there was no market in the North for albacore or any other fresh tunal. This was salmon country and the people literally did not know what tuna were or if they were good to eat. However, venturesome salmon trollers went out to see and caught these new fish that the seiners had found but there was no market for them.

During this time the effect of building dams on the upper Columbia River was beginning to damage the big salmon canneries at the mouth of the Columbia River, particularly around Astoria, by killing off the salmon runs and eliminating the supply of raw material upon which the canneries were dependent.

All these canners knew about tuna was that the southern California canners made money canning tuna and that they themselves were going out of business because salmon were disappearing. A God-sent gift in time of distress, the tuna, and of the highest price and grade at that, had been discovered at their doorstep. The Northwest began canning tuna. Gingerly at first for they had to build new markets and they did not know whether their new-found raw material would be permanently there or not. Everybody had forgotten, or overlooked, that albacore had frequently and fairly regularly been taken by the sailing vessels of the Alaska Packers Association returning southward along this northern coast from their summer salmon fishing in Bristol Bay.

By 1941 several Northwest canners were permanently in the business of canning albacore "white meat" tuna, were developing good markets for their product and the Northwest had a new fishing industry to replace the one the Government was destroying by building dams in the upper Columbia.

1942 and 1950

The outbreak of the Pacific war on December 7, 1941, brought violent and rapid change to the entire tuna industry and market of the United States, all of which had great and quick repercussions on the albacore fishery in all its parts.

During the preceding period the market for canned tuna had continued to grow rapidly as it had throughout the whole 35-year history of the business (doubling, on the average, about every 8 years). To meet their newly created market the southern California people, by taking advantage of every research and technological advance, had succeeded in taking seasonality out of their supply of raw material—yellowfin and skipjack.

Southern California had developed the tuna clipper, a vessel with full brine refrigeration, capable of cruising 10,000 miles, staying to sea for 3 or 4 months at a time and bringing back their fish in first-class condition for canning. Consequently there was no season any more in the supply of yellowfin and skipjack tuna for the "light meat" market. If the tuna were striking off Peru the boats went there. If they were running off Nicaragua the boats went there. They fished continuously from San Diego to Peru. All clippers had been equipped with long-range radio so they could communicate with each other freely while at sea over the whole area. Where the fish showed the fleet quickly hit. The fish were available at some point in this vast area at all seasons of all year. The canners of southern California had a stable, year-around, year-to-year source of yellowfin and skipjack tuna for the "light meat" market.

The outbreak of war immediately changed this. This type of vessel was exactly what the Navy wanted to supply the isolated garrisons of South Sea islands where the war was fought. The Navy took some vessels so quickly that they were brought directly to Panama from the Central American fishing grounds, refueled and sent to the South Pacific without returning to home port in California.

In a matter of months 60 percent of the tuna clipper fleet was in the Navy and no longer producing tuna. The remainder was being used by the Navy for patrol and intelligence work along the coast of the United States and Central America with fishing intermittent to other duties.

The production of the clipper fleet thus fell sharply and quickly. All imports of tuna, canned as well as frozen, from Japan stopped abruptly. At the same time the need for protein food in the United States skyrocketed as war disturbed the normal food economy.

Into this vacuum of enormous demand and very short supply stepped the small boats which could not be used in the war in the far Pacific but could stay to sea for a few days for fish. These were the vessels which could catch albacore occurring within short range of Pacific ports of the United States.

Under this steady demand for albacore most small-boat skippers along the Pacific coast of the United States became albacore fishermen in albacore season and fishing extended gradually along the entire coast from British Columbia to northern Mexico. With new talents, new experience, and increased activity came much new information.

It was found that albacore were not the flighty creatures they had been thought to be. The young albacore that furnished the basis of the fishery (9 to 30 pounds in weight) each year approached to within 20 to 200 miles of the coast of North America in heavy commercial quantities. Some years they hit heavier off the Columbia River, some years heavier off northern Mexico and some years fairly evenly all along the coast. But every year there were big volumes of albacore somewhere along the coast of North America available to the new fleet of small boats during the period of June to December.

The small-boat fleet had changed entirely since 1926 when the albacore had disappeared from the inshore California fishing area. Now the fleet was powered by diesel and could travel the whole coast to follow the fish with dispatch. The fleet was now seaworthy enough to go out as much as 500 miles looking for fish and catching them. Also the boats were large enough to take the rough northern offshore seas up until the winter storms of November broke off the season by holding them to port. The fleet was now equipped with radio, long-range navigational equipment and could not only keep in pace with the schools of fish along the coast but could report accurately to all the rest of the fleet where to come to get fish.

Thus several thousand small vessels cruising the high seas off North America during the summer and early fall were a vast scouting force able to locate the fish quickly wherever they showed up and able to gather quickly at those spots where the fish were whether off Mexico, off Washington or any place in between. Albacore had become a stable source of material for a stable canning industry for a stable market. The market grew rapidly and the productive capability of the albacore fleet grew with it.

The dynamic shifting economics of the ever-growing tuna market did not, however, leave this situation quiet nor did this stable dependable supply of albacore from American fishermen relieve all of the strains and forces working on the canners of "white meat" of albacore tuna.

In late 1948 imports of tuna in various forms together with the resumption of full-scale activity by the tuna-clipper fleet began to switch to supply-demand picture of the tuna market around again. Since 1941 there had been an excess of demand over supply. By 1949 there was an excess of supply over demand, a condition which obtains to date.

Secondly the emphasis of occurrence of albacore which from 1926 to 1946 had been rather heavily to the north of southern California and for several years had been off the Oregon coast began shifting somewhat southerly so that, at least during the early half of the season, albacore were plentiful once more off southern California and northern Mexico. The new *Kellenburg* class of albacore vessel now available in southern California, by ranging far to sea or near in, as the fishing demanded, could supply the southern California canners with albacore.

The Northwest canners had built a business and a market on locally produced albacore. Prior to 1948 they had, practically speaking, no imports. The normal competitive factors of the highly competitive tuna industry now began to pinch the Northwest canner. His market was only for "white meat" tuna or albacore, having no "light meat" market to speak of and he was unable to build one because he was uneconomically too far distant from the supply of raw material—yellowfin and skipjack tuna. This had been proven during fishing expeditions in far southern waters in 1947 and 1948. Therefore, he had to have albacore.

To his mind there were three commercial sources of albacore for his raw material. One was Oregon. It utilized the fine fleet of northern trollers, which was seasonally employed in other Northwest fisheries but was available for summer and fall albacore fishing. This was, so to speak, his fleet. The second was off southern California. It utilized the very numerous fleet of small boats native to those ports. While this southern fleet had several fine vessels and a considerable number of fine fishermen, the Northwest canner was at a slight advantage over the southern canner in having more vessels and fishermen capable of operating effectively in the offshore waters.

The third area of albacore production was Japan. Now that the war was over the United States, through SCAP, had quickly stepped in and rebuilt the Japanese fisheries—furnishing finances, fuel, expert advice, etc., for this rebuilding. As a result, by late 1948, the Japanese fishermen were not only once more producing all the fish the Japanese could eat but there was also a surplus which could be exported.

The competition of the Northwest canner in the "white meat" tuna market of the United States was the southern California tuna canner. The prime interest of the Californian was "light meat" tuna and although he actually canned and sold more "white meat" tuna than the northwestern, it was of little concern to him when compared with the volume and value of his principal product "light meat" tuna. However, the entire stock of trade of the northwestern in the tuna market was "white meat" tuna.

This factor gave the Californian a tremendous competitive advantage over the northwestern. The Californian did not have to buy albacore carefully so as not to oversupply his "white meat" tuna market as any surplus canned albacore he had could be labeled "light meat" and so sold.

The Californian did not have to watch his albacore cost so closely because if he lost in the "white meat" market it was a small part of his total tuna market and a temporary loss taken for competitive purposes would not seriously damage him. This gave him the possibility of outbidding the northwestern for raw material and underbidding him on the final canned product.

Other circumstances favored the Californian. The primary auxiliary fishery of the Californian was sardine which was a winter fishery. Albacore was a summer and fall fishery. Therefore, the Californian's working capital needs for albacore did not fall at the same time as the working capital needs for sardine. However, salmon was still the primary fishery of the northwestern and the American-produced albacore fell upon him exactly during the peak of his salmon canning. Therefore, his working capital needs were much greater for a unit volume of production than that of the Californian. Also, his labor force and plant was occupied by salmon during the American albacore season and he had to provide extra facilities to handle albacore.

The northwestern's business was highly seasonal in the years before he began to can albacore—with all the cost disadvantages of peak seasonal activity. Albacore from American fishermen simply made his business more seasonal and costly.

The Californian had pretty well taken the seasonality out of his business and had year-around activity for his plants, labor, and working capital. American-produced albacore hit him at a season which did not increase the seasonality of his business to a consequential degree.

As the coastal fishery for albacore developed in the 10 years from 1938 to 1948, it became apparent that the albacore hit the coast in a fairly regular pattern that was disadvantageous to the northwestern. They hit first off southern California (in June or July) and did not reach their peak until later (August, September, and into October) up north.

As a result of this the fine fleet of northern trollers began to come down south early leaving the northwestern with a reduced fleet and a fleet with its most efficient producers gone. The Californian not only was capturing the northwestern's market, he was capturing the northwestern's fleet. Furthermore, when the fish hit up north and the fleet came back north to fish, the peak production of albacore fell precisely at the peak of salmon production.

Even in Astoria the Astorian was not free from the Californian. The Californian simply moved in with him and opened a branch plant. Since the Californian was primarily a tuna man he could move into Astoria for tuna. Since the Astorian was primarily a salmon man he could not move in on the Californian in the same way because there were no salmon in southern California.

This complex of factors began to become effective directly after the war and by the end of the 1948 season the northwestern was in a hopeless competitive position with the Californian with respect to American-produced tuna. He had developed a good "white meat" tuna market all of his own, the American albacore fishery had developed so that it could provide all of the albacore that the "white meat" tuna market of the United States could use, but the northwestern could not buy enough of the production competitively against the California to fill the northwestern's new "white meat" tuna market.

Accordingly, the American production of albacore not only was not available to the northwestern, it had become a handicap because his California competitor now had an assured, stable source of albacore supply at a season which favored the Californian.

As a consequence, the northwestern turned to the third area of commercial albacore production, Japan. The Japanese winter albacore fishery produced a supply which could arrive in the United States at the season when the northwestern's plants were otherwise closed down and favored him, therefore, against the Californian. The Japanese albacore market was free. The northwestern had just exactly an even competitive advantage with the Californian in the Japanese market. In fact, he had this extra advantage—the Californian did not need or want the Japanese production but would be forced to come into the Japanese albacore market if the northwestern came in to prevent the northwestern from gaining any substantial competitive advantage by getting a Japanese source of supply. This very act would decrease the Californian's competitive advantage with respect to American albacore production; because to the extent the Californian bought Japanese fish he could not in a limited market for the finished product buy American fish (where he held the competitive advantage over the northwestern).

The northwestern had built his "white meat" market entirely on American albacore production, but in 1949 he began to import frozen albacore from Japan heavily for canning in the north. This was substantially increased in 1950.

1951

By 1951 all of the competitive factors noted above were in full play. In addition the whole tuna market, which had been weakening steadily since 1948, collapsed. These factors all impinged with maximum force on the middle of 1951 and produced as weird a series of activities in the albacore market as can be readily imagined.

During the period 1941 to 1947, the total United States tuna market, for reasons noted above, suffered an excess of demand over supply. This period coincided with a period when the United States Government was hastily attempting to reduce barriers to the flow of world trade between countries. In its haste to lower trade barriers, the Government entered into several trade agreements in none of which tuna was anything more than incidentally touched. Since the tuna market was so strong no one, in either the Government or the industry, gave a thought to what the sum effect of all these trade agreements would be on the tuna industry when the highly abnormal economic stresses of the war were at an end. The effect was disastrous. Although it had been developing since 1948, it hit with maximum cumulative force in mid-1951. By mid-1951, the United States tuna market was absolutely glutted with imports and the American tuna productive apparatus had to be stopped in order that the glut might be worked off.

However, the northwestern had to have albacore to fill his "white meat" market. In late 1950 he contracted for albacore in Japan from the Japanese winter fishery which was to begin in January of 1951. As was his competitive necessity, the Californian followed the northwestern into the Japanese market and contracted for fish to be delivered from the 1951 winter albacore fishery. Since the Californian already had the majority of the United States canned-tuna market, he contracted in Japan accordingly—thus contracting for the bulk of anticipated Japanese catch—and far more in actual volume than had the northwestern.

Both the northwestern and Californian contracted for the Japanese albacore at prices which, when delivered in the United States would have been about the fair anticipated price for albacore in the United States—about \$390 per ton.

Under the stimulus of these excellent advance contracts, the Japanese winter albacore fishery outdid itself in production. It not only caught enough to fill the contracts but kept right on producing. There was no other market available for the excess production except the United States, resulting in an historic debacle in both the American and Japanese albacore markets.

Before the contracted-for albacore deliveries from Japan were completed, the American canned-tuna market was full and running over. It was obvious that the anticipated deliveries from Japan would be sufficient to fill the United States market for canned "white meat" tuna. No one in the United States tuna-canning industry, either the northwestern or the Californian, really wanted or needed any American-caught albacore by the time the American albacore season opened.

The price for albacore at the end of the 1950 season had been \$370 per ton. The 1951 season opening price was \$350 per ton. Fishing began in earnest around the middle of July and by the first part of August the price was \$300 per ton. The first part of September (normally the height of production), there was no demand for American-caught albacore at all. The northwestern was offered 1,000 tons of albacore at this time and he refused to buy it. The Californian bought albacore, ordinarily the premium price tuna, at less than he was paying for yellowfin and skipjack tuna and packed it under the "light meat" label. By late September the Californian even stopped buying at this low price. The albacore fishermen did several things: Some switched back to salmon trolling, where an exceptional run of silver salmon at a high price saved their season. Some sold what fish they could retail at dockside. Some banded together hastily and hired a canner to custom-pack their catch. Most just stopped fishing—terminating the most disastrous year of the modern American albacore fishery.

The effect of this debacle did not stop. The fall in price for American-caught albacore was reflected in Japan where the Japanese summer albacore season was also in full swing. The price of albacore in Japan, which had started the season at \$310, slid down to \$260 and the Japanese summer albacore season ended in a rout, too. At the end of the season there were about 4,000 tons of albacore in cold storage in Japan which no one in the United States wanted to buy, even at \$260 per ton f. o. b. Tokyo. This situation persisted until the Japanese canner

discovered a trade agreement loophole in the United States tariff law. Under a trade agreement signed with Iceland in 1943, which never has produced tuna, the Japanese could evade the 45 percent tariff on canned tuna by the simple expedient of putting water in the can instead of oil. The competition of the northwestern and Californian had driven the price of the Japanese canner's raw material down to the point where, with the Iceland loophole, the Japanese could once more put canned tuna on American shelves at prices which neither the northwestern nor Californian could possibly compete with.

The Japanese bought the albacore in Japan, that neither the northwestern nor the Californian would buy, canned it in water and sent it to the United States where he undercut both the northwestern and Californian, the cannery workers of both, and the American vessel owners and fishermen. The consequence is an additional staggering blow which, at this time, affects all elements of the United States tuna industry equally, so the northwestern joined the Californian. With them their labor and fishermen joined in fighting to prevent the Japanese from driving them all out of the United States canned tuna market with imports of canned tuna.

The northwestern has been left in an untenable position. He claims the American albacore fishermen cannot fill the need for albacore in the American market, but the American fishermen have demonstrated that they can do so steadily and dependably. Even in the sharply abbreviated 1951 season they produced 17,000 tons of albacore, which is equivalent to 850,000 cases of white-meat tuna, in a market that will take little more than 1,000,000 cases.

After refusing last fall to buy large volumes of American-produced albacore at prices \$50 a ton less than the Japanese tuna he was then canning, the northwestern now claims he is short of fish and must import more Japanese albacore to fill his needs. He further claims we must import frozen tuna from Japan to build Japanese economy and keep her from falling into Communist arms—but not canned tuna.

The true position of the northwestern seems to be that he is geographically out of position to economically compete with the Californian for American-caught albacore and he cannot get Japanese-caught albacore without forcing the Californian to do the same which, in the last analysis, will drive them both out of the albacore market and give it to the Japanese.

The Camp bill, H. R. 5693, appears to us fishermen as well-suited to relieve this competitive situation temporarily until the Tariff Commission can work out a solution to the whole ramifying complex of import problems that are exterminating the United States tuna industry—tuna canned in brine, frozen tuna, bonito canned in oil, and bonito canned in brine. This temporary tariff of 3 cents per pound on frozen tuna should stabilize the raw fish price both in Japan and America this season, thus benefiting both the Japanese and American industries. It would seem to us entirely impractical and certainly most unwise to allow an industry, developed in America by Yankee ingenuity, to perish for lack of adequate protection.

Accordingly, we sincerely pray that you will recommend favorably H. R. 5693, which will provide some immediate easement of the albacore fishermen's problem and lead to a permanent solution of this problem.

Addendum .

STATEMENT OF MASON CASE, REPRESENTING MASON CASE & CO., MOSS LANDING, CALIF., BEFORE THE SENATE COMMITTEE ON FINANCE WITH RESPECT TO H. R. 5693

On the Pacific coast, there are a number of companies presently engaged in receiving albacore tuna from the boats and shipping the fish by truck to various canneries. These companies play an important part in the fishing industry inasmuch as they allow the fishermen to work over a greater range and, by speedy and efficient handling, make it possible for the fish to arrive at its destination in prime condition.

Commencing about the middle of June, albacore show up in quantity in Mexican waters available to fishermen operating out of the southern California ports. However, by the middle of August the fish are usually in superior numbers off the central and northern California coast, extending from Morro Bay to Eureka, Calif. The albacore are found in the offshore warm currents ranging from 55° to 70° F. from 35 to 150 miles from land. It has not been found necessary to prospect further out to sea as the catches have been adequate within that range.

Inasmuch as the bulk of the canning of albacore tuna is accomplished in southern California and northern Oregon, it is usually impractical for the fishermen to

carry their cargo to these plants and lose both the time that might be more profitably spent fishing as well as the operating costs involved in the greater haul. For this reason, buying stations have come into prominence over the past few years that offer to unload the fish at nearby ports to the fishing grounds and make shipments via truck to the canneries.

Each of the buying stations is in effect a small town. They offer complete docking facilities for unloading, fuel depots, icing, food and chandlery accommodations so that the boats may, in one port, dispose of their cargo and refit for another fishing mission. The docking station itself is valued from \$25,000 upward dependent on its size and is independent from the afore-mentioned facilities whose values range so greatly it is impossible to arrive at an average figure.

As the boats complete their trips and arrive for unloading, they tie up under the electric hoist on the dock. These hoists are equipped with a fish bucket that is lowered into the hold of the vessel, filled by the crew members with about 600 pounds of fish, and raised again to dock height where its cargo is dumped into fish hand trucks ready for weighing. After the fish have been carefully weighed, they are wheeled down the dock and neatly stacked either into a waiting refrigerator truck or into very large refrigerated holding rooms that are often used when there is not enough fish available to completely load the truck immediately. No albacore is accepted at the station in poor condition and every effort is made to see that its handling is done with the utmost of cleanliness and dispatch.

Before loading into the trucks, the "reefer" truck is prepared for shipment by blowing a floor of crushed ice some 18 inches thick on the deck which insures that the fish will not be crushed in transit on this cushion of ice. The fish are then stacked in layers with more ice used between each layer to further cushion the ride and provide adequate chill to preserve the condition of the albacore. After stacking the fish and ice about 4 feet deep along the entire van, usually 21 feet in length, another 10 inches or so of crushed ice is blown over the top of the load. Thus, the fish are completely encased in ice and will remain in prime condition for many, many hours. On hauls amounting to over 24 hours, the trucker keeps constant check on his load and, if necessary, stops at icing stations along the route and has additional ice blown on the fish.

The refrigerated truck is a marvel of present-day mechanical genius. Powered with over 200-horsepower engines, the cabs are equipped with sleepers so that the drivers may alternate their duties and keep the wheels turning constantly. The vans are aluminum, heavily insulated, and have small auxiliary blower units to keep the ice and cargo chilled if desired. Each truck and van is capable of a load of 42,000 pounds of ice and fish, and show a capital investment of about \$25,000.

Hauls have been very successfully made to the farthest canner, or in excess of 1,000 miles, thereby bringing every Pacific coast canner into an equal buying position regardless of where the fishing may occur. Freight rates are nominal and only the most isolated canner pays slightly more (never in excess of a fraction of 1 cent per pound) than do the nearby plants.

In the question of price, the fishermen pay for this unloading and hauling service. The price f. o. b. cannery remains the same whether delivered by boat or by truck. As the one exception and as mentioned above, only the most distant canner is obligated to pay the shipper slightly more but this is reflected by only a few cents per case on the finished product. The fishermen are paid by the shipper at the time they unload, and the shipper invoices the canner for the truckload. The canner, as in the case of the shipper with the fishermen, does not accept nor is he obligated to accept any fish not in prime condition. Further, the shipper usually stands responsible for any shrinkage incurred during the shipment.

The advent of these buying stations along the coast has opened new fields and offered additional employment to many. The major part of the unloading operation takes hand labor constituting jobs for both skilled and unskilled labor. The initial installation of the dock with its facilities, the refrigerated holding rooms, the warehouse necessary for storage, and all the other component parts of the completed station are capital investments that allow a great many industries an outlet for their products. Each of the large oil companies has found it necessary to create facilities at these ports, and the ice companies have geared to an increased business. During 1950, one buyer alone used over 4,000 tons of ice during the albacore season in a port boasting three additional buyers. Small business such as the grocer, cleaner, and restaurateur have sprung up in these ports and are completely dependent on the albacore fishery as a means of staying in operation.

In brief, the Pacific coast buying stations have, through the albacore fishery, brought employment and life to the otherwise nearly deserted smaller ports. They have given industry greater margins to work with. These, however, are

but additions to their primary purpose: that of extending by virtue of land transportation a far greater and more efficient fishing area to the albacore fisherman. Further, they have opened the field to the canners of the entire coast and, upon request, deliver prime merchandise to the canner's front door regardless of where the fleet might be fishing.

As in the case of the fishermen and most canners, the shipper is dependent on American-produced albacore for his livelihood. The importation of albacore tuna from foreign countries is no threat to him—it is a promise that the salvage from his investment and labor in the albacore fishing industry will be worthless but for reflection.

The following table clearly identifies the poundage by districts handled and shipped by California buyers. An extremely small amount of the total figures was canned locally but accounts for only a fraction of the sum volume. Further, the table demonstrates the growth of the operation over the past 4 years.

[Pounds]

| | Eureka | San Francisco | Monterey | Santa Barbara | Total |
|-----------|-----------|---------------|-----------|---------------|------------|
| 1950..... | 5,600,592 | 6,895,735 | 8,738,811 | 2,891,028 | 24,126,166 |
| 1949..... | 2,815,470 | 1,505,087 | 5,125,396 | 575,011 | 10,020,964 |
| 1948..... | 732,425 | 668,205 | 1,097,035 | 352,842 | 2,850,507 |
| 947..... | 581,117 | 372,795 | 1,272,140 | 707,254 | 2,883,306 |

STATEMENT OF DR. RICHARD VAN CLEVE, BEFORE THE SENATE COMMITTEE ON FINANCE, WITH RESPECT TO H. R. 5693

My name is Richard Van Cleve. I am director of the school of fisheries at the University of Washington, located in Seattle, Wash. I have been asked to appear here by the Pacific Coast Fish Producers Institute and by representatives of the California Fish Canners Association and the American Tunaboat Association, to present certain facts with regard to the fisheries of the Pacific coast.

The fishing industry of the United States and Alaska is the second largest in the world, yielding first place in production to Japan. Since 1934, United States fishermen have consistently produced in excess of 4 billion pounds of protein food per year, with the exception of 1942, when the landings were affected by the war. In the year 1950, production rose to 4.9 billion pounds, for which the fishermen were paid \$365,000,000. This money was divided among approximately 170,000 fishermen, furnished work for more than 115,000 shore workers, and paid for countless other services (U. S. Fish and Wildlife Service Fishery Leaflet 393).

The preference of Americans for beef, pork, or lamb over fish as sources of protein has always obscured the true importance of the fisheries to the economy of the United States. This importance will probably not become truly apparent until sometime in the future. However, an estimate of it may be gained from the history of other countries. With the increase in population and the limited amount of land available for cultivation, all the heavily populated countries throughout the world have tended to increase the total amount of fish consumed. As a matter of fact, in such a country as Japan the land is far too valuable to use for the growing of forage crops, and very small quantities of meat are used. The principal protein in such a country is derived from fish, and the largest quantities of fish used are of marine origin. A similar situation is found to a somewhat lesser degree in northern Europe. We can expect that in the United States the consumption of fish will increase in the future, and the importance of fish in the diet of our people will increase correspondingly. It is vital, therefore, that we not only conserve the fisheries now being exploited, but also that our Government recognize the necessity of fostering and developing our fishing industry in order that we may maintain and even increase production. This is especially true of the fisheries along the west coast of the United States where considerable quantities of fish still exist for which at present there is no market but which can and will be utilized when the demand rises to where the fishermen can realize a profit on the landing of these now unwanted species. Protection of our fisheries is the only logical approach to the future insurance of an adequate supply of protein to supplement the supply of beef and other types of meat.

Total landings of fish in the United States and Alaska, and the value of these landings as given in various reports of the Fish and Wildlife Service are shown in table I. together with corresponding figures for the Pacific Coast States alone.

TABLE I.—Total landings of fish, entire United States and Pacific coast only

| Year | United States and Alaska | | Pacific coast | |
|-----------|--------------------------|---------------|---------------------|---------------|
| | Quantity | Value | Quantity | Value |
| | <i>Thou. pounds</i> | | <i>Thou. pounds</i> | |
| 1950..... | 4,900,000 | \$365,000,000 | 1,135,000 | \$111,119,000 |
| 1949..... | 4,790,526 | 329,702,000 | 1,304,519 | 100,373,000 |
| 1948..... | 4,575,000 | 367,000,000 | 1,135,149 | 114,018,000 |
| 1947..... | 4,344,000 | 307,000,000 | 1,043,024 | 98,766,000 |
| 1946..... | 4,456,000 | 310,000,000 | 1,161,882 | 76,021,000 |
| 1945..... | 4,575,500 | 269,900,000 | 1,428,278 | 62,694,000 |
| 1944..... | 4,500,000 | 213,000,000 | 1,675,794 | 61,102,000 |
| 1943..... | 4,202,000 | 204,000,000 | 1,453,263 | 57,323,000 |
| 1942..... | 3,876,524 | 170,338,000 | 1,374,688 | 49,244,000 |
| 1941..... | 4,900,000 | 129,000,000 | 1,813,356 | 40,362,000 |
| 1940..... | 4,059,524 | 98,957,000 | 1,456,281 | 29,578,000 |

It may be seen that while the landings in the United States have increased only about 900,000,000 pounds, or about 22 percent over those of 1940, the value has risen over three and one-half times. A corresponding increase in value has occurred on the Pacific coast; however, total landings in this area were lower in 1950 than in 1940. The reason for this is to be found in the decreased landings of sardines. The increase in value on the Pacific coast has been associated with an increase in the total landings of tuna, as well as with the rise in the over-all price of fish. The growth in the landings of fish and in the value of the fish landed has been associated with a corresponding growth in both the fleet and the number of fishermen operating the boats. The figures given in table II for the years 1940 through 1950 for the total size of the fleet and the total net tonnage for both the United States and the Pacific coast correspond to those given in the Fish and Wildlife Service Statistical Digest and Special Report for vessels of over five net tons:

TABLE II.—Total size of fleet and total net tonnage, entire United States and Pacific coast only (vessels over 5 net tons)

| Year | Number over 5 tons | | Net tons | | Number of fishermen | |
|-----------|--------------------|---------------|---------------|---------------|---------------------|---------------|
| | United States | Pacific coast | United States | Pacific coast | United States | Pacific coast |
| 1950..... | 10,500 | 3,460 | 216,500 | 90,178 | 170,000 | 34,280 |
| 1949..... | 10,273 | 3,232 | 205,188 | 84,178 | 157,603 | 31,794 |
| 1948..... | 9,632 | 2,858 | 189,687 | 73,181 | 158,000 | 30,084 |
| 1947..... | 8,661 | 2,714 | 169,474 | 69,762 | 153,056 | 30,373 |
| 1946..... | 6,929 | 2,142 | 131,390 | 51,361 | 150,404 | 34,028 |
| 1944..... | 5,931 | 1,968 | 103,913 | 42,144 | 122,077 | 25,184 |
| 1943..... | 5,506 | 1,594 | 94,486 | 34,853 | 116,222 | 23,108 |
| 1942..... | 5,383 | 1,586 | 99,723 | 38,310 | 110,848 | 21,047 |
| 1941..... | 5,597 | 1,611 | 112,043 | 45,631 | 122,069 | 22,882 |
| 1940..... | 5,562 | 1,563 | 112,752 | 45,677 | 124,795 | 25,183 |

The table indicates that the number of fishing vessels in the entire United States increased by 98 percent over the 11-year period, while over the same period the number of vessels operating along the Pacific coast increased approximately 2.2 times. The number of fishermen on the coast in 1950 has increased by 9,100 over the number shown for 1940, and more than 13,000 over that given for 1942 when the fisheries reached the minimum as a result of the commandeering of the boats by the Army and Navy and the absorption of the fishermen into both the armed services and war industries.

The number of vessels given in the Fish and Wildlife Service reports do not represent the total number which actually participate in the Pacific coast fishing. An undeterminable number of the fishing boats operating on the outer coasts of the States of Washington, Oregon, and California are included in the category "boats" in the Fish and Wildlife reports for which no net tonnages are given. Some estimate of the number of boats included in their reports under the category "5-net tons and over" may be obtained from table III which shows the total

number of boats listed in the reports of the California Division of Fish and Game as being in excess of 25 feet in length, which corresponds approximately to a net tonnage of 5 tons. Seventeen hundred and three more boats were licensed for commercial fishing in California alone in 1950 than are shown in the table for the entire Pacific coast. The increase in numbers indicated by the California figures, however, is similar to that shown in the Fish and Wildlife Service reports, and it is evident that the increase of over 100 percent shown for the period between 1940 and 1950 holds for the entire fleet.

TABLE III.—*Total number fishing vessels over 25 feet in length (about 5-net tons) licensed to fish commercially by the California Fish and Game Commission*

| Year | Number of boats | Year | Number of boats |
|---------|-----------------|---------|-----------------|
| 1939-40 | 2,502 | 1945-46 | 3,396 |
| 1940-41 | 2,831 | 1946-47 | 4,025 |
| 1941-42 | 2,627 | 1947-48 | 4,257 |
| 1942-43 | 2,431 | 1948-49 | 4,681 |
| 1943-44 | 2,939 | 1949-50 | 5,163 |
| 1944-45 | 3,075 | | |

In the early days of any fishery, the only limitation upon total production of fish is either the market or the capacity of the fleet. In the design and construction of boats, therefore, many are built specifically for a single fishery. Thus, during the early 1920's large numbers of halibut schooners were built which, as originally designed, were not suitable for other types of fishing than "long-lining." In addition, large numbers of purse seine vessels were built specifically for taking salmon; others were built specifically for herring. A salmon troller was constructed to fish for salmon only, and since a full year's operation could be obtained in any one fishery, no provision was made for the possibility of using the boats in more than one fishery.

As the fisheries have matured and the capacity of the stocks for producing unlimited quantities of fish has been reduced, conservation measures as well as natural conditions have tended to shorten the fishing in each fishery until at present few boats are able to make a profit by working in one fishery only. As a result, most boats are now built with the objective of being extremely flexible, making it possible for them to participate in two or more fisheries, some using widely differing types of gear. Highly specialized vessels still exist; for example, the small gill net boats that operate in the estuaries of the west coast rivers, predominantly on salmon, but which are unsuitable for the most part for operation in outside waters. The majority of boats along the west coast, however, are highly adaptable, and ways have been found to enable them to fish with different types of gear so they can participate in several fisheries. Increased use of boats in more than one fishery has gone hand in hand with an increasing competition between the boats in each fishery which has grown with both the increase in number of boats and number of fishermen. This heightened competition, and increased cost of gear, oil, supplies, etc., has caused the cost of production to rise steadily. The higher valuation for the total catch in 1950 over that in 1940, therefore, does not represent a corresponding increase in profits. The higher costs and shorter seasons in many marine fisheries have tended to reduce the net incomes from those fisheries alone, so that the ability of a boat to participate in more than one fishery has come to determine to a large extent whether or not the men can make a living. The failure of any one fishery may mean that many boats in the Pacific coast fleet fish at a loss. Efforts to augment income when such failures occur, cause many of the boats to move into other fisheries, thereby increasing the strain on the latter and decreasing the profits to the fleet as a whole. Thus the effect of the failure of even one of the less important fisheries is felt throughout the industry. As indicated by previous witnesses the albacore is one of the most important tuna fishes of the Pacific coast and it is the most important species of tuna in the States of Oregon and Washington.

Total landings of albacore in the three Pacific Coast States are shown in table IV, with the price received per ton in the years 1941-51:

TABLE IV.—*Total landings (pounds) of albacore in the 3 Pacific Coast States and price per ton received, 1941-51*

| Year | Washington | Oregon | California | Price |
|-----------|------------|------------|------------|-------|
| 1951..... | 521,489 | 2,949,832 | 42,364,881 | \$300 |
| 1950..... | 5,282,537 | 5,386,101 | 61,821,176 | 400 |
| 1949..... | 4,433,901 | 6,457,382 | 44,163,128 | 366 |
| 1948..... | 4,917,409 | 7,962,400 | 36,481,013 | 593 |
| 1947..... | 4,243,200 | 9,173,623 | 13,171,751 | 505 |
| 1946..... | 2,122,500 | 3,950,804 | 18,069,274 | 396 |
| 1945..... | 6,029,700 | 12,178,371 | 21,275,300 | 390 |
| 1944..... | 11,869,600 | 22,492,100 | 18,433,574 | 328 |
| 1943..... | 5,749,600 | 10,385,956 | 21,384,864 | 325 |
| 1942..... | 1,975,058 | 10,942,956 | 10,621,360 | 388 |
| 1941..... | 1,050,364 | 7,545,131 | 3,341,209 | 287 |

The albacore fishery developed in the early days of the twentieth century off the coast of California and furnished a living for a substantial portion of the fleet in that area. However, in 1926 the fish disappeared without evident cause and the landings of this species remained at a low level until 1942. The fishery for albacore in Oregon and Washington is relatively new, the first of this species being taken commercially off the coast of Oregon in 1936 and in Washington in 1937. The landings rose rapidly from then on and reached a total of 7.5 million pounds in Oregon and about 1 million pounds in Washington by 1941. Total landings in these two States since then have fluctuated between a low of 6 million pounds in 1946 and a high of over 34 million pounds in 1944. In 1951 the landings in the two Northern States were reduced to a total of 3,400,000 pounds. This lower production was the result of a decrease in price and the fact that buyers stopped purchasing albacore early in the season.

The fluctuations in the total landings of albacore, aside from the effects of the variations in the market, cannot be easily explained. One may only venture to guess at the present time that the primary cause of variations in yield lie in the variations in availability. For example, in the early 1930's albacore were noted off this coast by members of an oceanographic expedition from the University of Washington. It was some years, however, before the fishermen ventured far enough out to find them, since their primary interest up to that time had been centered in the cool inshore waters where salmon occur, in contrast to the warm offshore waters where albacore are found. It is not surprising that the fishermen had not found the latter fish.

Some idea of the distribution of the albacore in the North Pacific may be obtained from figure 1, which shows in a general way the ocean currents of these waters and indicates the catches of albacore recorded by several expeditions made by Japanese prefectural fishery exploratory vessels in 1939, and by two American yachts which caught albacore between Hawaii and Oregon in 1937 and 1938. It will be noted on this chart that the warm Kuroshio which is an extension of the North Equatorial Current moving northward along the east coast of Asia, passes along the coast of Japan and turns eastward between 45° and 40° north latitude, forming the origin of the North Pacific Current. This drift, aided further along by the prevailing westerly winds, extends to the coast of North America where it divides into two branches, a northern one called the Alaska Current and a southern branch called the California Current. The latter, moving southward and westward off the coast of California forms the eastern part of what oceanographers call the Eastern Gyral. This is the large clockwise circulatory movement around the eastern Pacific, lying usually between the mainland and Hawaii, but which may at times include the islands in its western edge. The northern branch of the North Pacific Current (called by some oceanographers the Sub-Arctic Current) forms a counterclockwise circulation around the Gulf of Alaska. The point of division of these two currents varies with the seasons, moving as far south as 40° north latitude off the coast of California in winter and up to the Gulf of Alaska in late summer. The albacore are in general found in the warmer water brought to the coast of North America by this current and our fishery extends from northern Mexico into British Columbia. The albacore taken by the Japanese exploratory vessels were found in the area north of Midway Island which, according to the current patterns, was in the North Pacific Current between the East Gyral and West Gyral of the North Pacific. Other catches are made throughout the West Gyral as far as the coast of Japan. From the occurrence of these fish in this area,

it seems logical to conclude that they are distributed across the entire North Pacific.

More adequate knowledge of the oceanography of this area and of the stocks of albacore will probably show that the total catches of this species off our coast are dependent to a large degree on the extent to which the warm water is pushed into the coast of North America. The area over which this species occurs would indicate that the stocks must be very large, and it is unlikely that the catches taken to date are sufficient to have made serious inroads into the population. With an increase in knowledge of the ocean currents in this area and with further improvement in the techniques of fishing and information on the variations in the distribution of albacore, it can be expected that the catch will become stabilized provided large enough returns are made to the fishermen to defray the expense of pursuing these fish as far to sea as may be required. Here again we have an excellent example of a fishery that is not fully exploited at present and which, with proper attention and development, may grow into a source of employment for a substantial number of fishermen. In addition, it will constitute an additional source of protein food for the United States.

Available data on total landings and operation of the fleet up to the present time yield only the total number of boats operating and the value of gross sales. For the purpose of exploring to some extent the operation of the fleet, a survey was made this past fall in cooperation with the Pacific Coast Fish Producers' Institute. About 1,500 questionnaires were circulated amongst about 4,000 fishing boats in Washington and Oregon. These questionnaires asked for detailed data from individual boats concerning the value of boat, gear, number of fishermen utilized in the various fisheries, total landings over the past 3 years, and the total gross sales in each fishery. In addition, information was requested concerning the amount spent during 1951 for insurance, repair, and upkeep of the vessel, and for various costs of operation such as gear, bait, petroleum products, provisions, etc. One thousand cards were circulated in California among about 3,000 boats which fish albacore, asking for information relative to their operations, particularly on albacore. A total of 478 replies have been received, 305 from Oregon and Washington, and 173 from boats in California.

To obtain some idea of the degree to which the size of the boats making reply corresponded to the entire fishing fleet, the distribution of the net tonnages of the northern boats was compared with the distribution of the boats as shown by the statistical reports of the Fish and Wildlife Service. Using standard methods of statistical analysis, a value of chi-square of 12.4 was obtained, with five degrees of freedom using the distribution of all fishing boats in Oregon and Washington as shown by the Fish and Wildlife Service reports as a basis for calculating the hypothetical distribution with which to compare the distribution of net tonnages of the returns. This chi-square has a probability of about 4 percent of occurring by chance alone, and indicates some difference in relative numbers of the different tonnages between the sample and the fleet as a whole. These differences are not surprising since the fleet with which the returns were compared included Columbia River gill-netters and the Puget Sound purse seine fleet, few of which contribute significantly to the albacore or other tuna catches. A comparison of the difference between the mean net tonnages of the sample and the total fleet yields a *t* value of 0.26 which could be expected to occur by chance alone in 75 percent of such comparisons. There is no significant difference in mean tonnages between the two. It may be accepted with some reservations, therefore, that the sample obtained through the questionnaires circulated among the northern fishermen was a fairly representative sample of the fishing fleets of Oregon and Washington which operate largely in outside waters and contribute most of the tuna catch of these States.

Considering the results of the questionnaire, data regarding the average replacement value of the boats is of interest. An average of \$1,544.72 per net ton for replacement of fishing boats was obtained from the questionnaires. Again, using the 1949 records of the Fish and Wildlife Service as given in CFS-703 for 1949, we find the number of vessels registered for fishing that year along the Pacific coast was 3,332, with a net tonnage of 83,178 tons. Taking the average of \$1,544 per net ton replacement value, we obtain a total value of the fishing fleet along the west coast of the United States of \$130,000,000. This fleet in 1949 furnished employment to 31,794 fishermen. Adding the new boats registered for fishing in this area in 1950 and 1951 with their approximate net tonnages, the fleet numbered more than 3,700 boats with a total net tonnage in excess of 97,000 tons by the end

of 1951. Computing replacement value as above, this had increased to about \$150,000,000. Discussion of the accuracy of this average value indicates that it represents approximately the replacement value of hull and engine without special gear or equipment. It is below figures applicable to such boats as are used in the tuna bait fishery.

An estimate of the replacement value of gear used on the boats covered in the survey indicates that this averages \$4,105 per boat or about \$224.80 per net ton. If this is considered to be representative of the entire Pacific coast fleet, the total replacement value of gear is \$21,800,000, or 14.7 percent of the value of the fleet itself.

The questionnaires used in the northern area gave much more detailed data concerning the operation of the boat. Since the average crews on the boats varies not only between boats but even on the same boat in different fisheries, it was believed that the number of dependents would be much more pertinent to the data with which we are concerned than the number in the crew. Two hundred and seventy-two of the northern boats indicated the number of their dependents. These showed an average per boat of 11.01 persons dependent on the crew, or 0.606 per net ton. In the case of 139 cards from California which also gave the number of dependents, an average of 5.26 per boat or 0.596 per net ton was found. This corresponds to a remarkable degree with the results shown on the sheets from the northern area. Using a figure of 0.6 dependents per net ton which is an approximate average of these two, and the total net tonnages from table II, it may be calculated that approximately 54,000 persons on the west coast are directly dependent upon the fisheries. Since the sample did not include the large bait boats of the south or the large purse seine boats of San Pedro and Monterey, it may be considered that this estimate of the number of dependents is a minimum. This is borne out by the Statistical Abstract of the United States for 1950 (U. S. Bureau of Census), which gives the average size of family in the United States in 1949 as 3.50. This would indicate that only about one-third of the fishermen in the fleet are married if the total dependents actually numbered only 54,000.

As a basis for estimating the relative income of the boats, the average expenditures for items connected with upkeep, repair, and operation are shown in table V.

TABLE V.—Average expenditures during 1951 of boats in the Oregon and Washington fleets from which replies were received

| Item | Expense per boat | Average expense per net ton |
|---------------------|------------------|-----------------------------|
| Upkeep and repair: | | |
| Diesel..... | \$1,994.97 | \$92.15 |
| Gas..... | 840.63 | 103.84 |
| Petroleum..... | 904.01 | 49.58 |
| Gear..... | 878.26 | 47.76 |
| Bait..... | 468.70 | 21.86 |
| Provisions..... | 991.59 | 53.70 |
| Taxes..... | 154.58 | 8.49 |
| Cards: ¹ | | |
| Upkeep and repair: | | |
| Diesel..... | 1,836.44 | 169.34 |
| Gas..... | 897.06 | 174.62 |

¹ Most of these returns were from California boats.

The expenses shown cover the operation of the boats over an average period of 29.1 weeks, a figure derived from replies sent in by 247 boats. Since practically all the boats participated in at least two, and some in three or four fisheries, this 7 months of operation undoubtedly did not include the time spent on repair of boats and engines and in the repair and assembling of gear. While some boats operated only 2 months, only 9 of the 247 boats reporting the duration of their operations indicated less than 20 weeks or 5 months fishing, and 18 operated in excess of 40 weeks or 10 months.

In order to relate the total money received by all boats along the west coast to the expenses, the average gross sales by principal species harvested by the northern boats were analyzed from the questionnaires and are shown in table VI.

TABLE VI.—Gross sales, by species, 1949-51

| Year | Albacore | | Crab | | Halibut | | Salmon | | Other | |
|-----------|--------------|------------|--------------|-------------|--------------|-------------|--------------|------------|--------------|-------------|
| | Number boats | Gross | Number boats | Gross | Number boats | Gross | Number boats | Gross | Number boats | Gross |
| 1949..... | 152 | \$6,484.87 | 21 | \$10,061.90 | 69 | \$20,005.80 | 129 | \$5,306.98 | 63 | \$15,761.90 |
| 1950..... | 187 | 10,354.01 | 27 | 7,907.41 | 81 | 21,380.25 | 145 | 4,894.48 | 55 | 10,443.64 |
| 1951..... | 133 | 5,974.44 | 25 | 9,212.00 | 82 | 16,553.66 | 160 | 7,081.88 | 55 | 12,449.09 |

Questionnaires: 271.

Cards: 161.

Gross sales, albacore: 1949, 91 boats, \$7,905.49 gross; 1950, 110 boats, \$8,096.36 gross.

The average gross sales of albacore and halibut are the only ones showing a decrease in 1951 below the sales in 1950. In the case of halibut, the decline in 1951 is due to a combination of the effect of lower prices in that year resulting from the heavy carry-over of frozen halibut from the 1950 season, and to a low catch made by many of the vessels during the last 3 days of the fishing season. This low catch was due primarily to bad weather. The combination of low price and low catch was sufficient to cause the decrease in the average gross sales per boat of the halibut fleet. The explanation of the decline in average gross sales of albacore is to be found in the combination of lower catch and lower price, and the actual cessation of buying by the canners long before the end of the season. By 1949 the price of albacore had declined from the war price of \$600 per ton to \$400 per ton, and this price held through the 1950 season. The average price paid in 1951 dropped to an average of \$300 per ton, and many plants stopped buying before the season ended. The reason for the cessation of buying is probably complex, but it was certainly associated with the availability of cheaper frozen fish imported from Japan as well as with the importation of cheaper canned fish.

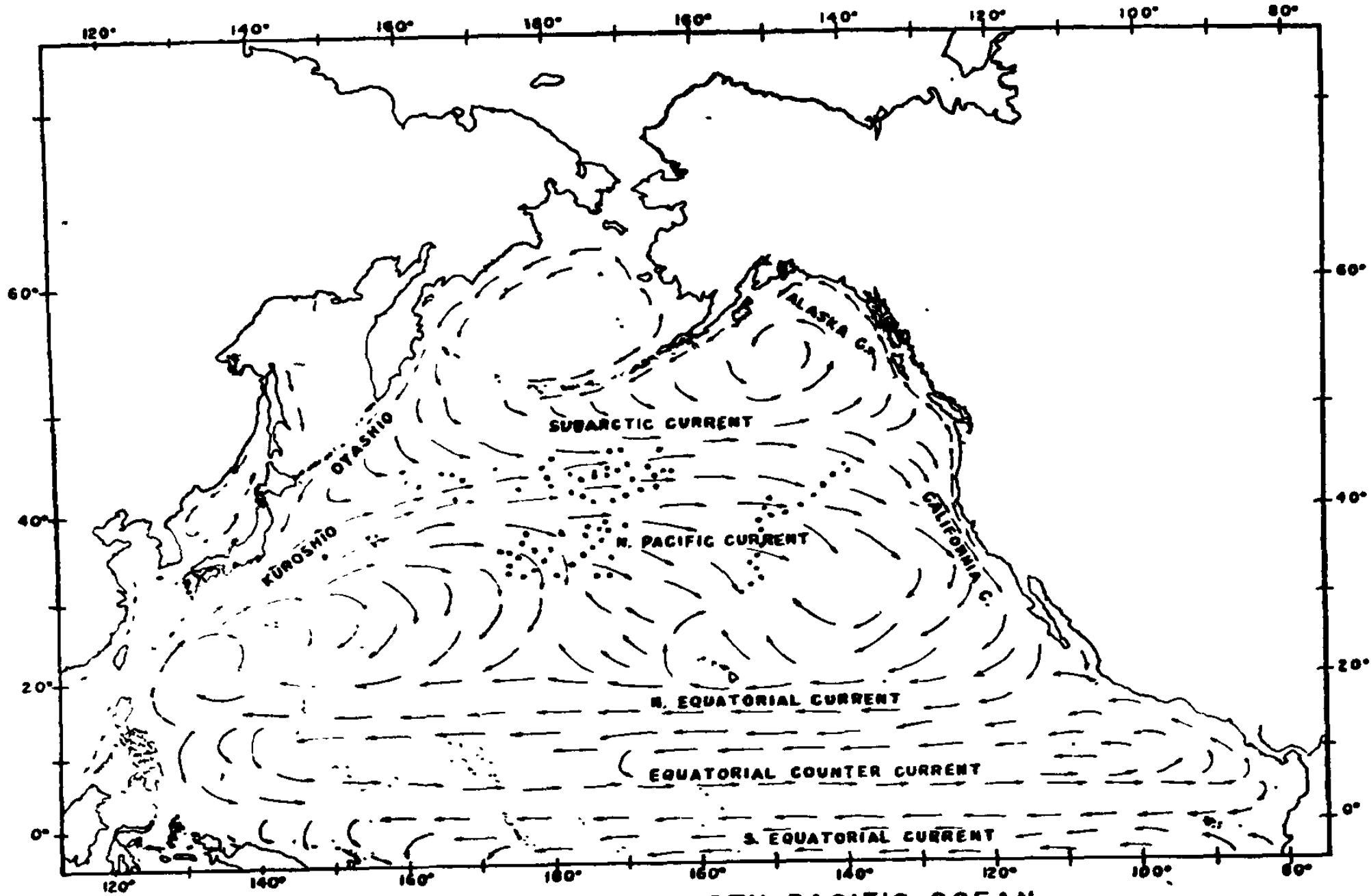
Analysis of the present returns showed that albacore constituted 22.9, 36.7, and 18 percent of the total gross sales in 1949, 1950, and 1951, respectively. A comparison of these percentages with the total Oregon-Washington catch for 1949, which is the latest year for which complete data are available, indicates that gross sales of albacore in Oregon and Washington formed 9.1 percent of the total value of fish sales in those States in that year. The difference between the percentage shown on the questionnaires and that indicated by the total catch is probably explained by the salmon caught by purse seiners in Puget Sound and by gill netters in the Columbia River, which were not included in the present survey. Aside from the purse-seine fleet the percentages calculated from the questionnaires probably represent fairly accurately the importance of the albacore to the fishing fleets of Oregon and Washington. Replies from small boats in central and southern California indicate that the operators derived an average of 69 percent of their living from albacore fishing in 1950.

The total Pacific coast albacore landings in 1951 fell 30,957,000 pounds below those of 1950. With the reduction in price, this meant a reduction of \$10,715,000 in gross income to the fishermen, or an average of about \$261 per person dependent on these fishermen. The reduced production shown by the average gross sales per boat in 1951, combining all species of fish and all boats, is largely due to halibut and albacore and represents a substantial loss to the fishermen and the industry.

Average gross sales in 1951 shown on the questionnaires amounted to \$15,822.14 per boat or \$877.93 per net ton, as shown in the table above. Subtracting the average total expenses per boat of \$6,904.32, the average net income per boat was \$8,917.82. Using the average of 11 dependents per boat, we find an average income per dependent of \$810. For a family of three the average income in 1951 was approximately \$2,430.

The survey has not progressed far enough as yet to permit a check of the accuracy of the figures presented. The range of income of different boats is undoubtedly very wide. As is usual, some boats almost always make a substantial income, but there will always be a few that either make very little or actually lose money on their year's operation. The average income given above, however, may be accepted as representative of the northern segment of the fleet at present.

With regard to the albacore fishery, there is no doubt that, if adequate returns are assured to the fishermen in this fishery as in the others, it will be extended



CURRENTS OF THE NORTH PACIFIC OCEAN

and developed, and with increased knowledge of the distribution of the species and improvements in the techniques of fishing, a stable supply will result, thus not only providing additional proteins for this country but also furnishing employment to the ever-growing number of fishermen in the Pacific coast fishing industry.

**STATEMENT OF FRED WOLLESON, BEFORE THE SENATE COMMITTEE ON FINANCE
WITH RESPECT TO H. R. 5693**

My name is Fred Wolleson. I speak as president of the Offshore Fishing Vessel Owners' Association of Astoria, Oreg., and also as coordinator of the State of Oregon for the Pacific Coast Fish Producers Institute.

I have been a commercial fisherman for the past 27 years, first as a salmon troller in Alaska for 17 years, then principally as a shark fisherman off the shores of Oregon from 1941 through 1949, and for the past 2 years as an albacore-tuna fisherman.

I left the troll-salmon fishery because of the increasing scarcity of salmon. This is due mainly to three causes:

1. The construction of high-power dams on our large Northwest salmon streams;
2. Pollution as caused by pulp mills, etc.; and
3. A degree of overfishing.

From the salmon-troll fishery I turned to the soup-fin-shark fishery, which remained profitable until the end of the 1949 season. We were paid a certain rate per million units of vitamin A content, as found in the livers of these sharks. This price rate fell over 50 percent in a few months' time. The principal cause of this was the sudden large importation of almost duty-free vitamin A oils. Many of us—in fact, 30 sharkers from the State of Oregon—got caught with large investments of expensive nets. For example, I was left with \$10,000 worth of drift and set-net shark gear. It was a hard blow to take. Many of us wrote the Tariff Commission, the Secretary of State, and the President, but we were a relatively small fishery, and received little or no effective consideration.

There was only one promising fishery to which I could now turn. This was the comparatively new and wonderfully productive albacore-tuna fishery. I made this transition with considerable expense, involving such installations as refrigeration and loran navigational equipment.

We had a good season in 1950 and received a cannery-based price of \$400 per ton for our albacore. By 1951, however, our price had fallen to \$300 per ton. Imports were pouring into the United States in one form or another, but particularly in the classification of raw and frozen. Many former albacore packers had ceased operations entirely. Japanese imports during the year 1951 took from the American albacore fishermen 50 percent of his fishing season. Many of the canners would not take our albacore off the southern Oregon coast or off the central California coast, as they had in previous years. This made it necessary for us to haul our fish to the canneries, which were 300 and 400 miles away. This, of course, eliminated many of the smaller boats, as they could not make runs of this length. In short, the canners had generally forsaken the American albacore fisherman. Albacore was available from Japan and, for reasons hard to understand, that is where the canners were getting it. There is and was no apparent shortage of albacore, but the incentive to produce had been substantially destroyed through low prices and uncertain acceptance of delivery.

I would like to emphasize the fact that the albacore has provided a very substantial form of relief to our other Oregon and Northwest fisheries. I mean by this that, with hundreds of boats operating in albacore, there is that many less working on the decreased stocks in our other fisheries. The men in our other fisheries are very concerned over the situation in the albacore-tuna fishery. They fear wholesale and widespread movements of the albacore boats into their fisheries, as well as the loss of the albacore fishery to them as a valuable and supplementary fishery.

Attached to this brief are copies of a letter and a telegram from the Columbia River Fishermen's Protective Union, in which they urge passage of Mr. Camp's bill as a measure of indirect aid and support to their river gill-net fishery.

It is respectfully requested that the honorable members of this committee take favorable action on H. R. 5693.

COLUMBIA RIVER FISHERMEN'S PROTECTIVE UNION,
January 25, 1952.

HON. WAYNE MORSE,
United States Senate, Washington, D. C.

DEAR SENATOR MORSE: We urge you to do everything possible to have the Senate Finance Committee act favorably on H. R. 5693, establishing an interim tariff on imports of fresh and frozen tuna until the effects of the imports on the American fishing industry can be made a subject of thorough study.

Our union, representing gill netters from Astoria to The Dalles, is unanimously on record in favor of such a tariff. We wish to point out that the Columbia River salmon industry is imperiled by these imports. Low tuna prices will force tuna fishermen into the salmon troll, bringing more pressure on the salmon industry, in which we have already been forced to reduce fishing time on the Columbia by a period of 3 months, plus an additional 2 weeks just imposed upon us by the State fish commission, as a conservation measure.

At the same time we wish to advise you that we are very interested—and for the same reason—in securing an equalization on ad valorem tariffs on processed tuna, in order to prevent evasion of the present 45-percent ad valorem on tuna packed in oil. As a step toward securing this, we understand an application of investigation has been made under section 7, Trade Agreements Extension Act of 1951, and that a hearing on this is to begin in Washington this week or next. We trust you will support the application.

Some 78,547 cases of tuna packed in brine entered the United States during October of last year alone from Japan. This brought the grand total of such imports for the first 10 months of 1951 to 294,043 cases, as compared to only 18,139 cases for all 12 months of 1950. This reflects the seriousness of this problem.

Fraternally yours,

ROBERT J. HICKS, *Secretary.*

[Telegram]

ASTORIA, OREG., January 24, 1952.

UNITED STATES TARIFF COMMISSION,
Washington, D. C.:

Re letter of January 24, Columbia River fishing time just reduced an additional 2 weeks by State fish commission. Imperative that tariff proposal of tuna-boat operators receive favorable consideration.

ROBERT J. HICKS,
Secretary, Columbia River Fishermen's Protective Union.

STATEMENT OF JOHN J. REAL BEFORE THE SENATE COMMITTEE ON FINANCE WITH
RESPECT TO H. R. 5693

My name is John J. Real. I am the manager and attorney for the Fishermen's Cooperative Association of San Pedro, Calif. This organization is composed of the owners of 145 purse seine type fishing vessels. Its chief function is to handle the sale of its members' fish catches to canneries and to purchase fishing supplies for its members.

This presentation confines itself to the effect of foreign tuna imports on the purse seine fishing fleet operating out of San Pedro, Calif.

THE PURSE SEINE FLEET, ITS OPERATIONS, SIZE, AND VALUE

Purse seining is a method of fishing using large nets in capturing fish rather than hook and line and bait. This method is used to some extent by fleets operating out of every fishing port on the Pacific coast for the catching of salmon, herring, sardines, mackerel, and tuna. The largest purse seine fleet is based at San Pedro, Calif. This fleet consists of a total of approximately 170 vessels which, on the basis of divergent types and areas of operation, may be placed in three distinct categories as follows:

1. *All-year tuna vessels.*—In this group there are approximately 15 purse seiners ranging in size from 90 to 120 feet. Their position in the tuna fishery is parallel to that of the tuna clipper (bait boat) fleet of San Diego, Calif., in that they fish

almost exclusively for yellowfin and skipjack tuna in the same areas and during the same periods of time.

2. *Part-time tuna vessels.*—In this group there are approximately 103 purse seiners. These vessels devote about 60 percent of their time to tuna fishing. The balance of the year is spent fishing for sardines in southern California waters. This latter fishery is regulated by a statutory season extending from October 1 to February 1. These vessels are small in size and limited in carrying capacity and because of that fact confine their operations to waters off the coast of Mexico and, to some degree, off the coast of Costa Rica. These parttime tuna vessels account for nearly 90 percent of the United States bluefin, bonito, and yellowtail production. Together with the all-year tuna vessels, they account for approximately 17 percent of the United States yellowfin tuna and skipjack production.

3. *Local vessels.*—This group contains 56 purse seiners whose operations are confined to southern California waters. They fish for sardines from October 1 to February 1 and for mackerel during the intervening spring and summer months.

The San Pedro purse seine fleet in its entirety represents an investment of \$22,000,000, employing approximately 1,800 fishermen and in 1950 produced approximately \$21,500,000 in raw fish. Its importance to the economy of the district out of which it operates is realized when we witness that the annual "home town" expenditures of this fleet for food, fuel, gear, repairs, and services approximates \$7,500,000.

All three groups in the purse seine fleet have been variously affected by foreign tuna imports. These effects will be separately considered under the following categories:

1. The injury caused by bonito and yellowtail imports on the part-time tuna vessels.
2. The injury caused by bonito and yellowtail imports on the local vessels.
3. The injury caused by general tuna imports on the all-year tuna vessels.
4. The threat of further injury by general tuna imports on the part-time tuna vessels.

THE INJURY CAUSED BY BONITO AND YELLOWTAIL IMPORTS ON THE PARTTIME TUNA VESSELS

We are aware of the fact that bonito and yellowtail are not covered in H. R. 5693, particularly in that form in which the bulk of imports of these products have come in, namely, as canned in oil. We nevertheless feel forced to touch upon this subject because it exemplifies so clearly what can happen in a very short period of time to domestic producers with unrestricted or lightly restricted tuna imports. A further and more important reason for discussing this problem arises from the fact that the loss of the bonito-yellowtail fishery to the purse seine fleet makes the retention of the balance of its tuna fishery a vital matter.

It is to be noted at the outset that we speak throughout this statement in the terms of "bonito and yellowtail" jointly rather than addressing ourselves to each of these species separately. Insofar as domestic producers are concerned bonito and yellowtail fishing operations are inseparable because both species occur in the same areas of operation and run during the same periods of time. Fishing voyages cannot be profitably made to seek one of the species alone and the ultimate products from each of these species find their outlet in the same general market. Yellowtail imports have been relatively small and of themselves have caused no injury. The point which we wish to make here is that the bonito imports have caused injury to the combined domestic bonito and yellowtail fishery. For that reason all figures and calculations herein are made in terms of a combined domestic fishery and combined imports. Any other method of setting forth import statistics in this matter would distort the relationship of the principal import in question, namely, bonito to the domestic production injured, namely, the combined United States bonito-yellowtail fishery.

Bonito and yellowtail are not strictly a tuna, but are classified generally as a "tunelike fish." Their lower price makes the institutional and restaurant trade the chief outlet for these species as a canned product. The principal country of origin of bonito and yellowtail imports is Peru and the common form of import is as a canned product in oil. In recent years this item has borne a tariff of 21 percent ad valorem. During the Torquay negotiations in late 1950 this tariff was reduced to 15 percent and the same became effective on October 7, 1951. Frozen bonito and yellowtail carry no duty.

The domestic bonito-yellowtail fishery is conducted principally by the part-time tuna purse seine fleet. These species are generally taken by this fleet in

waters off the coast of Mexico during the months of July, August, and September, and for many years were the principal source of the summer income for the part-time tuna fleet, accounting in 1947 for 25 percent of the dollar value of the total annual tuna catch of all species by this fleet. Yellowfin and skipjack, while not totally absent, are generally less available to this fleet in waters off the coast of Mexico during the summer months and consequently, since, because of size, these vessels are limited in their fishing range they cannot venture further south in pursuit of yellowfin and skipjack and must therefore forego their summer trips unless upon sailing they also receive orders from canners for bonito and yellowtail.

The year 1948 marked the first entry into the United States market of any substantial quantities of imported bonito and yellowtail. The effect of these imports was felt immediately. Table 1 attached hereto clearly indicates the sharp decline in proportion of the domestic market supplied by domestic producers of this commodity. It is further illustrated by the attached graph.

In 1948 imported bonito and yellowtail took only 3.3 percent of the United States market but this constantly rose until in 1951 these imports had captured 84.7 percent of the United States market. The downward trend in price to the domestic producer was sharp and immediate. In 1949 the price of all species of tuna and tunalike fish dropped but bonito and yellowtail were most severely hit. Yellowfin dropped 8.8 percent and skipjack dropped 9.4 percent. The drop in bonito was from \$235 a ton to \$195 a ton, a drop of 17 percent. The drop in yellowtail was from \$225 a ton to \$185 a ton, a drop of 17.7 percent.

But even the price cut did not preserve the summer tuna fishing opportunities of these vessels. Bonito and yellowtail were being imported with such rapidity and at such low prices that before the summer of 1949 the United States market in that year for this product was almost wholly absorbed by the foreign imports. The result was that cannery orders to the purse seine fleet for deliveries of these species were at an all-time low and the part-time tuna vessels which normally sailed after July 1 of each year for these species were forced to stay home. The situation grew worse in 1950, resulting in a widespread decline in employment of vessels and their crews in this fishery. Where in 1947 approximately 86.5 percent of the purse seine tuna fleet made trips after July 1, only 33.8 percent made these trips in 1950, most of these trips in that year being actually made in a desperate (and, incidentally, not too successful) effort to find yellowfin and skipjack rather than pursuant to cannery orders to sail also for yellowtail and bonito (table 2). The effect of increased imports was also immediately reflected in diminished earnings to the crews and declined profits to the vessels. In 1947 the bonito and yellowtail fishery produced an average gross crew share of approximately \$906 per man. By 1950 this had dropped to \$84 per man (table 3).

A further effect in this regard which is worthy of note is that as a result of the loss of the bonito-yellowtail fishery, license revenue attributable to this fishery and paid by United States fishermen to Mexico dropped two-thirds from 1948 to 1951 (table 4).

THE INJURY CAUSED BY GENERAL TUNA IMPORTS ON THE LOCAL VESSELS

Not only did bonito-yellowtail imports drive the part-time tuna vessels out of a once profitable fishery but this fact also had a noticeable effect upon the local vessels who in summer fished for mackerel in local waters while the part-time tuna fleet was away. The mackerel market is limited as to the quantity of this fish which can be absorbed. This is indicated by the fact that in late September cannery orders for this fish are either completely curtailed or drastically limited.

When the part-time tuna vessels were forced to stay at home during the summer months their only recourse was to lie at the dock or compete with the local vessels in the limited mackerel fishery. The second alternative was chosen in most instances. The result of this was particularly pointed up in the summer of 1951. The employment in mackerel fishery of part-time tuna boats which would otherwise be employed in the bonito-yellowtail fishery caused a paper-thin spreading of the available income in the mackerel fishery. Where normally in past years 50 to 55 purse seine vessels shared this fishery in the summer months, over 80 were employed in it in August and September 1951. A comparison of estimated per boat production with the same period in the year 1948 shows a decline in earnings per vessel of approximately 32 percent as a result of this overcrowded condition in the mackerel fishery. Since crew members work on a share basis, a corresponding decrease in wages is attributable to them (table 5).

THE INJURY CAUSED BY GENERAL TUNA IMPORTS ON THE ALL-YEAR TUNA PURSE SEINE FLEET

During the last 6 months of 1951 the all-year tuna purse seine fleet was hit by the impact of general tuna imports. Lay-ups occurred for varying lengths of time. In every instance there was a decline in earnings on the part of the vessels and their crews, the amounts of decrease in earnings varying from \$656 per crew member to \$3,800 per crew member (table 6).

Because of the fact that these vessels are large in size and expensive to operate it is impractical to employ them in any other California purse seine fishery. The injury and threat of future injury in this regard since July 1951, in most instances parallels that of the San Diego tuna fleet and for that reason will not be detailed more specifically here.

THE THREAT OF FURTHER INJURY BY GENERAL TUNA IMPORTS ON THE PART-TIME TUNA VESSELS

Part-time tuna vessels chiefly because of their size and limited carrying capacities have only a short time (February through September) within which to engage in the tuna fishery. If the opportunity for making at least three round trips to the tuna grounds is not reasonably assured it becomes necessary to forego the entire tuna season.

This then places the part-time tuna fleet in a position that if any lay-up periods, such as are in effect in San Diego, become necessary it will mean that the reasonable expectancy of making the three round trips is gone and this will necessarily result in decisions to completely forego the tuna season. This then will mean a choice between going out of business or engaging in the spring mackerel fishery. The reasonably expected results of the latter choice can be seen by our review above of what happened when this same fleet was driven out of the bonito-yellowtail market and into the summer mackerel fishery.

The threat of injury in this regard is definitely present. Normally canneries request their part-time tuna vessels to commence preparing their tuna gear in the latter part of December. This last December, in most instances, the canneries specifically requested that these vessels do not prepare for tuna fishing until further notice.

CONCLUSION

The evidence presented reveals that bonito and yellowtail imports as well as other types of tuna imports have caused serious injury not only to the United States tuna industry but to other California fisheries as well. The rapidity and severity of what happened in the bonito-yellowtail fishery should serve as a striking example of what tuna imports of other types will do to the United States tuna industry and its components. Unless some restrictive measures are imposed so as to reasonably limit the quantity of imports or place them on a competitive basis such damaging results are inevitable.

The threat of further dangerous injury is not exaggerated and cannot be lightly considered. The United States tuna industry has rarely asked for assistance. It must now plead for it. We urge your favorable consideration of H. R. 5693.

TABLE 1.—Bonito-yellowtail imports and domestic production

| | Production by United States vessels | Imports (converted to raw fish weight) ¹ | Total United States market | Percent of imports to total United States market |
|-----------|-------------------------------------|---|----------------------------|--|
| | Pounds | Pounds | Pounds | |
| 1946..... | 10,707,000 | (²) | | |
| 1947..... | 23,871,000 | (²) | | |
| 1948..... | 19,716,000 | 680,000 | 20,396,000 | 3.3 |
| 1949..... | 9,292,000 | 17,980,000 | 27,272,000 | 67.3 |
| 1950..... | 4,032,000 | 18,059,926 | 22,091,926 | 81.5 |
| 1951..... | 4,600,000 | ³ 25,530,000 | 30,130,000 | 84.7 |

¹ Most bonito-yellowtail imports are canned in oil. Import figures are generally shown in canned fish weight. They have been converted here to the equivalent raw fish weight in order to facilitate comparison with United States vessel production which is generally shown in raw fish weight.

² Separate records on bonito and yellowtail imports canned in oil were not kept until 1948. Because of the low 1948 import figure and the fact that in 1946 and 1947 total imports of all types of tuna in oil were not too great, it may be safely assumed pre-1948 imports of bonito and yellowtail were relatively insignificant.

³ Estimated for full year. Actual imports through November 1951, 21,032,479 pounds.

TABLE 2.—*Employment of tuna vessels in the bonito-yellowtail industry*

[Taken from records of Fishermen's Cooperative Association of San Pedro. This organization represents vessels accounting for from 75 to 80 percent of the total purse seine tuna catch, and its vessels and their activities are representative of the entire San Pedro based purse seine fleet]

| | Number of cooperative vessels engaged in the tuna fishery | Number of cooperative vessels making trips after July 1 ¹ | Percent of cooperative tuna vessels making trips after July 1 |
|-----------|---|--|---|
| 1947..... | 97 | 84 | 86.5 |
| 1948..... | 102 | 86 | 84.3 |
| 1949..... | 88 | 53 | 60.2 |
| 1950..... | 71 | 24 | 33.8 |

¹ Trips made after July 1 by part-time tuna vessels can be generally considered as trips made pursuant to orders to sail for all tuna and tuna-like species, including bonito and yellowtail. Without a bonito and yellowtail order the boats would rarely sail after July 1.

TABLE 3.—*Purse seine earnings from bonito-yellowtail*

[Taken from the records of Fishermen's Cooperative Association of San Pedro. This organization represents vessels accounting for from 75 to 80 percent of the total purse seine tuna catch, and its vessels and their activities are representative of the entire San Pedro based purse seine fleet]

| | Number of cooperative vessels engaged in tuna fishery | Value of cooperative vessels bonito-yellowtail catch | Gross revenue per boat | Gross share per man ¹ |
|-----------|---|--|------------------------|----------------------------------|
| 1947..... | 97 | \$1,759,073 | \$18,134 | \$906.00 |
| 1948..... | 102 | 1,717,834 | 16,841 | 842.00 |
| 1949..... | 88 | 537,236 | 6,104 | 305.00 |
| 1950..... | 71 | 120,460 | 1,696 | 84.00 |

¹ Like most other fisheries purse seine operations are conducted on a share basis. From the receipts of the catch are first deducted certain trip expenses such as fuel, foreign licenses and certain other minor items. The balance is then distributed between the crew and vessel, the percentage of distribution varying with the size of the vessel. The average distribution is 60 percent to the crew and 40 percent to the vessel.

The above chart shows individual crew shares before deduction of any trip expenses.

TABLE 4.—*License revenue paid to Mexico by purse seiners for tuna-fishing privileges*

[Taken from the records of Fishermen's Cooperative Association of San Pedro. This organization represents vessels accounting for from 75 to 80 percent of the total purse seine tuna catch and its vessels and their activities are representative of the entire San Pedro based purse seine fleet]

| | Number of cooperative vessels engaged in tuna fishing | Total license fees paid by cooperative vessels | Total license fees paid on trips beginning after July 1 |
|-----------|---|--|---|
| 1947..... | 97 | \$339,164.47 | \$86,908.16 |
| 1948..... | 102 | 379,875.18 | 91,244.64 |
| 1949..... | 88 | 206,722.92 | 32,568.37 |
| 1950..... | 71 | 222,076.24 | 21,154.16 |

TUNA IMPORTS

TABLE 5.—Chart showing estimated effect on local vessels in the mackerel fishery resulting from increased number of participants therein

| | Total tons purse-seine mackerel catch, August and September ¹ (San Pedro) | Total value of catch, based on 1951 prices ² | Estimated number of purse-seine vessels employed, August and September | Average total revenue per vessel |
|-----------|--|---|--|----------------------------------|
| 1948..... | 14,141 | \$664,627 | 55 | \$12,084 |
| 1951..... | 13,991 | 657,577 | 80 | 8,219 |

¹ The mackerel taken by purse seiners is of two types: Jack mackerel and Pacific mackerel. The catches are combined in this table.

² In 1951 Pacific mackerel sold for \$55 per ton and Jack mackerel sold for \$45 per ton. Jack mackerel production accounts for three-fourths of the total mackerel production during these months. An average price of \$47 per ton is therefore used.

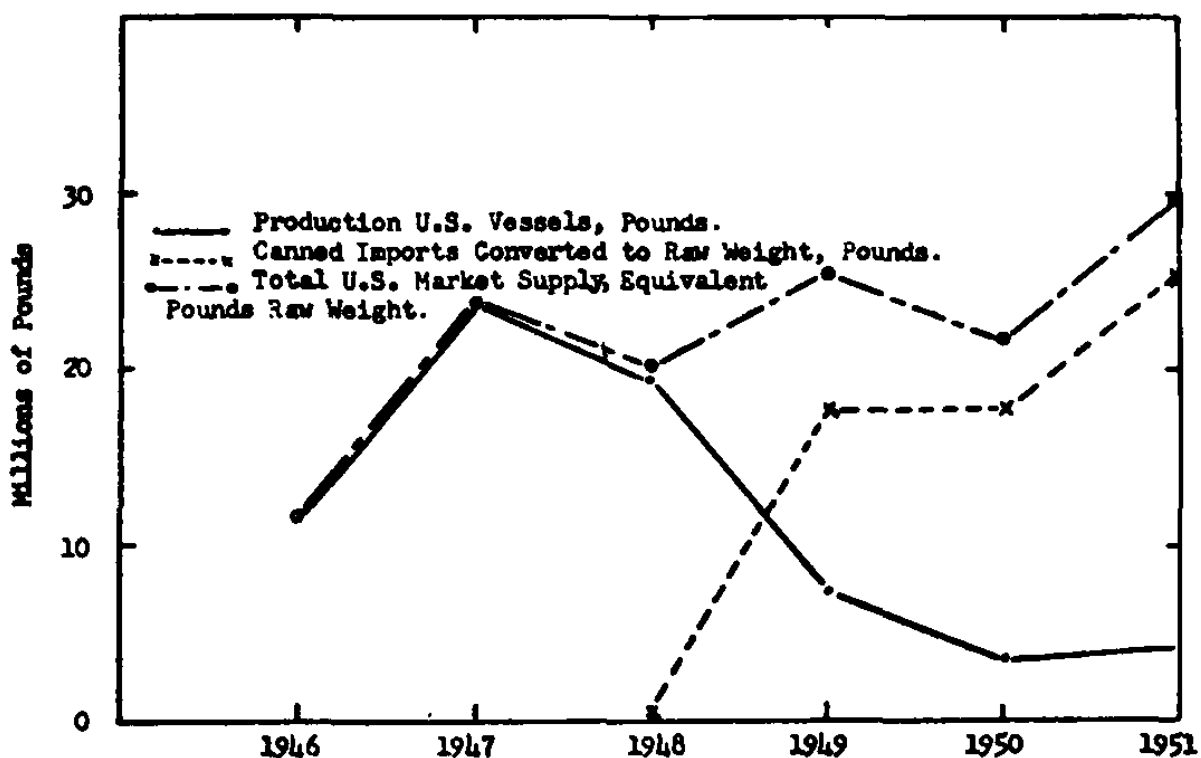
NOTE.—This method of estimating the amount of decrease in earnings is used because of the unavailability of exact information on vessel earnings for the period involved.

TABLE 6.—Earnings on all-year purse-seine tuna vessels during last 6 months of 1950 and 1951

| | Number of days laid up, July 1 to Dec. 31, 1951 | Earnings per crew member, July 1 to Dec. 31, 1950 | Earnings per crew member, July 1 to Dec. 31, 1951 | Decrease in earnings per crew member |
|-----------------|---|---|---|--------------------------------------|
| Boat No. 1..... | 80 | \$2,515 | \$1,690 | \$828 |
| Boat No. 2..... | 78 | 5,100 | 1,300 | 3,800 |
| Boat No. 3..... | 66 | 2,550 | 1,334 | 1,216 |
| Boat No. 4..... | 80 | 3,300 | 1,220 | 2,080 |
| Boat No. 5..... | 90 | 4,404 | 1,010 | 3,394 |
| Boat No. 6..... | 60 | 4,432 | 2,197 | 2,235 |
| Boat No. 7..... | 92 | 1,639 | 478 | 1,161 |
| Boat No. 8..... | 92 | 2,830 | 2,174 | 656 |
| Boat No. 9..... | 80 | 2,708 | 727 | 1,981 |

Actually the situation was worse than represented by this table because this table shows earnings received in the last 6 months on trips by some vessels which were commenced prior to July 1.

BONITO AND YELLOWTAIL



STATEMENT OF JOHN CALISE WITH RESPECT TO H. R. 5693

My name is John Calise. I am the secretary-treasurer of the Seine and Line Fishermen's Union, A. F. of L., affiliated with Seafarer's International Union, A. F. of L.

Our local's offices are at San Pedro, Calif. Our membership consists of 600 fishermen who serve aboard the purse-seine fishing vessels operating out of San Pedro, Calif., and who have collective-bargaining agreements with boat owners who are members of the Fishermen's Cooperative Association of San Pedro.

I have read the statement before this committee of John J. Real, manager of the Fishermen's Cooperative Association of San Pedro, regarding the effect of tuna imports on the San Pedro purse-seine fleet. Since our members serve aboard the vessels represented by Mr. Real and work thereon on a share basis, the disastrous effect upon those vessels has directly affected the welfare of the membership of my union. Therefore, in order to avoid repetition, we wish to concur in the statements made by Mr. Real.

Although we have some members aboard the larger purse seiners fishing for tuna, the majority of our men fish on local purse-seine vessels for mackerel and those species of tuna and tuna-like fish which occasionally run in local southern California waters. The loss of tuna-fishing opportunities for larger purse seiners has forced some, and will continue to force more, into the already crowded local fishery. The income of our members is at a minimum at the present time. Inclusion of more boats into the local field would increase competition in this fishery to a point that the take-home pay of the working fishermen whom I represent would be insignificant and would cause these men to seek other employment. Because of their particular training as fishermen they are not easily adapted to other trades and thereby would be placed in the category of unskilled labor in any other industry. This committee knows full well that there is a plentiful supply of unskilled labor already. Once these skilled fishermen have left the fishing industry it will be difficult to again recruit back in case their skills are again needed, as they were in the last war, to help feed the Nation or protect her coast line. As a result, we are wholeheartedly in support of the passage of H. R. 5693.

STATEMENT OF ANTHONY D. SOKOLICH WITH RESPECT TO H. R. 5693

My name is Anthony D. Sokolich. I am secretary of the Fishermen's Union, Local 3-33, affiliated with the International Longshoremen and Warehousemen's Union.

The men of our union are employed as crew members on purse-seine fishing vessels which operate out of their base in San Pedro, Calif. As crew members our men perform the regular duties of seamen, engineers, navigators, and radio operators in the operation of the vessel to and from the fishing grounds. While on the fishing grounds our members assist in the spotting of the schools of fish and in the laying out of the nets and in drawing them back aboard the vessel, then removing whatever fish is caught. The fish, in the tuna operation, is then placed into the holds of the vessel where it is refrigerated. Our men fish for all species of tuna, bonito, and yellowtail and are the only boats that are equipped to catch bluefin tuna which in some years represents a substantial catch.

The membership of our union comprises 1,250 fishermen, of whom 1,060 can be classified as regular residents of San Pedro; the remainder are men who migrate up and down the Pacific coast from one fishery to another. In 1950 our men's income derived from tuna comprised 60 percent of their total annual income but in 1951 the story was completely different. Boats were laid up for varying periods of time and when they were allowed to sail were restricted as to the types of fish which they could bring in. Skipjack was in effect a prohibited species because of the fact that heavy imports of this fish in a frozen state made domestically caught skipjack uncompetitive in price. In other cases size limits were imposed, thus severely restricting the fishing effort. The imposition of such restrictions and the failure to order all species of tuna upon the sailing of a vessel is not a usual situation in the tuna industry and until imports of frozen fish supplanted our market for certain species our vessels had a wide latitude as to the fish they could bring in.

I shall give you the results of trips that have just been completed by some of the vessels upon which our men serve. Trips were all completed in late December 1951 or early January 1952.

After an enforced lay-up of 30 days, vessel A operated under an order for yellowfin tuna only. This boat made a voyage of over 90 days; during this time they used 46,000 gallons of fuel oil in traveling in excess of 15,000 miles from San Pedro to the Galapagos Islands and the various fishing grounds. Unable to find yellowfin tuna but finding vast schools of skipjack the vessel finally in desperation caught 70 tons of skipjack which is less than one-half her ordinary load. When they arrived in San Pedro they persuaded the cannery to accept their fish and the distribution of the share was made. For their 90-day trip and the 30-day tie up before sailing the crew members shared \$175 each. Incidentally the expenses of the trip amounted to in excess of \$15,000.

Vessel B, after an enforced lay-up of 45 days, operated for yellowfin tuna only. This vessel made a trip lasting 72 days and upon returning to San Pedro had exactly four fish aboard. The experience of this crew was that they, too, saw vast schools of skipjack during the early days of their voyage which they had to pass up. When accounts were made the members of the crew were in debt for their share of the trip expenses to the tune of \$375 per man. Couple this with the fact that the boat was tied up approximately 45 days before sailing on her trip and it is obvious that these men and their families must have enjoyed a bleak Christmas.

Vessel C left on the same type order as vessels A and B, and returned after a trip of approximately 75 days with 40 tons of fish. This 40 tons represents one-fourth of her load and she too had opportunity during her trip to catch skipjack. After computing the share, each man was in the red to the extent of \$160. This vessel also had trip expenses in excess of \$15,000.

Conditions of this type when applied to the rest of the fleet can only be looked upon as disastrous and are conditions under which our members cannot long survive.

Mr. John Real, manager of the Fishermen's Cooperative Association in San Pedro, upon whose vessels the majority of our members act as crew members, points out in his statement the disastrous results of the imported bonito inroads on our market, so I shall not elaborate further but shall underscore everything he says.

In conclusion, I wish to state that our members who are highly skilled men in their profession have suffered by the loss of their fishing opportunities. Many of them and their families are now existing on whatever small savings they have, and others have had to mortgage homes, lose cars, and experience other financial hardships. If our men had skills which would enable them to transfer to other jobs (if they were available), the problem would not be as great but our members have been fishermen all of their adult lives and skills learned here are worthless in any other field. As the representative of these men with whom I have fished for many years, and with whom I hope to fish again, I wish to plead with your honorable committee to grant favorable consideration to the bill before you today.

STATEMENT OF JOHN F. JANSSEN WITH RESPECT TO H. R. 5693

My name is John F. Janssen. My office is in San Francisco, Calif. I am assistant chief of the Bureau of Marine Fisheries of the State of California Department of Fish and Game. My presence here as a witness is authorized by the director of the California Department of Fish and Game and the Governor of California because of the interest of the people of California in a healthy fishing industry of which the tuna industry is a very important part. My expenses are paid for by my department.

The department of fish and game conducts biological research on our important ocean fish and publishes statistics relative to the landings of fish in California. In addition, this department publishes statistics relative to the processing of fishery products in California. As a conservation agency representing the people of California, we are vitally interested in the maintenance and development of our fisheries. We make every effort to collect and disseminate information which might lead to the development of new fisheries or which might point out where overdevelopment of a fishery or reduction of the stock indicates that curtailment of the catch is necessary. The injury of any single fish industry by foreign competition may result in the diversion of fishing vessels into other existing fisheries which may already be fully exploited. The result is either an excessive strain on the fisheries into which new boats enter or the dividing of the permissible take among more individual fishermen and thus lessening of the income of the fishermen as a group.

I would like to explain my point by specific examples.

All evidence indicates that in the eastern Pacific we are exploiting only the fringe of our albacore-tuna population and that this fishery may be much expanded with safety. Our salmon fisheries, on the other hand, are being fully exploited. Many albacore vessels fish for salmon as a fill-in before the albacore run starts. We are concerned that large imports of frozen tuna may depress the market to the point where these vessels find it uneconomical to fish for albacore and consequently continue longer in the salmon fisheries. This was the situation in 1951. We feel that such diversion of effort or increased effort in our salmon fisheries will lead to further distress for our fishermen.

Many of our purse seiners fish for yellowfin and skipjack tuna throughout the year, whereas others fish them seasonally. If the market is unable to absorb their catches they will turn to other fisheries. The most logical fisheries for them to turn to are those for sardines and mackerel. Our sardine fishery and our Pacific mackerel fishery are already overexploited and are in serious condition. The diversion of more vessels into these fisheries would be most unwise and would more distress.

STATEMENT OF ROBERT J. SCHOETTLER, WITH RESPECT TO H. R. 5693

My name is Robert J. Schoettler. I am director of the Washington State Department of Fisheries, Seattle, Wash. I am appearing here to present certain facts with regard to the fisheries of the Pacific coast.

RELATIONSHIP OF FACTORS AFFECTING THE CALIFORNIA TUNA FISHING FLEET AND THE CONSERVATION AND MANAGEMENT OF THE FISHERIES IN THE STATE OF WASHINGTON

Even though there has been a serious decline in the fisheries in the State of Washington since its peak in the period of 1910 to 1917, fishing now stands as one of the four leading industries within the State. Not only is fishing an industry, but it is one that operates on a natural resource which, if properly managed and conserved, is a constantly replacing resource that could be used for all time to come.

Washington's salmon fisheries comprise approximately 75 percent of the entire State's fishery value. Any factors that may adversely affect this fishery immediately become of great concern to the managing agency for the fishery. In Washington, the State department of fisheries is the managing agent and, as such, is responsible for the management, conservation, and propagation of the food fisheries within the State.

Development in the past year within the California tuna industry has caused the idling of a large part of the tuna fleet. This development has caused grave concern to the department of fisheries, when the possibility exists that a great portion of that idled fleet can, and may, shift their fishing effort to salmon fishing in Washington.

There is every indication that Washington's salmon fishery is now being exploited to the limit and, in some instances, beyond the limit which the stock of fish can withstand.

Today's crisis in tuna could soon react quite disastrously on the salmon by causing increased exploitation. Additional exploitation cannot be permitted at a time when stocks of fish either dwindle or struggle to maintain minimum breeding stock for future years.

What is the interrelationship between the California tuna fleet and the Washington salmon fleet?

Washington's main salmon fishery takes place in the Puget Sound area and adjacent ocean waters, where 80 percent of the State's total commercial salmon are taken. In 1951 more than 8 million salmon were taken in the Puget Sound area, and of these more than 6 million were taken by purse seines. In other words, the purse seine fleet alone accounts for 80 percent of the catch in the Puget Sound area. Boats in the Puget Sound purse seine fleet generally fall in the 20 to 40 registered tons size class.

The history of the Puget Sound purse seine fleet is one of expansion. Ten years ago, in 1942, the fleet numbered 154 licensed seiners. It has gradually increased until 1951, when the licensed purse seiners numbered 327—an all-time high. The fleet has more than doubled in the past decade.

Another important fleet operating upon Washington's salmon stocks is the troll fleet. Boats in this fleet are smaller than purse seiners and generally fall in the

1- to 25-ton size class. The history of this fleet's size follows the same pattern of expansion as did the purse seine fleet, expanding in size from some 700 boats in 1942 to 1,200 boats in 1951.

Considering the California tuna fleet: Its composition consists of 335 large-type boats ranging in registered tonnage from 20 to over 300 net tons, plus another large group of 3,000 smaller troll-type boats, varying from 1 to 25 tons in carrying capacity.

Should the unfortunate circumstances which in 1951 idled the California tuna fleet continue into 1952, such seine and troll boats would, from the necessity of survival, ply their trade of fishing elsewhere, and such would very conceivably be on Washington's salmon.

Washington State, therefore, has the specter of multiplied exploitation hovering over its valuable salmon fishery. The year 1952 could very possibly bring almost a doubling of its already large purse seine fleet, plus more than doubling of its already large troll fleet. All of which would operate on stocks of salmon which are already considered to be under a sever strain of cropping. The result of this tremendous additional fishing pressure could remove Washington's salmon fishery from the wondrous category of a replaceable resource. Escapement of seed stocks would drop below replacement needs and an industry, worth more than \$150,000,000 annually, could decline precipitously.

Interrelated results of California's sickened tuna industry, unless immediate corrective steps are instituted, would be that not only would California experience great losses in that valuable industry, but that Washington State's fourth largest industry would likewise suffer.

These recognized possibilities greatly disturb the Washington Department of Fisheries; however, the department also recognizes very definite limitations in its individual ability to stem the flood of events that can transpire.

The department of fisheries appeals to all agencies or bodies dealing with this problem that they, too, recognize the serious aspects of the trend of events; that they know the ramifications of the problem prior to the time that controlling events transpire. The problem is particularly serious in that it is one that deals with natural resources; and, more particularly, resources producing a large food supply of high protein value. It is a problem dealing with resources which can only be sustained provided proper, preconceived conservation treatment is applied.

Your efforts in the studied consideration of all aspects of the problem, and your support toward a fair solution, are earnestly petitioned.

STATEMENT OF HAROLD E. LOKKEN, BEFORE THE SENATE COMMITTEE ON FINANCE WITH RESPECT TO H. R. 5693

My name is Harold E. Lokken. I am manager of the Fishing Vessel Owners Association of Seattle, Wash. The organization for which I speak is a trade association of over 200 vessels employed in the halibut and allied fishing industries. The organization has been in existence since 1914. Capt. Arne Finmo is president and Capt. Peter Ness is secretary. Both are active vessel operators going to sea in their own vessels. The speaker has been manager of this organization for the past 27 years.

The halibut industry is vitally affected by the importations of tuna. The halibut industry in the North Pacific normally employs 577 boats and 2,760 fishermen. These vessels range in size from 30 to 90 feet, employing crews of from 3 to 11 men each. The industry has invested a total of \$11,000,000 in vessels and \$3,500,000 in gear. Ports participating in the fishery are Eureka, Calif. Coos Bay, Newport, and Astoria, Oreg.; Neah Bay, Bellingham, Everett, and Seattle, Wash.; Ketchikan, Petersburg, Juneau, and Sitka, Alaska, as well as many other communities in the Pacific Northwest including Alaska.

The halibut industry is spread along the coast as follows:

| | Boats | Men |
|-----------------|-------|-------|
| California..... | 20 | 60 |
| Oregon..... | 20 | 70 |
| Washington..... | 203 | 1,325 |
| Alaska..... | 334 | 1,305 |
| Total..... | 577 | 2,760 |

The number of men given cover those employed at sea only. In addition, there are many more thousands employed on shore engaged in manufacturing, producing, and distributing the supplies needed for fishing and in handling, storing, transporting, and selling the fish catches after their arrival at the port of discharge.

The American halibut fleet during the year brings in a yearly catch of 36,000,000 pounds of halibut; 6,000,000 pounds of sablefish; 2,500,000 pounds of halibut and other fish livers and viscera; and 4,000,000 pounds of albacore tuna.

The halibut fleet is so overcrowded today that no vessel operator in the industry can make a living on halibut fishing alone. A few years back fishermen in the industry could expect to be employed 9 months in fishing halibut. The remainder of the year was then devoted to overhauling vessels, doing work around homes, and otherwise preparing for the following season.

This placid state of affairs did not last long. Under the conservation program of the International Fisheries Commission, limits on the annual catch of halibut were imposed and then as the stocks built up, the fleet grew in size. The fishing season then grew progressively shorter as the fleet and stocks of fish on the grounds grew larger, until last season the year's catch was taken in 56 days, from May 1 to June 25.

During the later years the operators of halibut vessels have had to diversify their operations in order to make ends meet. Some operate their vessels in otter trawling, some in sable fishing, some in salmon fishing, and the balance in albacore fishing. The latter is the only industry which is not overcrowded from the standpoint of supply and therefore has been able to stand so far whatever fishing effort has been placed upon it without harm to the stock of albacore. The stock of albacore is so large and ranges so far in area that the albacore fishery is virtually the only fishery in the eastern North Pacific which has not reached maximum productivity. It is therefore the only fishery left to the many thousands of American vessel owners on the Pacific coast to which they can turn without crowding those already in it. As others have said or will say, the salmon industry is either static or on the down trend. The bottom fish industry, or otter trawl industry is in a state of extreme depression due to bad market conditions caused by heavy imports of fillets from foreign countries. The sable industry is in the last stages of depletion due to overfishing. The sardine industry also apparently is in its death throes. The shark fishing industry is completely dead due to imports of foreign vitamin oils and livers. This leaves the albacore industry as the only one which holds promise of the faintest kind.

Up to the 1951 season the vessels in the halibut fleet were able to supplement their halibut earnings with those received from albacore. In the last few years an estimated 150 vessels in the halibut fleet from all ports engaged in albacore fishing following the halibut season. Most of the vessels in this group fished albacore from the opening of the season in July until it closed in December.

Up to the 1951 season, conditions in the industry were good from a market standpoint. There was a demand for all albacore produced at a price which would enable the fleet to operate at a profit.

In 1951, however, the previously satisfactory market conditions ended. Before the season was well under way, the market price for albacore fell from \$400 to \$300 per ton and in some ports the price was \$250 per ton. This drop took place despite the fact that the catch at that time was one-third less than normal. There was no overproduction of domestic albacore. There were, however, large quantities of imported tuna and tunalike fishes flooding the market at prices lower than those at which the domestic supply could be sold. The situation reached such a critical stage that our fishermen were told to tie up. The packers apparently did not want albacore at any price. Therefore, our vessels, which normally operated to December, had to tie up in early October at great loss to both operators and fishermen. Ironically enough, the stocks of albacore on the fishing grounds at this time increased in size and gave promise of good catches had the market permitted the fleet to continue operations. It is estimated that the catch in our fleet was one-half of what it could have been had market conditions permitted a full season by all vessels. Therefore, with catches cut in half and with prices down over 25 percent, our vessels had a most miserable season. And this was due in large part to the influx of foreign canned tuna with the remaining part due to importations of frozen tuna.

Yet while the situation was so desperate on October 1 that albacore buyers told their vessels to tie up, it appeared that the demand for foreign albacore was just as great, for one buyer, as soon as the fishing season for American vessels ended, announced that he was short of tuna—so short, in fact, that he was send-

ing a vessel to Japan for a load so he could take care of his market. Evidently the American fisherman is made to suffer financial loss while importers profit.

To illustrate the effect of this state of affairs, we have compiled some figures on the earnings of the fishermen operating from the port of Seattle. Of the fleet of halibut vessels centering in the port of Seattle, approximately 90 engage in albacore fishing. These vessels employ an average of four men each. In 1950 the men on these vessels earned approximately \$4,964.65 from both halibut and albacore fishing. In 1951 the average earnings per man from both sources dropped to \$2,941.98, or a decrease of \$2,022.67 per man. For albacore fishing alone, average earnings in 1950 per man were \$2,838.44. In 1951, due to the conditions caused by imports, earnings dropped to \$1,152.74, a decrease of \$1,685.70. It will be impossible for our albacore fishermen to continue operations on gross earnings of \$1,152.74 per season. The albacore season requires practically 6 months' time each year and for these small earnings in that period of time our albacore fishermen cannot afford to go to sea. The figures given are gross figures. From them come the cost of personal outfits such as gloves, boots, and oilskins and such equipment; also cost of transportation to and from the ports of sale to home ports between trips and the cost of meals when the vessel is tied up between trips away from home. These figures are from the standpoint of our fishermen. From the standpoint of the boat owner the situation is even more hopeless. On a man-share of \$1,200, the vessel operator grosses about \$1,900. From this comes the master's percentage of 10 percent of the boat share leaving \$1,710 to pay for payroll taxes, supplies, repairs, and depreciation. When all these are deducted, the owner is faced with a deficit.

If albacore fishing is allowed to remain in its present demoralized state, some of the 2,500 vessels now fishing albacore but not as yet fishing halibut will seek to enter the halibut fishery in the future. This will throw an impossible burden upon an industry that has long since reached the number of vessels that should be employed in it.

May I call to your attention also that the tuna industry is one of the small but important industries in the United States as a whole, and that it has its roots in all parts of the country. The materials used by the industry originate in many States. These materials are steel, twine, textiles, machinery of all kinds, food commodities, and many others.

The tuna industry is an industry that serves the Nation in peace and war. Most of the industries in the United States are now engaged in war work. The goods for a peace economy are now being supplied in increasingly larger portions by imports. When the workers in our war factories find their services no longer needed to make war goods and return to look for their peacetime jobs, they will no longer be there. Their jobs will have been taken by foreign labor in foreign countries. This applies to the textile industry, the sewing machine and bicycle factories, the chinaware centers, and hundreds of others. It behooves our Government to protect these small industries now so as to have them when the wartime economy ends. If this is not done, American industry will suffer such a severe dislocation when our war economy ends as to threaten the very existence of our democratic way of life.

Therefore, speaking in behalf of the owners and fishermen in the halibut industry, I urge the passage of H. R. 5693, now before this committee.

STATEMENT OF ROBERT B. BARRETT, BEFORE THE SENATE COMMITTEE ON FINANCE
WITH RESPECT TO H. R. 5693

My name is Robert B. Barrett. I am general manager of the Halibut Producers Cooperative of Seattle, Wash.

Halibut Producers Cooperative is a fishermen's cooperative. This organization is incorporated under the laws of the State of Washington and functions in accordance with the Fishery Cooperative Marketing Act of 1934.

In the receiving, processing, sales, and distribution of the fish and the vitamin oil derived therefrom, HPC represents some 650 fishing vessel owners and their crews, totaling some 3,500 fishermen. The investment in vessels and gear of this fleet is in the neighborhood of \$20,000,000. Two-thirds of the fleet is registered in the ports of Washington and Oregon, the balance in Alaskan ports.

These cooperative vessels fish along the Pacific coast of the United States, British Columbia, and Alaska from the Mexican border to the Aleutian Peninsula. They engage in a number of different fisheries, depending on the type of vessel and the season of the year.

The principal fish processed and sold for the membership are halibut, salmon, sablefish, ling cod, rockfish, sole, and true cod, and the vitamin oil derived from the livers and viscera of these fish. Prior to 1950, another principal fishery was shark, of which the liver was the primary product, and its value constituted the total revenue from this type of fishing. By the end of 1949 the excessive imports of Japanese fish oils had lowered the American Vitamin A market to a point where it was impossible for the American or Canadian fishermen to participate in the shark fisheries.

The loss of the revenue from this fishery was a distinct blow to the Pacific fishing industry. The boats that had participated were necessarily forced to look to other fisheries to overcome this loss. Some turned to halibut, salmon, bottom fish, black cod, and albacore tuna fisheries, which in late 1949 and 1950 could not assume any additional vessels without curtailing the seasons and earnings of those participating at that time. This was not so much the case in the albacore fleet until the 1951 season.

The food fish division of the cooperative up to 1951 did not include any albacore tuna. However, in September of 1951 a group of 10 member boats, in desperation, contacted the co-op by radio phone to see if it would be possible to find a market or an outlet for their catch, which was already in the holds of their boats, and for which they had no market, due to the surplus imports of Japanese albacore.

The necessary receiving, shipping, canning, and sales arrangements were hurriedly made, to assure some return for the tuna-fishing efforts of these members.

This was a stopgap measure to give relief to a few albacore boats. However, even this couldn't be attempted again if something isn't done to give some immediate relief of this tuna import problem.

The total membership of the cooperative realizes the importance of the protection of the whole west coast tuna fishery. To keep this fleet intact and not move in on the other overburdened fisheries is imperative to the Northwest fishing industry, not only that but to the Pacific fisheries as a whole.

The cooperative membership urges passage of Camp bill, H. R. 5693, as the first step toward the solution of the fish and the fish byproducts import problems, which are slowly but surely strangling to death this American natural resource industry.

STATEMENT OF BERT G. JOHNSTON BEFORE THE SENATE COMMITTEE ON FINANCE
WITH RESPECT TO H. R. 5693

My name is Bert G. Johnston. I am secretary of the Fishermen's Cooperative Association, located at pier 55, Seattle, Wash.

This presentation is made in support of and for the enactment of H. R. 5693 which is designed to relieve the chaotic condition of the Pacific coast tuna industry as well as remove the threat to all other types of fishing gear which will follow, unless a speedy and adequate remedy for the foreign imports of tuna into American markets is forthcoming.

In behalf of 1,020 members of our organization, who have banded themselves together as small-business men in the field of producing commercial fishermen, I urge your support of this legislation.

The Fishermen's Cooperative Association was organized in 1935. It operates as a nonprofit organization for the marketing and handling of fish in the State of Washington and the Columbia River in Oregon. The individual stockholders own their own boats, which range from a moderate investment to the 55-foot vessel worth \$40,000. The total value of the association's fleet is estimated to be \$1½ million. The assets of the association, which are owned by these members, are \$358,000. Even though the total of \$1,858,000 is a small part of the State of Washington's \$308 million fishing industry, the principle of the American way of independent enterprise that all Americans cherish as their heritage and our Government has always encouraged, still remains a factor of unlimited value.

The distressing tuna situation is not caused by the failure of our Government to protect, but rather due to a gradual change in the industry brought about by World War II. This change burdened the fishery with a greater production demand that was met by rapid fleet expansion.

Some years prior to World War II, our fleet was engaged in the salmon fishery only. The operation at that time did not require the long cruising range to sea or the carrying capacity of the hold. The increased demand for food and the rapid growth in tuna canneries in the Northwest made the troll fleet triple in tonnage in a few short years. Our trollers operate in salmon for 4 months in the

spring and then convert to the tuna fishery in July. They continue in that fishery for 8 to 10 weeks.

The salmon runs on the Pacific coast have shown a sharp decrease in production, due to the encroachment of civilization, with the pollution of the salmon streams, the hydroelectric dams, and the various conditions brought about by a concentration of population. The economy of the fleet became dependent upon the dual fishery, salmon and tuna. Neither fishery alone can support the capacity production necessary for profitable operation. The larger boats have migrated to southern waters to extend their operations entirely to tuna. This has relieved the salmon fishery of the Northwest materially. The remaining troll fleet in northern waters produces tuna amounting to one-third of our total production. This tuna fishing occupies one-third of the concurrent season which further relieves heavy concentration on the salmon supply.

In 1951 the production of tuna dropped to less than 7 percent of the 1950 production due to the adverse influence of imports. Unless an equitable solution is possible we are faced with the following inevitable conditions:

1. We must absorb a 50-percent greater concentration of effort in our salmon troll fisheries, which are already suffering seriously with the present conditions in supply.

2. We face the possibility of an additional 3,000 smaller tuna vessels of California moving into the already crowded salmon fisheries of the Oregon and Washington coast.

3. The competition of low-priced tuna is already threatening the salmon market. We have a competitive protein food in canned tuna that is impossible to meet in the production of canned salmon.

These same enumerated facts face every type of fishing on the Pacific coast. To absorb the diversion from the tuna fishery the entire fishing economy of the Pacific coast is in jeopardy.

These conditions have been gradually growing in the years that followed the war. Our tuna production and our market felt the first real impact of quantity imports in 1949. Our association processed a \$200,000 pack of tuna that year which was marketed at \$2.50 per case below a conservative estimate of the marketable value at the beginning of the season. The softening factor was the offerings of imported albacore at prices below our cost of production. This factor forced us out of the canning business.

We recognize the position of the United States in the community of Nations. We feel the justification of trade encouragement to the economy of Japan and to all friendly countries in a troubled world. We see your responsibility as lawmakers to decide upon a fair and equitable decision in your consideration of H. R. 5693. We conscientiously believe that our request for your support of Mr. Camp's bill is an honest, fair, and reasonable plea to preserve our American standard of living in our Pacific coast fishing industry. This bill will not act as a barrier to imports. Tuna will still be an article of commerce under the provisions of this bill. It will, however, act as a temporary equalizer between the standards of the several countries, enable us to continue in our gainful occupations, and preserve our fisheries resources of the Pacific coast.

STATEMENT OF GEORGE E. CAMPBELL BEFORE THE SENATE COMMITTEE ON
FINANCE WITH RESPECT TO H. R. 5693

My name is George E. Campbell. I am a member of the firm of Campbell Machine Co. of San Diego, Calif. I appear before you today with a dual commitment.

First, I appear as a representative of the San Diego Chamber of Commerce and wish to present to you a copy of a resolution passed by the board of directors on January 9 relative to the tuna fishing situation in our city. I ask that this resolution be placed in the records of this hearing.

I am a member of the board of directors and was present when this resolution was passed. I can assure you that every one present expressed grave concern over the situation in the tuna industry as the shut-down of the canneries and the laying up of the fishing vessels has caused a drying up of purchasing power which has been felt by practically every merchant in the city.

The San Diego Chamber of Commerce asks for your favorable consideration of the tuna industry's request for increased tariffs.

Second, I appear as a representative of the Southern California Boat Builders Association. This association includes all of the small boat yards in the San Pedro-San Diego area. It does not include the large shipyards in the San Pedro

area. The majority of the work or business of the smaller yards is the repair and maintenance of the tuna fleet.

Just before leaving San Diego for this hearing I interviewed the management of the different yards and in each case was told that employment in the yards is down to about 50 percent below normal; that, due to the fact that the fishing boats are not operating and therefore not producing any earnings, the owners are unable to pay their repair bills. This is causing an undue financial hardship on the yards and in some cases credit has been curtailed. Past due accounts are piling up on the books of the different companies.

A tuna fishing vessel deteriorates just as fast, or faster, when it is laid up as when it is in operation. Therefore, certain maintenance work has to be done to keep the vessel ready for sea. In doing this work the yards have been very lenient and proceeded with the work without pay. Management is now at a point where they cannot continue to do this and will have to curtail their operations further yet, which will cause additional lay-offs in the yards.

The members of the Southern California Boat Builders Association also respectfully ask for your favorable action on the tuna industry's request for additional tariffs.

I appreciate the opportunity of appearing before you and thank you.

SAN DIEGO CHAMBER OF COMMERCE, SAN DIEGO 1, CALIF.

RESOLUTION

Whereas, the increase in the importation of foreign tuna and tunalike products into the United States has been increasing rapidly; and

Whereas the effect of such unrestricted importations has been to reduce the American share of the American-developed tuna market; and

Whereas another effect has been to cause protracted periods of idleness for all of San Diego-based tuna vessels and the fishermen employed thereon; and

Whereas every tuna packing plant in San Diego has ceased operations for extended periods of time, causing serious unemployment conditions among cannery employees; and

Whereas a further effect of these importations has been to reduce to a minimum the operation of the large albacore fleet fishing from San Diego and to cause severe economic distress therein; and

Whereas the continued prosperity of allied waterfront industries is likewise threatened; and

Whereas the additional value of the tuna clipper fleet as an auxiliary facility to the Navy and Coast Guard in the Nation's defense is seriously curtailed: Therefore be it

Resolved that the San Diego Chamber of Commerce support appropriate remedial legislation to protect this most important of our native industries, and urge administrative agencies to carry on such studies as necessary to form a basis for further action to prevent destructive competition.

SAN DIEGO CHAMBER OF COMMERCE,
CHESTER L. DORMAN, *President*.

Certified to be a true and correct copy of resolution passed by the board of directors of the San Diego Chamber of Commerce, January 9, 1952.

ARNOLD KLAUS, *Assistant Manager*.

SAN DIEGO 1, CALIF., *January 14, 1952.*

HON. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

MY DEAR SENATOR GEORGE: We enclose a carbon copy of a letter addressed to the President of the United States, detailing the effects of imported tuna upon our business.

It occurs to us that the information contained in the enclosure might well be of interest to your committee in the forthcoming hearing on the subject of tuna imports.

Accordingly, it is respectfully requested that the said letter be made an official part of the record of the said hearing.

Very truly yours,

SHREVE & HAYS,
JAMES T. SHREVE.

SAN DIEGO 1, CALIF., January 12, 1952.

HON. HARRY S. TRUMAN,
President of the United States,
Washington, D. C.

DEAR MR. PRESIDENT: We act as customhouse brokers for approximately one-fourth of the San Diego-based tuna fishing fleet. These boats have averaged about four trips each per year for the past few years, 1951 excepted. The recent figures relating to imports of fresh frozen tuna and tuna canned in brine indicate that our clients will lose at least one trip per year from imports alone, assuming that these imports do not increase. The recent trend of sharp increases, however, proves that such an assumption is incorrect, unless remedial action is taken.

Roughly 70 percent of the gross income of our business derives from the tuna fleet. Another 10 percent comes from the albacore fleet. It is thus apparent that the present rate of importations results in a minimum decrease of 20 percent of our gross income. Actually, because of restrictions on sailings imposed by canneries, heavy inventories, and the estimated increase in imports, we have suffered a reduction in excess of 40 percent compared with the average of the year 1950, which was a below-normal year also. A 40 percent decrease in gross equals a 60 percent decrease in net, as our operating costs remain about constant. Even this reduction will increase as imports increase. Obviously, we will be unable to stay in business long under these circumstances. Our staff already has been cut to a bare minimum.

The foregoing is based upon conditions as they exist right now. Even if the industry obtains relief and imports are held at their present level, we must accept a substantial cut in gross receipts, said cut effective upon the resumption of "normal" operations. In the interim, an indefinite period depending upon when relief is obtained, we can look forward to an almost total lack of business. If no remedial action is forthcoming and imports continue to increase, the damage to our business, all else being equal, will be irreparable.

To our certain knowledge there are three other firms in San Diego engaged in the same business as ours, similarly concerned in varying degrees; two, at least, being almost 100 percent dependent upon the fishing fleet for their continued existence. Our situation also is typical of scores of other types of businesses supplying and servicing the tuna and albacore fleets. Their percentages of volume of business dependent upon the fishing fleet will vary, naturally, from little, to 100 percent in many cases. This condition applies to other west coast businesses outside of San Diego as well.

We believe in the future of the industry and intend to remain in it as long as possible, using what meager reserves we have. We are convinced of the excellence of the product and its public acceptance. We think that it is fairly priced compared with other foods. We have confidence in the men in the industry. We are lending all possible assistance and devoting much personal time and effort toward the solution of industry problems through cooperation with various organizations dedicated to that purpose; and through other organizations, civic and otherwise, to which members of this firm belong individually.

It is not intended to imply that imports constitute the only industry problem. Reduction in cost of operation and increase in sales are two other large problems. You are aware from other sources of what the industry is doing to solve these problems.

The two partners in our firm have devoted their entire adult working lives, one 22 years, and the other over 10 years (excepting 4 years in the Navy and 3 years in the Army respectively) to this business. After so much effort we do not welcome being forced to consider our past work as wasted and our present professional standing as worthless. Many other businessmen here and, to some extent, all over the country, are in an identical situation.

We are well aware of the arguments for the case of imported fish; balance of world trade; importing to furnish dollars with which to pay for exports; assistance to other nations for political and military reasons; and others. We realize that the industry, although large as an individual industry and of great importance to the local economy, is relatively small in the over-all international picture. As customhouse brokers we are familiar with trade agreements and tariffs. It is our considered and sincere opinion, however, that we should not be subjected to unfair and crippling imports of products from countries whose standards of living render it impossible for our domestic products of like nature to maintain a competitive position in our market. This is especially true of the situation under discussion, which is causing such a depressing influence on the investments and livelihoods of so many people.

You have no doubt received many letters from various interested elements bearing upon this subject. We have not attempted to furnish figures pertaining to the effect of tuna importations on the industry, as you and your various agencies have such information available from other sources. Furthermore, we would not presume to speak for the fishing industry, which has qualified representatives for that purpose. Rather, we have attempted to show you the thinking and situation of the small businesses which depend to a large extent upon the fishing industry. There is no question but that the large volume of imports has a direct adverse influence upon our business.

It does not appear, in the light of the foregoing and other data in your possession, that the fishing and supporting industries would be asking undue assistance in requesting legislation for a protective tariff or other effective means of import control.

In addition to the bill passed by the House last session and now pending before the Senate, proposing a tariff on frozen tuna, there is the matter of tuna canned in brine and bonito canned in brine and in oil. Toward the solution of the latter, we ask, among other things, that you notify the government of Iceland that the United States does not consider that tuna canned in any substance properly comes under paragraph 718 (b) of our Tariff Act of 1930, and listed in schedule II of our 1943 trade agreement with Iceland. We believe that you are justified in such action under article XII of the said Icelandic Trade Agreement.

Such action would not affect Icelandic trade, as tuna is not an article of commerce of Iceland. Tuna canned in brine has increased in importation rapidly in the past several months. This, naturally, has caused serious injury to the domestic industry.

These importations are possible only because of the accidental loophole in the tariff which permits the importation of tuna in brine at an ad valorem duty of only 12½ percent, which commodity was not even an article of commerce anywhere in the world when the 1930 tariff was written or when the 1943 Icelandic Trade Agreement was signed. Obviously, then, it could not have been considered to come within the scope of the tariff or trade agreement.

We are forwarding copies of this letter to the chairman of the Senate Finance Committee and to the Chairman of the Tariff Commission. Both bodies are holding hearings on the tariff question in the immediate future and we felt that the information contained herein might be of value to them.

We hope that we have stated our case clearly and that you will consider the suggested action to be just, after having heard all evidence presented by all interested and affected parties.

Respectfully,

SHREVE & HAYS,
JAMES T. SHREVE.

STATEMENT OF LAWRENCE HOLZMAN BEFORE THE SENATE COMMITTEE ON
FINANCE, WITH RESPECT TO H. R. 5693

My name is Lawrence Holzman. I am executive secretary and manager of San Diego Wholesale Credit Men's Association. Our membership consists of over 500 wholesalers, jobbers, manufacturers, marine suppliers, and banks of San Diego County, Calif. We are also affiliated with the National Association of Credit Men whose membership comprises over 33,000 wholesalers, jobbers, manufacturers, and banks throughout the United States.

We are much concerned with the present critical situation regarding the tuna industry, which is stalled by foreign imports. The credit problem of shipyards, ship repairers, machinery producers, suppliers, ship chandlers and provisioners is such that if the troubles facing the industry are not corrected quickly many suppliers and owners of vessels will suffer severe losses.

In addition, the unemployment in the various allied industries will be felt severely as well by the merchants who serve these people and their families.

Our organization has been in continuous operation for over 50 years and our credit files cover information on all types of corporations and individuals—from a large corporation covering acres to a small fishing boat that is operated by one person.

The information in our files is factual and unbiased; and from the records of the United States Treasury, Office of the Collector of Customs, Marine Department, San Diego, Calif. As of January 21, 1952, on vessels over 25 tons we found 130 boats in number with total mortgages approximating \$12 million. Many of these boat mortgagees were delinquent on their mortgage payments and

many received moratorium agreements from mortgage holders. Many owners were compelled to furnish additional collateral in the form of trust deeds on their homes and personal property to obtain additional time to stop foreclosures.

Many mortgage holders who are secured are very disturbed under the present conditions because the sale value of the vessel has been lowered to such an extent that only speculators are interested in purchasing, and then at prices which are much less than the mortgage. No one is interested in buying a fishing boat that is operating at a loss—particularly anyone who is also aware of the foreign competition that is growing by leaps and bounds. At the present time our association has several boats under creditor extension agreements and for the past 6 months we have done everything possible to find purchasers, but we have been unable to receive a bid that was satisfactory. Speculators have made offers ranging from 15 to 25 percent of the boats' value.

We are confronted with another phase of credit that is serious—the creditors who are unsecured who repair, supply, and furnish provisions to the tuna fleet. These credit grantors have invested millions of dollars in this industry and in practically all instances sell on an open-account basis. From the credit record that our office compiled as of January 21, 1952, a past-due list was prepared and on the past-due list a total of 279 boats were delinquent in the paying record to an extent of over \$3 million; this list, consisting of names of boats and amounts, only covered past-due accounts. Several credit grantors have placed many boats on a c. o. d. basis; refuse to extend further credit until the past-due amount is paid. Some creditors have filed suits and forced boat owners into liquidation and bankruptcy. Many creditors are awaiting the outcome of these important hearings before filing suits.

We can state for the record that if some relief is not forthcoming soon, it appears that some boat owners will face suits or foreclosures and also attachments will be filed by the unsecured creditors. The equity of the present boat owner will be lost as well as his home and personal property. At the present time many boat owners have exhausted their bank credit, borrowed on their homes, borrowed from relatives, borrowed on their personal property, have everything that they own tied up in their boats. They are doing everything they can to survive, and unless they get relief and can sell their fish to canneries they will be completely wired out.

I have not taken the time to give the committee the credit standing of the boat accounts during the years 1948, 1949, and 1950. However, I am sure that our records would disclose that the paying record was satisfactory in most cases.

The majority of the boats were operating profitably and the sale of boats and the price obtained was good.

Credit has built this most valuable fishery, and past due credit may destroy it. We are hopeful that the committee will give consideration to this problem so that industry at all levels—canneries, boat owners, and fishermen—can operate profitably.

The CHAIRMAN. Mr. Harry J. McCool. Mr. McCool will you please identify yourself for the record?

STATEMENT OF HARRY J. MCCOOL, TROLLING VESSEL OWNER, SEATTLE, WASH.

Mr. McCool. Mr. Chairman, my name is Harry J. McCool. I live in Seattle, Wash., and I conduct my fishing operations from that port.

I find myself today in rather a peculiar situation in that I am probably one of the smallest operators represented here. It has fallen to me by virtue of a meeting held in Seattle last November 15 to represent 136 fishermen of the Washington trolling fleet, and by virtue of the fact that all of the fishermen in the Northwest operate upon the same fish, sell our fish in the same markets, to the same buyers, market conditions affect us all. I am taking upon myself the responsibility to speak for perhaps 2,000 other fishermen, independent boat owners in the Washington and Oregon area. If that assumption is unwarranted, I will leave it to the committee to strike it out.

However, as Mr. Real has told you, we have here representatives of the fishermen and other organizations up and down the coast. They have asked me to summarize the position as it affects the fishermen, not our organizations, not the canners, but the fishermen, the great majority of us who own our own vessels and who operate our own vessels.

Now I feel that the technical points of our case are sufficiently well covered. I personally am not capable of elaborating upon those technical points. To be honest with you, I am confused by the diversity of the fishing industry. But I would like to emphasize that the small boats for whom I speak, roughly 3,000 of us, are directly dependent upon tuna production.

The CHAIRMAN. Mr. McCool, what do you mean by the "small-boat fishermen"? Maybe your statement will cover it.

Mr. McCool. I will describe my own operations in a moment, Senator, which will best cover it.

The CHAIRMAN. Yours is typical?

Mr. McCool. I believe that mine is typical, with individual variations of the entire small-boat industry on the Pacific coast.

Now if I may elaborate particularly on our dependence upon tuna. In the Northwest our investigations show—and I have confidence that they are accurate, and I know from my own log books that they are accurate in my case—we are dependent for at least one-third of our gross income upon albacore-tuna production.

As these fishermen operate farther and farther down the coast to San Diego, Calif., they are an increasing percentage dependent upon albacore. Many of those boats down there are almost entirely dependent upon tuna production, and I am well informed by other fishermen here that 75 percent is a conservative figure.

Now it is our hope that we can impress upon you that we are afraid that our case would be lost in all the facts and figures and statistics. With us it is a personal and individual tragedy that has come upon us.

Now to get back to your question, Senator, I would like to briefly describe my own operations. I have a 37-foot boat. It was built in 1944, mostly by myself. It is 7-ton net, 13-ton gross.

Over the years from 1944 I have managed to equip it with every electronic and radio device and equipment that will add to its efficient operation. All the boats on the west coast, with few exceptions, are similarly equipped. We believe that per man-hour invested we are as efficient an operating fishing fleet as there is in the world today. They are fine boats and we are proud of them and we work them hard.

Now as far as my own operations are concerned, I operate in the spring on chinook salmon for the fresh market.

Along about the middle of July in the Northwest when the albacore tuna show up in the warm offshore currents, we change our gear from salmon gear to tuna gear and run off shore anywhere from 40 to 200 miles or more. I ask you to bear in mind that most of these boats are one- or two-man boats. Personally I operate alone. In the Northwest I would say half of the boats operate alone.

Those who carry a crew, the crew member is either a part owner or at the very least he is a direct participant in the fortunes of the boat. He is on a share basis.

Now as far as this year's operation is concerned, along about the middle of July or a little later when I heard over the radio that there

were albacore off shore, I changed the gear and ran off shore. None of us knew what the price was, but by nature of the business we are optimists, so I would say that a good percentage of the fleet ran off shore.

There were fish there. After 2 days, two and a half days—I don't remember distinctly—of moderately good fishing, the boats who were already delivering, put on the air the price that they were receiving. When the price came over the air and we found out that the great majority of buyers in the Northwest would not even buy our fish, for my part I left the ground.

I put my gear away. I simply could not fish for the price that was offered. I can't operate my boat for that price.

Now as I say, the ramifications of this business are beyond me. Last week in Washington I spent my time in committee rooms and hotel rooms and I am so confused as far as the marketing of the fish is concerned that I can speak only from personal observation, but when I come in and tie up my boat to the dock and that buyer refuses to buy my fish, and yet I see frozen albacore from Japan being unloaded at that dock, I can come to only one conclusion, and that is that I am being undercut on the general market by foreign imports.

That, gentlemen, I believe you will find to be the fishermen's case from Cape Flattery to San Diego.

We feel that unrestricted imports have damaged our business to an extent where next year some of us don't know whether we will operate or not.

Now as far as this particular bill is concerned, we feel that it will, if it is passed in its present form, give us the temporary relief which will keep us in business this coming season.

We realize—and there is a growing realization among the fishermen on the coast as evinced by the coastwise organization which we were able to form this year—that the fishermen owe a responsibility to each other and to the canners and to the consuming public. We likewise are coming to understand that we have an obligation perhaps on an international scale. We do feel, gentlemen, however, that the situation at the present time is so critical as regards our own personal interests that we need emergency relief.

Now if we are forced out of business, personally I don't know what we can do. Our boats are used now in diversified fishing. If we lose the tuna production, then we cannot operate the boat profitably throughout the year on any fishing. Most of our boats, in fact the great majority, cannot be converted to any other use.

Senator MILLIKIN. Would you mind giving me a little more information on the whole cycle of your fishing. You go after the tuna in the spring. Then about July you go after the salmon, and then what happens?

Mr. McCool. I can speak only in that respect for the northwest fishermen. I earnestly hope that you will ask some of the southern California fishermen for their cycles.

I start out roughly the 15th of March. I usually run out Puget Sound to Cape Flattery. I may then go up the west coast to Vancouver Island or I may go as far south as Eureka, Calif., for chinook salmon which is sold almost entirely on the fresh market. That is the salmon you get in your restaurants here.

The CHAIRMAN. How do you take those fish?

Mr. McCool. By trolling. It is deep-water troll. We use stainless-steel lines, heavy leads up to 60 pounds, various lures, sponge, plugs, whatever the individual fisherman feels at the time is effective. It is expensive gear.

The salmon production over the years has been declining. I don't believe myself that overfishing is the sole reason, although it contributes, but salmon spawning grounds are being gradually depleted. I point again to the fact that we need the diversified fishing.

Senator MILLIKIN. Is that pretty rough out there in a little boat like that?

Mr. McCool. I have laid out, and every fisherman here has been caught in storms. We have got our radios to warn us, but once in a while we get caught. I myself have laid out 60-mile gales with gusts up to 80 miles.

That is part of the business. Some of us don't come back once in a while, but most of us do. Personally from my own observation I feel that fishing is a whole lot safer than driving a car in traffic, but that is my own observation.

Now as far as the tuna gear is concerned, it is much simpler. It consists of cotton gear, and we use jigs. Most of us are jig boats, as we call them. It is simply a bunch of feathers tied around about an ounce and a half to two ounces of lead with a double no-barbed hook.

By the nature of the tuna fish, he does not require a barb on the hook. When we get into them, they come fast. I have pulled as many as 400 fish in a day. I have spent 9 days out there and brought in four fish.

Senator MILLIKIN. That is a pretty good wrestle when you get 400.

Mr. McCool. It is.

Senator MILLIKIN. How big are those fish?

Mr. McCool. The fish that we get average in the Northwest from 11 to 12 pounds. Occasionally they reach 35 pounds. I would say 18 to 20 pounds is our average.

Senator MILLIKIN. Do they put up a pretty good fight?

Mr. McCool. The tuna fish is not exactly like a salmon. When the tuna fish hits on the surface, he heads right for the bottom, and it is a constant pull. He does not swerve and jerk, but it is a constant hard pull, pulling downward.

As contrasted with a salmon, he is smarter than the tuna fish. He will try to shake that hook and watch every move you make when you get him up on the surface. It is hard work. Now if I may get back to my—

Senator MILLIKIN. How long are you out when you make one of those trips? For how long do you stock yourself?

Mr. McCool. I carry ice and fuel enough to fish 10 days. Depending on weather conditions, fishing conditions, how the ice in the hold is holding, 8 or 9 days is an average trip both for salmon and for albacore.

Senator MILLIKIN. Do you put the stuff in brine or do you keep it fresh?

Mr. McCool. Most of these small boats, in the Northwest particularly, and to a great extent in the South, although many of them are brine-refrigerated, carry crushed ice. Tuna fish are put down without

dressings. Salmon are very carefully dressed, belly-iced and taken very good care of.

Senator MILLIKIN. Do you dress those salmon as you catch them?

Mr. McCool. The salmon we dress as we catch them. The price that we receive for our fish depends a great deal upon the condition that the fish are delivered in, of course.

Senator MILLIKIN. You put in a pretty good day?

Mr. McCool. I have my alarm clock set for 3 o'clock in the morning in the middle of the summer, and if I get to bed by 10, I am lucky. To be quite honest with you, I am afraid to figure out my hourly earnings for fear I might quit fishing.

Senator MILLIKIN. Not if you have this golden time that we have been reading about lately.

Mr. McCool. I can't comment on that, Senator.

Now I hope you understand that I appear here as a representative of the fishermen themselves, not as organizations. I haven't even mentioned the organizations to which I belong because it was the express desire of those men who sent me back here and paid my expenses that I present the problem in that way.

I do not feel quite competent to cover the fishermen in the South because I am not familiar with their operations in detail, but the general conditions prevail along the entire coast.

Senator MILLIKIN. Since we have had this large increase in imports, you have had a definite failing in your own business, is that correct?

Mr. McCool. In my own particular business I have had a definite failing of 30 percent of my gross income. I can't take it.

Now we can't convert our boats. If we could, we would convert them to something else, if the fishing failed. We can't convert our boats. They are built for specific purposes. As far as converting our hands and our abilities to something else, most of us can't.

Senator MILLIKIN. Have you been a fisherman all your life?

Mr. McCool. No, sir. I first got into fishing about 1932. I trolled in Alaska several seasons then. I worked for the canning companies there in trap operations.

I next got back into it in 1937 temporarily. Between 1937 and 1944 I was engaged in making a stake to build my own boat.

Senator MILLIKIN. What would it cost you to reproduce your boat now?

Mr. McCool. My boat, as near as I can figure, I can't replace for at the very least \$15,000.

I ask you to bear in mind that mine is one of the small boats. I would say that the newer boats built in the last, well, since the war the newer boats would average from 35 to 40 thousand, owned by not more than two men and operated by them.

Senator MILLIKIN. What is the life of a boat of the kind you have?

Mr. McCool. That depends entirely, Senator, on the care it is given. I would say that the average life of one of these boats is 20 years. There are some much older than that. If they are not taken care of, they will rot out in 2 years.

Senator MILLIKIN. You do not have a mate at all? You fish alone, you say?

Mr. McCool. I have fished alone since 1945. My father accompanied me for 2 years, but he was called back to his job.

Now I have no more to say, Senator, unless you have further questions. I do earnestly ask that if you want a better picture of the

fishing operations from the fishermen's viewpoint, that you call upon some of the southern California fishermen who can better present their specific operations.

Senator MILLIKIN. With reference to your part of the country and with reference to the fishermen that you know who are in generally comparable positions to your own, are they all suffering the loss that you are talking about?

Mr. McCool. With the exception of the very smallest boats whom we call "kelpers," who are too small to venture offshore, I would say that all of us are feeling the effects of the tuna imports.

Senator MILLIKIN. I wish to ask you a question off the record.
(Discussion off the record.)

Senator MILLIKIN. When do you stop fishing for tuna in your area?

Mr. McCool. In our area we stop fishing for tuna when the tuna disappear. That usually is along in, I would say roughly, the first of November.

This year if you will recall the publicity that attended this business, some of the boats who were stuck with fish aboard down in California, sold it or attempted to sell it directly to the retail market, with some success due to the sympathetic reception of the fishermen's problem. When a friend of mine who was offshore, due to the fog conditions and the fact that he fished alone and was afraid of the fog on the salmon fishing grounds, he ran offshore just on the chance of getting some tuna to sell on the fresh market.

That was the last week in September, and there was a big body of fish present about 65 miles roughly south-southwest of Cape Flattery. Because I was in the same condition I went out there. A storm drove us in the next day, but there were fish there in considerable quantity as late as the last week in September.

As far as the ramifications of the fishing industry in the Northwest are concerned, we have no idea what they are. We have had reports of tuna fish taken by boats coming down from Bristol Bay, way off the coast of Alaska. We know that occasionally there are big loads of fish off the Queen Charlotte Islands off southeastern Alaska. The Canadian fleet has fished them, and very successfully, for several years. Where the fish were this year there weren't enough of us there to find out. We could not afford to go out.

Senator MILLIKIN. We were tracing through this cycle of fishing. In the spring the tuna, later on the salmon. Now then, what after that? What after the salmon?

Mr. McCool. If we stay on tuna fish until the end of the year, then ordinarily we do not fish salmon again.

In the fall, in the Pacific Northwest, in fact all along the Pacific coast there is a run of salmon in the fall called silver salmon or coho, as they are called in Alaska. They are fall run fish, and occasionally we go back to them for a trip or two. By that time in our area the weather drives us in. There are no all weather ports on the Pacific coast.

Senator MILLIKIN. You have to make your year in about 7, 8, or 9 months.

Mr. McCool. About 7 months I figure; 8 months at the most. As we go further south, those boats are less and less dependent upon salmon and more and more dependent upon tuna.

Senator MILLIKIN. Does it cost you more money nowadays to have a boat calked up and fixed up than it used to?

Mr. McCool. It costs considerably more. I would say the shipyard prices in the last 3 years have advanced to us roughly 50 percent.

Senator MILLIKIN. Does that go for supplies, too?

Mr. McCool. That would go for gear, it would go for fuel oil, it would go for everything we use.

The CHAIRMAN. Any further questions?

Mr. McCool, we thank you, sir, for your appearance here.

Mr. McCool. I thank you, gentlemen, very much for the opportunity.

The CHAIRMAN. We were very glad to have you. Your prepared statement will be incorporated in the record at this point.

(The prepared statement submitted by Mr. McCool is as follows:)

STATEMENT OF HARRY J. MCCOOL, BEFORE THE SENATE COMMITTEE ON FINANCE,
WITH RESPECT TO H. R. 5693

My name is Harry J. McCool. I own and operate a trolling vessel. I'm 39 years old and right in the middle of raising a family of four children. All I have is my boat and home. I have been hurt badly. Most of my friends are also fishermen and they, too, have been hurt badly.

At a special meeting of 136 small-boat operators, held in Seattle, Washington on December 15, 1951, we decided the only possible way to get relief was to pay the expenses of one of us to come to Washington and tell our story. I was elected.

We know that the facts, figures, charts, graphs and technical data will be presented to this committee by others who are also badly hurt; but we feel that the problems should be presented from our viewpoint also.

Because I am about average in yearly production and investment in boat and gear, I think the problems of all of us are simply stated by outlining by own operations.

I built my boat, the *Aries*, in 1944 in Seattle, Washington. She is 37 feet long; 10 feet, 6 inches in beam; 7 tons net weight, and draws 6 feet when fully iced and fueled. Power is supplied by a Chrysler marine engine which gives me a cruising speed of 8 knots and a range of about 1,000 miles.

I have outfitted the vessel with the equipment necessary for the most efficient operation possible. This includes an automatic pilot, radiotelephone, radio direction finder, and an electronic depth sounder. Additional special deck machinery includes power trolling gurdies, anchor puller, pumps, and so forth. The replacement value is estimated to be \$15,000. She is a fine vessel and I am proud of her, but she is useless and of no value if I can't sell the fish I take.

As is typical of most of the boats of my size and class, I operate in both the salmon and albacore tuna fisheries. From March 15 to around the middle of July I fish for chinook salmon for the fresh fish market. This operation is within 20 miles of the coast anywhere from northern Vancouver Island to Eureka, Calif., but usually within range of some Washington port.

About the middle of July I change my gear to that used in tuna fishing and run off shore anywhere from 40 to 200 miles or more for albacore.

An albacore trip may last anywhere from 8 to 10 days, depending on weather, fishing conditions or many other factors. I may have a good trip if weather and luck are favorable, or I may not even pay expenses. That is part of the business and no concern of anyone but myself.

However, my records show that since 1944 when I first fished this boat until 1950, my albacore production accounted for slightly less than one-third of my total gross.

I need that one-third to make my operation a success. In the 8 years I have fished the Pacific coast, I have seen the salmon runs steadily decline. I can no longer operate my boat on salmon alone with any assurance of a successful season. I must have tuna production.

In 1951, I changed from salmon to tuna gear around July 20 and ran off shore approximately 65 miles WSW of the Columbia River where albacore was reported by other boats over the radio phone. No fisherman knew at that time what the price would be, but fishermen are of necessity optimists.

After a day and a half, or 2 days of fishing with moderate success, the news came over the radio from other boats already delivering that the price offered was \$300 per ton by some buyers, but most canneries were not buying at all. I pulled my

gear and left the grounds. I cannot fish albacore for that price and break even and neither can any of the boats I speak for.

The Northwest troll fishermen have always been considered, and indeed are, individualists. However, because of the unrestricted imports of various types of tuna and frozen albacore from Japan in particular, the trollers of the Northwest have raised their voices in unison to request the temporary protection H. R. 6593 will give us. We feel confident that a study of the problem by the Tariff Commission will result in a permanent policy which will assure us of an adequate domestic market for our product.

The CHAIRMAN. I believe that completes the list of witnesses for today.

Mr. REAL. Mr. Chairman, I wonder if for about 2 or 3 minutes the committee might not like to hear from one of the large-boat operators. You might ask him a couple of questions if you do have the time. He has no prepared statement.

The CHAIRMAN. Will he be on hand tomorrow morning?

Mr. REAL. Yes, he will.

The CHAIRMAN. We would rather ask him tomorrow morning. They have been ringing for us twice. I do not know what they want us for, but we will have to go and see.

I would like to put into the record at this time the following statements, which have been received on this bill: A letter of transmittal from the Assistant Secretary of State, Mr. Jack McFall, submitting record statements from representatives of Chile, Ecuador, Japan, Panama, and Peru concerning the interest of those countries in this measure.

Also, statements from Morris S. Rosenthal, president of Stein, Hall & Co., Inc.; statement from Oxnard Cannery, Inc., and Peninsula Packing Co.; statement of R. D. Quinlan on behalf of the Parrott Co. of San Francisco, and statement of Monterey Peninsula Chamber of Commerce, Monterey, Calif.; also a telegram from the Seaside Chamber of Commerce.

(The documents above referred to are as follows:)

DEPARTMENT OF STATE,
Washington, D. C., February 4, 1952.

HON. WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate.

MY DEAR SENATOR GEORGE: In connection with the hearings on H. R. 5693 which the committee on Finance is holding, I should like to submit for the record statements which this Department has received from the representatives of Chile, Ecuador, Japan, Panama, and Peru concerning the interest of these countries in this measure. The statements are enclosed.

Sincerely yours,

JACK K. MCFALL, *Assistant Secretary.*

Enclosures:

1. Copy of note from the Ambassador of Chile, December 28, 1951.
2. Translation of note from the Embassy of Ecuador, December 29, 1951.
3. Copy of statement: "Views of the Japanese Government on tuna exports."
4. Translation of note from the Embassy of Panama, January 9, 1952.
5. Translation of note from the Embassy of Peru, December 28, 1951.

The Ambassador of Chile presents his compliments to His Excellency the Secretary of State and has the honor, under instructions from his Government, to express the profound preoccupation felt at the possibility of the passage by Congress of H. R. 5693, which provides for an import tax of 8 cents per pound on fresh or frozen tuna fish, presently entering the United States free of duty.

In the opinion of the Government of Chile, the imposition of this duty will seriously and dangerously affect the Chilean fishing industry, which is just beginning to expand and develop. The Chilean Government, sharing the viewpoints

expressed on numerous occasions by United States experts, believes that the greatest encouragement should be given to this sound and useful activity, which contains so many economic possibilities. Consequently, there now exist plans for a considerable volume of development. These plans are threatened with failure in the event that the principal potential market for the new industry adopts measures that burden its imports. It is easy to understand the discouragement that this may bring, since it shall have been demonstrated that the bases of an effective economic cooperation between our countries in this particular commercial field, which up to the present time appeared favorable, were but illusory. The results may well be that in influential circles of our people some doubts will be introduced with respect to the policy advanced at various international conferences with reference to assistance to underdeveloped countries, and to the policy of free expansion of international trade. Besides, a measure such as that proposed would have dangerous consequences, since it might stimulate the adoption of other similar measures which would further affect the commercial relations now existing between the two countries.

It would have been appreciated, and a source of much gratification, if during the course of consideration given to the measure by the Department of State at the time the matter was before the House of Representatives, an opportunity had been given to this Embassy to express the opinion of the Chilean Government with respect to this matter as to possible concern for the effect upon its economy. The Embassy hopes to be in position to present, within a few days, to the Department of State, a note containing complementary information concerning the effect that the proposed duty may have on an item of increasing importance to the Chilean economy.

WASHINGTON, D. C., December 28, 1951.

DEPARTMENT OF STATE

DIVISION OF LANGUAGE SERVICES

[Translation]

EMBASSY OF ECUADOR,
Washington.

The Embassy of Ecuador has the honor to address the Department of State in order to express the deep concern of the Government of Ecuador over the effects of the passage of H. R. 5693, which, as approved by the United States House of Representatives, establishes a tax of three cents a pound on fresh and frozen tuna fish, which now enters this country free of duty.

Since Ecuador is one of the most important tuna fishing areas on the coasts of South America and the tuna industry is now becoming established in the country, the adoption of the tax in question would obstruct the future development of that industry, inflicting serious losses on the Ecuadoran nation.

The Embassy of Ecuador avails itself of the usual courtesy of the Department of State, requesting that it use its valued influence in order to prevent the tax on fresh and frozen tuna fish imported into the United States from becoming effective until a thorough study is made of the economic repercussions thereof taking into consideration the mutual interests of all the countries concerned, in accordance with the high ideals of continental solidarity, usually upheld by our Governments.

(Initialed) L. A. P.

WASHINGTON, D. C., December 29, 1951.

No. 222.

[Stamp of the Embassy of Ecuador, Washington]

VIEWS OF THE JAPANESE GOVERNMENT ON TUNA EXPORTS

The Japanese Government views with great anxiety the proposed tariff duty on imported fresh and frozen tuna, because it is feared that its imposition will not only entail untoward hardship to the Japanese fishing industry but will also retard the progress of Japan's economy as a whole, which must export more rather than less goods to the United States if it is to continue to purchase in present volume such essential raw materials as cotton, iron ore, heavy coking coal, etc., needed to build a strong self-sustaining economy.

1. Importance of foreign trade to Japan

Thanks to the spiritual and material assistance accorded by the United States, Japan has been able to effect steady economic rehabilitation and align herself with the nations of the free world by directing her efforts toward the attainment of economic stability. However, with her 84 million population in a mountainous land smaller than the State of California and with her limited natural resources, Japan's economy and existence is solely dependent upon expansion of her foreign trade in fair and equitable ways. It is to be noted, in this connection, that the volume of Japan's foreign trade last year was still only about one-half of the prewar level.

2. Importance to Japan of trade with the United States

Formerly a principal source of raw materials for Japanese industry was the mainland of China, to which Japan also sent large exports. So long as this trade remains restricted as at present, Japan's needs for imports must be supplied from elsewhere. The United States can supply these goods and Japan is anxious to maintain and develop this trade with the United States. As a matter of fact, Japan's imports from the United States last year amounted to about 50 percent of her total imports. To do so, however, Japanese exports to the United States and other dollar areas must be expanded considerably over present levels, since imports from the United States are currently in excess of Japan's exports to the United States and deficits are being made up from sources which cannot be counted upon as permanent sources of income. The extent of this imbalance is shown by the following table:

Japan's exports and imports with the dollar area (mainly United States) January-November 1951

| (In millions of United States dollars) | |
|--|------|
| Exports | 279 |
| Imports | 901 |
| Balance | -622 |

Imbalance of Japan's trade with United States¹

(In millions of United States dollars)

| | Imports | Exports | Balance |
|---------------------------|---------|---------|---------|
| 1949 | 575 | 79 | -496 |
| 1950 | 428 | 179 | -349 |
| January - July 1951 | 465 | 110 | -355 |

¹ Source: Japanese Economic Statistics by SCAP. The deficit shown above, amounting to about two-thirds of Japan's imports from the United States, was barely covered by sales and services to U. N. forces in Korea, expenses of the occupation forces and United States aid, none of which provide a sound permanent basis for financing Japanese imports. Again, as shown in the following table, Japan imports from the United States such essential raw materials as cotton, wheat, and other grains, heavy coking coal, iron ore, etc., which are indispensable to Japan. The fact that Japan cannot cut short such essential imports from this country is all the more reason why Japanese exports to the United States must be promoted in order to pay for the imports.

Principal items of foreign trade with United States

| EXPORTS | IMPORTS |
|--------------------------------|------------------------|
| Raw silk | Raw cotton |
| Fresh, frozen, and canned tuna | Wheat and other grains |
| | Heavy coking coal |
| | Soya beans |
| | Iron ore |
| | Phosphate rock |

3. Importance of tuna in Japan's trade with the United States

Prior to the war, Japan's principal export to the United States was raw silk, of which Japan sold the United States 107 million dollars' worth in 1939. Although silk still ranks first in sales to the United States, the market for this product has been greatly reduced owing to the increased use of synthetic fibers in the United States. Sales of silk to the United States in 1950 brought Japan only \$17 million, and there is no prospect that this trade can be substantially increased.

Japan's second-largest export to this country was and still is fisheries products. Formerly, however, the fish products sold to the United States by Japan included salmon, crab, and other fish in addition to tuna. Today, access to the grounds in which salmon and crab were formerly caught is denied to Japan, so that tuna is the only major fishery remaining. Every effort is being made to explore new markets for tuna outside the United States, but effective demand in other areas is limited. Moreover, the development of such markets would not help in solving the dollar problem.

4. Japanese tuna in the United States market

Japan recognizes that domestic producers of tuna in the United States desire to supply a major share of tuna in the United States. However, Japan's fishermen and exporters find it difficult to understand why the United States industry, which has been built up without any tariff protection, should now require new protection to continue operation. Japanese exports have reentered the market, to be sure, but at prices above the average paid for domestic catch. Furthermore, upward of 80 percent of Japan's exports to the United States consist of albacore, the variety of tuna which produces white meat and sells at a higher price than other varieties. The United States catch of this fish is a small proportion of the total and does not enter into the operations of the San Diego fleet at all. Albacore, a fish which prefers cool water, is found off United States waters only during a short season and is not found at all in the warmer waters off Latin America.

Furthermore, Japan's exports of canned tuna to the United States showed a marked decrease in 1951, as shown in the following table. This was due to the doubling of United States duty on canned tuna as of January 1, 1951.

Japan's exports of canned tuna and frozen tuna

| | United States | Canada | Africa | Other countries | Total |
|---|---------------|---------|---------|-----------------|-------------|
| Canned tuna: ¹ | | | | | |
| 1950..... | 1, 446, 401 | 14, 296 | 24, 159 | 42, 520 | 1, 527, 376 |
| 1951 ² | 595, 600 | 28, 700 | 16, 100 | 80, 720 | 721, 120 |
| Fresh or frozen tuna: ³ | | | | | |
| 1950..... | 8, 541 | 799 | 0 | 0 | 9, 320 |
| 1951 ³ | 15, 396 | 1, 385 | 0 | 0 | 16, 780 |

¹ In cases of 48 cans, 8 ounces each.

² Data for 1951 are official estimates.

³ In metric tons.

Source: Fisheries Agency, Ministry of Agriculture and Forestry; and Ministry of International Trade and Industry of the Japanese Government.

5. Higher price of Japanese frozen tuna compared to United States tuna

On the only basis on which a fair comparison can be made, Japanese frozen tuna sells for more than United States tuna. Comparison of prices should be made on the basis of fresh and frozen tuna delivered to the canners on the west coast; namely, f. o. b. price plus freight and insurance, landing charges, consular fees, etc. (approximately \$80 per short ton or 4 cents per pound in all), in the case of Japanese tuna. This comparison, as shown in the following table, indicates that Japanese albacore, the predominant element in Japanese exports to the United States, sells at a premium over United States tuna.

Comparison of prices in 1951

| | Japanese albacore | | Estimated delivery price per pound | United States tuna price per pound ² |
|---------------|--|-------------------------|------------------------------------|---|
| | F. o. b. price in short ton ¹ | F. o. b. price in pound | | |
| | Dollars | Cents | Cents | Cents |
| June..... | 275. 20 | 13. 76 | 17. 76 | 17. 5 |
| July..... | 274. 40 | 13. 72 | 17. 72 | 17. 5 |
| August..... | 277. 70 | 13. 885 | 17. 885 | 16. 2 |
| November..... | 260. 00 | 13. 00 | 17. 00 | 15. 0 |

¹ Fisheries Agency, Ministry of Agriculture and Forestry; and Ministry of International Trade and Industry.

² U. S. Fish and Wildlife Service.

Although delivery prices on the west coast of tuna exported to the United States are higher than the United States domestic price, Japan has taken steps to insure that no unfair price competition will occur. The Japanese Government has added canned white and light-meat tuna as well as frozen tuna to the list of commodities for which export licenses are required under the provisions of the export trade control order, whereby the Government is in a position, if necessary, to control the quantity and prices of tuna exports, with a view to keeping the flow of goods at a fair price and a reasonable level.

6. *Untoward hardship to Japanese fishing industry*

In addition to aggravating Japan's dollar problem, any restriction of tuna export markets will further depress the living standards of a large segment of the Japanese population, the fishermen. Action by the United States to take away the livelihood of this group will be difficult to understand in Japan. The plight of the Japanese fishing industry which has lost access to the grounds off the Kurile Islands and been crowded into limited coastal waters has been alleviated by ocean fishing for tuna. If a part of the tuna industry were forced to abandon ocean fishing, they could only turn to fishing in the coastal waters of Japan, where there are already about 350,000 excess coastal fishermen.

Japan's tuna fishing fleet and fishermen

| Year | Number of vessels | Number of fishermen |
|-------------------------|-------------------|---------------------|
| 1939..... | 2,258 | 42,049 |
| 1950..... | 1,995 | 40,154 |
| 1951 ¹ | 1,995 | 40,200 |

¹ Official estimate.

Source. Fisheries Agency, Ministry of Agriculture and Forestry of the Japanese Government.

7. *Conclusion*

Japan has publicly alined herself with the United States, as indicated by the conclusion of the security pact, and she is sincerely desirous of promoting friendship and good will between the United States and Japan. It was out of this spirit that Japan conceded, in the Fishery Conference with the United States and Canada held recently in Tokyo, to a tentative arrangement on the demarcation of fishing grounds for salmon in the Bering Sea.

At the same time, Japan is resolved to become economically self-supporting as soon as possible, so that she need not continue to be reliant on United States economic aid. In order for Japan to become self-supporting, Japan's export to the dollar area, especially to the United States, is very important, as explained above.

From these standpoints, the imposition by the United States Government of the proposed tariff duty on tuna will be deeply disappointing to the Japanese people.

DEPARTMENT OF STATE

DIVISION OF LANGUAGE SERVICES

[Translation]

EMBASSY OF PANAMA,
Washington.

His Excellency DEAN ACHESON,
Secretary of State, Washington, D. C.

EXCELLENCY: I have the honor to inform Your Excellency that my Government is deeply concerned over bill H. R. 5693, still under deliberation by the Senate but already passed by the House of Representatives of Your Excellency's Government, whereby which a duty of three cents (\$0.03) per pound would be placed on imports of tuna, fresh or frozen, which is now imported duty-free. The proposed duty, which represents approximately 20% of the wholesale price of the product, would not be applied to tuna fish caught in international waters by vessels under the American flag.

A substantial quantity of the sardines used as bait in the fishing of tuna, which is an international natural resource, are caught in the territorial waters of the Republic of Panama, and my country has, for a nominal fee, issued licenses for sardine fishing in its territorial waters to a large number of American vessels. The total annual sum collected by my Government for licenses issued amounts to only \$73,200.00, while the sardines caught in our territorial waters contribute to the production of several million dollars' worth of tuna. This action by my Government is in keeping with the policy which the Republic of Panama has invariably followed of not obstructing American capital in any way whatever, as is demonstrated by the fact that my country is probably the only one which specifically in its Constitution has granted citizens of the United States of America the same economic guarantees and privileges which its own citizens enjoy and which are denied to citizens of other countries.

At the present time there are only three vessels under the Panamanian flag that are engaged in fishing tuna for export to the United States market, but nevertheless my Government is concerned over the duty contemplated in bill H. R. 5693, because the experts who have been sent by agencies of the Government of the United States and by the International Bank for Reconstruction and Development to plan the economic advancement of my country have all pointed out without exception that one of our chief potential sources of wealth is precisely the development of the fishing industry; and to levy a duty on imports of tuna, an international natural resource, would eliminate all hope that the Republic of Panama might participate fully in the benefits thereof.

Furthermore, as a result of the recommendations of the afore-mentioned experts, the expansion of the fishing industry has been greatly accelerated, especially in connection with the catching, freezing, and packing of shrimp. Thirty-eight (38) vessels have recently been acquired with national and American capital, and are now engaged in this type of fishing, and our exports thereof show a continuous rise. My Government has received unofficial information to the effect that the possibility exists that efforts will be undertaken to establish a duty on imports of shrimp, fresh or frozen, if bill H. R. 5693 is definitively passed, and is naturally deeply concerned over such a prospect.

I respectfully request Your Excellency to consider that these observations relating to the repercussions which the passage of bill H. R. 5693 would have on the economic development of my country do not in any way suggest the slightest criticism of the Honorable Legislative Body of Your Excellency's enlightened Government, inasmuch as every country has the right to levy such duties as it may consider necessary and desirable to its economic interests.

The purpose of this communication is, first, to point out the adverse effect which the application of the proposed duty would have on the economic development of a sister nation which in the economic field has invariably cooperated with Your Excellency's Government, and, in view of the fact that article two of bill H. R. 5693 instructs the United States Tariff Commission to undertake a study to determine whether or not a duty on tuna is justifiable; and, secondly, to point out in a most friendly manner the possible advantage of postponing the application of the proposed duty until the Tariff Commission has submitted the respective report.

I avail myself of the opportunity to renew to Your Excellency the assurance of my highest and most distinguished consideration.

ROBERTO HERTEMATTE,
Ambassador of Panama.

DEPARTMENT OF STATE

DIVISION OF LANGUAGE SERVICES

[Translation]

PERUVIAN EMBASSY,
Washington 6, D. C., December 28, 1951.

No. 5-3-M/359

His Excellency DEAN ACHESON, Secretary of State, City.

MR. SECRETARY: In compliance with special instructions given to me by my Office of Foreign Affairs, I have the honor to inform Your Excellency of the deep concern of the Government of Peru with respect to H. R. 5693 which establishes a duty of three cents per pound on tuna, fresh or frozen, which at present enters the United States of America duty-free. The afore-mentioned law was approved last October by the House of Representatives and is now pending consideration by the Senate.

My Government instructs me to reaffirm to yours, through Your Excellency, that the imposition of such a charge would mean the ruin of the fishing industry in Peru and would cause serious economic and social dislocations.

As soon as I learned that H. R. 5693 had obtained the prompt approval of the House of Representatives, and in compliance also with instructions received, I visited His Excellency Edward G. Miller, Jr., Assistant Secretary of State for Inter-American Affairs. I set forth to him verbally the Peruvian points of view with reference to the afore-mentioned law, as well as the serious consequences which its definitive approval would entail for us, and requested the good offices of the Department of State to the end that an exhaustive study might first be made of the problem of fishing off the Central and South American coasts and that consideration might also be given to the special situation of my country, feeling certain that the result of the afore-mentioned study would show the disadvantage of the proposed duty.

The fact that the Congress had recessed at that very time prevented the Upper Chamber and its committees from taking up this matter, which may be done at the new session which opens on the 8th of next January.

Hence, accompanied by Their Excellencies the diplomatic representatives of Chile, Costa Rica, Ecuador, Mexico, and Panama, which countries would also be affected by the afore-mentioned duty, I again visited His Excellency Assistant Secretary Miller, at which time we expressed to him the common and joint interest uniting us in the face of the danger represented by a measure such as the one proposed, which is capable of ruining the fishing industry already established in some of our countries, as well as the reasonable expectations of other countries.

This was also an opportunity to refer to the letter which His Excellency Assistant Secretary Jack K. McFall sent on October 12 last to the Chairman of the Ways and Means Committee of the House of Representatives in which, despite the fact that the need for basic studies was recognized, it was stated that the Department of State had no objections to H. R. 5693.

We diplomatic representatives present at that meeting all expressed regret that we were not at that time given the opportunity to set forth our points of view to the Department of State with respect to a measure destined to affect so appreciably the economies of the countries represented there and to create problems that might easily be exploited by the enemies of democracy and of social tranquillity.

In the case of Peru this omission was all the more regrettable because not long ago my country was visited by a high official of the American State Department, Mr. Wilbert McLeod Chapman, who was in direct contact with the Peruvian industrialists and was able to note the degree of development attained by them and to receive all kinds of information on fishing activities.

Fortunately, His Excellency Mr. Miller stated in this interview that the above-mentioned letter would not be the last word of the Department of State and he requested us to give him all data and statistics that might help toward reaching a definitive conclusion.

With this in view, I take the liberty of transmitting to Your Excellency with the present note a Memorandum together with the replies which the Ministry of Agriculture of Peru has made to the questionnaire of the Embassy of the United States at Lima, and another which contains some of the points of view of the fishing industry with respect to the H. R. 5693 bill.

The afore-mentioned documents will permit Your Excellency to appreciate the obvious reason which impels my Government to request the good offices of that of Your Excellency to the end that an action may not be taken that would occasion so serious harm to Peru through the destruction of an industry which is in full development and which within a few years has reached fifth place in its economy.

The data and statistics included in the memoranda referred to are sufficiently clear and explicit in this respect and the history of the origin of the Peruvian fishing industry, created during the last world war when the United States of America, then lacking the necessary elements, urgently needed our cooperation in order to meet the demand for fish that existed, will show Your Excellency how my country performed its duty as a good ally and how, through its own efforts and with national capital, it immediately developed the fishing industry in order to be able to meet the requirements of the UNRRA and of the American market, from which it received support and encouragement, first for the exportation of salt fish and then for the processing of canned products. All the equipment necessary for establishing the afore-mentioned industry and its costly installa-

tions was purchased in the United States with Peruvian capital. Technical experts of this country also assisted Peruvian fishermen and industrialists.

When the world conflict was over and the California tuna industry returned to normal, there began to be opposition to the importation of canned tuna from Peru and other countries of the Hemisphere, and obstacles to the classification thereof, which culminated in the approval, in January 1950, of a 45% ad valorem duty on canned tuna, whereby entry into the United States was closed for that product packed in foreign countries, including Peru, thus making impossible such trade and consequently the acquisition of dollars through the exploitation of natural resources, a procedure in accordance with the policy recommended by the United States.

Peruvian industrialists then found it necessary to develop the industry of freezing and exporting frozen tuna, investing very large amounts of capital in the purchase of refrigerator ships, machinery, special vessels, and fishing equipment, and now it is desired to lay this duty upon the raw material, thereby eliminating the competition of Peru and other Central and South American countries in the North American market and paralyzing in my country an industry which represents an investment of over 400 million soles and employs approximately 11,000 workers who earn the highest wages in the nation and support 40,000 family members. Furthermore, the packing and freezing industries mean the creation of new towns along our coast, the construction of workers' quarters, large workshops, shipyards, important dockyards, storage places for fuel, and other elements which raise the standard of living in so necessary and important a manner.

If the duty of three cents a pound should become law, all this structure of effort put forth, of prosperity, of work which is being done within the norms of social benefits which govern the policy of my Government would be violently transformed into a painful situation of economic distress for many of the nation's capitalists and of unemployment and misery for the great mass of workers in the Peruvian fishing industry, and there would undoubtedly ensue the serious dislocations to which I refer at the beginning of this note, with the consequent dangers which I also mention.

For all these reasons, which have necessarily made this communication a long one, my Government is certain that it will find firm and decided support on the part of that of Your Excellency and that its data and views, which coincide with those of the diplomatic representatives mentioned above, will aid Your Excellency in forming your judgment and will serve as a basis for the opinion which the Department of State may be good enough to express in the hearings which the Senate Finance Committee may hold.

At the same time my Government is keenly interested in maintaining, as that of Your Excellency surely desires, the most friendly relations between our two countries and peoples, and therefore considers that it is a wise and desirable policy for both to remove all possibility that the existing cordiality might be dimmed or lessened by actions contrary to their aims.

I express my appreciation in advance to Your Excellency for whatever attention you may be good enough to give to the contents of this note and renew to you the assurances of my highest and most distinguished consideration.

(Signed) F. BERCKEMEYER.

VIEWPOINTS OF THE PERUVIAN FISHING INDUSTRY ON H. R. 5693 RELATING TO THE IMPOSITION OF DUTIES ON FROZEN TUNA OF FOREIGN ORIGIN

1. During World War II the United States eagerly sought sources of production of foodstuffs to replace its domestic sources, in view of the fact that a great part of its manpower was in the ranks or employed in war industries. In that situation fishing was the industry most affected, inasmuch as fishing boats and crews were added to the Navy.

2. Peru responded immediately and supplied to its full capacity the demand for fish on the part of the allied country to the north, increasing its native fishing fleet by its own effort and without economic aid from the United States Government.

3. After the war ended, the United States stopped its purchases of salted fish, which had been previously shipped to UNRRA. Consequently, the salting plants established all along the Peruvian coast line were shut down.

4. Canned Peruvian fish continued to be imported into the United States until the year 1948; there the Food and Drug Administration classified it as "tuna" and day by day it won increasing favor with the consuming public because of its excellent quality and packaging.

5. In the same year, 1948, owing to the pressure brought by the California packers, the Food and Drug Administration required the canned product, which until then had been shipped without a label, to be labeled "Bonito," a fish entirely unknown to the United States consumer. As a result of this measure, the demand fell off to such an extent that the United States Superintendent of Banks prohibited United States banks from giving credits guaranteed by this type of canned goods, owing to the slight demand for it. Later on, thanks to the intensive advertising carried on by the producers and the great reduction in prices, sales increased considerably, and the United States Superintendent of Banks revoked the said order.

6. Peruvian canners then sought to establish themselves in coastal regions from which they could supply their tuna packing plants, such as the regions of the north and south. Nevertheless, the Peruvian industry was again to suffer a heavy blow in January 1950, when the duties on imports of tuna into the United States were raised from 22½ percent to 45 percent ad valorem. This meant that it would be impossible for the Peruvian industry to continue to export this kind of canned product to the country to the north.

That is to say that, after encouraging this industry at a critical time for itself, the United States, when the war ended, far from permitting free trade between itself and its former allies, by imposing the duty afore-mentioned, closed down and put an end to this flourishing industry which, besides supplying a product equal to the American product, was obtaining dollars by its own means, following the policy pursued by the Republic of the North.

7. Hence, the Peruvian industrialists had no other recourse but to export frozen fish, a step which was enthusiastically welcomed and also greatly encouraged by the industrialists of California, who sent their own refrigerator ships to transport it to their canneries. Once again the tenacity and enthusiasm of Peruvian ingenuity had created a new kind of industry, the frozen-food industry, with larger boats, refrigerator ships, and transports, and refrigeration plants in the north, south, and center, each with a storage capacity of more than a thousand tons.

8. Eight days after the Torquay agreement went into force, the United States House of Representatives suddenly approved a bill establishing a duty of 3 cents a pound on frozen tuna of foreign origin.

The principle of a duty on the importation of fresh or frozen tuna is entirely unjust. If yellowfin tuna were a species found in United States territorial waters, there might possibly be justification for the contemplated duty. But, far from that, there is no tuna in United States territorial waters, and so true is this that the United States fishing fleet is compelled to fish for tuna in areas more than 3,000 miles from its bases. The principal tuna areas of the world are found off the coasts of Central and South America, in waters which in accordance with the modern international tendency belong to the said countries. But, even accepting the thesis of the 3-mile limit of territorial waters, the tuna areas would lie in international waters; that is, tuna is considered an international resource on which it is not possible to consent to a tax imposed by a country that not only lacks the raw material but obtains it in waters outside its jurisdiction, which should rightly be considered waters belonging to the Central and South American countries. It is not possible to consider a tuna caught by an American vessel in international waters as American raw materials, while a tuna taken in those same waters by Central or South American boat is considered foreign raw material subject to a duty, the argument in justification of which is the protection of American investments in fishing vessels.

9. The said bill is now being studied in the Finance Committee of the United States Senate, after being hastily approved in the House of Representatives. It is hoped that the Department of State, which in the beginning did not object to the proposed duty, will now take into account the protests of the countries concerned (Peru, Costa Rica, Panama, Ecuador, Mexico, and Chile) because of the serious injury that would be inflicted on their respective fishing industries, and that in next January's hearings it will support the arguments thereon before the Senate committee.

10. The Peruvian industrialists base their protests on the following points: The United States appealed to the possibilities of our industry at a time when it was necessary to supply the needs of its population and those of other allied countries. Peru responded by investing its private capital and, without foreign aid, developing its industry to a high level of production. It likewise bought all its machinery and equipment from United States factories. Now that the emergency has passed, the Peruvian industry is being denied the right to catch, can, and freeze tuna, notwithstanding the irrefutable fact that Peru is very favorably

located for fishing for tuna, since the Peruvian fleet needs to sail only 30 miles from its coast to reach the same banks where the American clippers obtain their product, after sailing 3,000 miles from their bases in California.

Furthermore, without the cooperation of the countries concerned, the American fishing fleet could not operate, since it must, in order to use live bait, or anchovies, obtain such bait, with special permits in some cases and in others without a permit of any kind, in waters recognized throughout the world as being within Central and South American jurisdiction. Up until now, no country of Central and South America has interfered with the fishing of the American vessels; they have allowed them to fish freely in waters which they consider their own, without any tax or duty. In Peru, during the present fishing season in the north, we have had large American fleets fishing freely in view of the shore and in some cases only a short distance from our own boats. Nevertheless, and notwithstanding the fact that both the catch obtained by an American boat and the catch of a Peruvian boat have the same destination and are obtained in the same waters, an attempt is being made to tax the catch of a Peruvian boat for the benefit of that of an American boat. It should be remembered that the fish caught by Peruvian craft is taxed on being exported, but not that caught by American craft.

The tonnage of tuna which has gone to California exceeds 200,000 tons, entirely of Central and South American origin, whether caught by American or by Peruvian boats. Peru's share of the said tonnage in 1950 amounted to approximately 7,000 tons. Possibly, and under the most favorable conditions, Peru could account for 10 percent of the total unloaded in California. It is difficult to think that Peru's exports could in any way endanger the American investments.

The fishing industry of Peru trusts that the Government of the United States will take these points into careful consideration and prevent the passage of the said bill, which would mean enormous damage to the industry.

MINISTRY OF AGRICULTURE

REPLY TO THE MEMORANDUM OF THE AMBASSADOR OF THE UNITED STATES OF AMERICA

1. Importance of the industry and exports to the country's economy, and that of its respective producing areas.

Since Peru is a country of limited economic development, its wealth depends on the exportation of its natural resources.

One of the principal sources of raw materials with which this country has been endowed by Nature and which has not yet been exploited to the maximum degree is its ichthyological wealth, given to it by Nature as compensation for the aridity of its coastal lands.

The democratic countries, in struggling to attain a higher standard of living for their people and in general to promote world-wide well-being, justifiably consider that this well-being will be made feasible only through the rational exportation of their natural resources.

Peru, by tradition a democratic country, a friend and effective and disinterested collaborator of the United Nations, is struggling against poverty and hunger, and in thinking of the best way to be useful to the world and to raise the standard of living of its inhabitants, it exploits its resources in fish.

In 1942, it started to exploit its fisheries, using industrialized methods to some extent, and produced 40 metric tons of canned fish. During the years 1944 to 1947, it rendered valuable service to UNRRA by supplying to it in that period over 13,000 metric tons of fresh and salted fish and 14,025 metric tons of canned and other products.

The importance of this extractive industry, which is at the same time, a processing industry, is undeniable, since it contributed fresh as well as salted and canned fish to feed its people. All these are protein products of low price and excellent quality.

The investments made by this industry amount to 400 million gold soles, making it possible to export its products and giving employment to more than 8,000 fishermen and workers and consequently contributing to the welfare of over 8,000 families.

This extractive and processing industry is one of the most complete that Peru has; hence, also, its great importance.

Through its natural development, this industry has contributed to the transformation of small unimportant inlets into prosperous fishing centers which are

at present of great importance. The classic example is that of Máncora, which hardly 6 years ago had a population of 500 and now has 8,000 inhabitants who enjoy economic and social well-being.

The importance of its exports as a source of foreign exchange is considerable, for it raises the favorable balance of our trade.

All this permits the purchase of machinery and foodstuffs which Peru does not produce.

2. Volume of tuna catch (by species) in metric tons during 1950 and 1951, compared with any of the previous years (1937, 1938, or 1939). (Indicate separately the volume unloaded by fishing vessels of foreign registry, particularly of United States registry, and the volume not unloaded in the country, particularly transshipments or unloadings in other countries.)

The volume of the tuna catch by species (including bonito) unloaded on the coast in 1950 and 1951 is as follows:

| Species | 1950 (January-December) | 1951 (January-October) |
|--|----------------------------|---------------------------|
| | <i>Metric tons</i> | <i>Metric tons</i> |
| Yellowfin tuna (<i>Thunnus macropterus</i>)..... | 14,765.1 | 6,929.7 |
| Skipjack (<i>Katsuwonus pelamis</i>)..... | 436.5 | 931.5 |
| Bonito (<i>Sarda chilensis</i>)..... | 38,924.6 | 32,069.6 |
| Total..... | 54,126.2 | 39,930.8 |

We do not make the requested comparison with the years 1937, 1938, and 1939 because we lack the necessary data.

We regret our inability to report on the volume unloaded by fishing vessels of foreign registry, particularly of United States registry, and the volume not unloaded in the country, particularly transhipped to or unloaded in other countries, because up to the present time we have not learned of any foreign vessel having unloaded its catch in Peruvian ports, and if any transshipment of fish has been made it has been beyond our control, for which reason we cannot supply any information.

3. What amount of the fish caught by United States vessels was reshipped to that country in 1950 and 1951, compared with any previous year (1937, 1938, or 1939)? What amount of the catch taken by national vessels or those of other countries (other than United States) was reshipped to the United States in 1950 and 1951 as compared with any previous year (1937, 1938, or 1939)?

The tuna clippers of United States registry do not unload their catch at Peruvian ports for transshipment to the United States, but rather they transport their catch directly without touching any Peruvian port. We do not have data for 1950, but we consider that in 1951 these vessels, which are estimated to have been 26 in number, obtained a total catch of 20,000 metric tons, which was taken to the United States.

The exports to the United States of America of frozen fish caught by national vessels have amounted to the following:

| Species | 1950 (January-December) | 1951 (January-October) |
|---------------------|----------------------------|---------------------------|
| | <i>Metric tons</i> | <i>Metric tons</i> |
| Yellowfin tuna..... | 6,521.6 | 6,371.0 |
| Skipjack..... | | 175.5 |
| Bonito..... | | 4.3 |
| Total..... | 6,521.6 | 6,550.8 |

No frozen fish was exported to the United States of America during 1937, 1938, or 1939. Exportation began in April 1948, in the amount of 292.5 metric tons.

4. With reference to question No. 2, what amount and value of the total catch of tuna was sold fresh or frozen, and what was the production of canned tuna? (Indicate the fresh and frozen tuna in metric tons, and the canned tuna in

TUNA IMPORTS

cartons or cases, specifying the size of the cans, their net weight or contents, and the number of cans per case.) What amount of the products indicated below was sold for domestic consumption and how much was exported to the principal countries of destination, including the United States: (a) fresh tuna (by species); (b) canned tuna in oil (by species); (c) tuna in brine (by species).

Sold fresh or frozen

| | Metric tons | Thousand soles |
|---------------------------------|-----------------|-----------------|
| 1950 (January-December): | | |
| Yellowfin tuna | 10,938.4 | 13,882.1 |
| Skipjack | | |
| Bonito | 10,546.1 | 4,858.4 |
| Total | 21,484.5 | 18,740.6 |
| 1951 (January-October): | | |
| Yellowfin | 6,929.7 | 11,754.3 |
| Skipjack | 372.8 | 413.3 |
| Bonito | 10,000.0 | 5,000.0 |
| Total | 17,302.5 | 17,167.6 |

Production of canned tuna

| | Canned in oil, cases basis 48 7-ounce halves | | Canned in brine, cases basis 48 No. 1 talls | |
|---------------------------------|---|----------------------|--|----------------------|
| | Number of cases | Value in 1,000 soles | Number of cases | Value in 1,000 soles |
| 1950 (January-December): | | | | |
| Yellowfin tuna | 84,251 | 7,582.6 | 1,896 | 322.3 |
| Skipjack | 34,362 | 3,092.6 | | |
| Bonito | 502,139 | 45,192.5 | 34,945 | 5,940.6 |
| Total | 620,752 | 55,867.7 | 36,841 | 6,262.9 |
| 1951 (January-October): | | | | |
| Yellowfin | 48,505 | 4,850.5 | 12,078 | 1,570.1 |
| Skipjack | 16,424 | 1,642.4 | | |
| Bonito | 402,958 | 40,295.8 | 34,568 | 4,493.8 |
| Total | 467,887 | 46,788.7 | 46,646 | 6,063.9 |

(a) FRESH OR FROZEN TUNA (BY SPECIES)

| Species | Domestic consumption (metric tons) | Exported (metric tons) | Species | Domestic consumption (metric tons) | Exported (metric tons) |
|-----------------------------------|------------------------------------|------------------------|--------------------------------|------------------------------------|------------------------|
| 1950 (January - December): | | | 1951 (January-October): | | |
| Yellowfin tuna | 4,416.8 | 6,521.6 | Yellowfin tuna | 558.7 | 6,371.0 |
| Skipjack | | | Skipjack | 197.3 | 175.5 |
| Bonito | 10,546.1 | | Bonito | 9,995.7 | 4.3 |
| Total | 14,962.9 | 6,521.6 | Total | 10,751.7 | 6,550.8 |

NOTE.—The entire exports have been shipped to the United States.

Production of canned tuna—Continued

(b) TUNA CANNED IN OIL (BY SPECIES)

| Species | Domestic consumption (cases) | Exported (cases with 48 7-ounce cans) | Species | Domestic consumption (cases) | Exported (cases with 48 7-ounce cans) |
|----------------------------|------------------------------|---------------------------------------|--------------------------|------------------------------|---------------------------------------|
| 1950 (January - December): | | | 1951 (Jan.-Oct.)—Con. | | |
| Yellowfin tuna..... | 7,600 | 76,651 | Bonito..... | 45,000 | 357,958 |
| Skipjack..... | | 34,362 | Total..... | 51,000 | 416,887 |
| Bonito..... | 46,500 | 455,639 | Distribution of exports: | 1950 | 1951 |
| Total..... | 54,100 | 566,652 | Belgium..... | 11,334 | |
| 1951 (January-October): | | | United States..... | 496,989 | 332,700 |
| Yellowfin tuna..... | 6,000 | 42,505 | Italy..... | 13,034 | |
| Skipjack..... | | 16,424 | Switzerland..... | 34,001 | |
| | | | Other..... | 11,334 | 84,187 |

(c) TUNA IN BRINE (BY SPECIES)

| Species | Domestic consumption (cases) | Exported (cases 48 can talls) | Species | Domestic consumption (cases) | Exported (cases 48 can talls) |
|---------------------------|------------------------------|-------------------------------|-------------------------|------------------------------|-------------------------------|
| 1950 January - December): | | | 1951 (January-October): | | |
| Yellowfin tuna..... | 500 | 1,396 | Yellowfin tuna..... | 600 | 11,478 |
| Skipjack..... | | | Skipjack..... | | |
| Bonito..... | 1,500 | 33,445 | Bonito..... | 1,500 | 33,068 |
| Total..... | 2,000 | 34,841 | Total..... | 2,100 | 44,546 |

No data available on exports by countries but it is estimated that 87.7 percent in 1950 and 79 percent in 1951 of the exports of this item went to the United States.

5. What stocks of the following products are in storage as of the date of this report, compared with those which were on hand at the end of the two preceding years?

(a) Stocks of frozen tuna (by species) in refrigerated warehouses.

(b) Stocks in storage of—

1. Canned tuna in oil (by species).

2. Tuna in brine (by species).

Stocks of frozen tuna in refrigerated warehouses as of December 15, 1951:

| | Metric tons |
|----------------|-------------|
| Yellowfin..... | 40 |
| Skipjack..... | 32 |
| Bonito..... | 0 |
| Total..... | 72 |

For 1950 the stocks of frozen tuna in storage were extremely small, for which reason they have not been considered.

Stocks of stored canned tuna in oil and in brine, for the years indicated:

| | 1950, in oil cases with 48 7-ounce cans | 1951, in oil cases with 48 7-ounce cans | 1951, in brine cases with 48 7-ounce cans |
|----------------|---|---|---|
| Yellowfin..... | 34,805 | 775 | 0 |
| Skipjack..... | 11,305 | 670 | 0 |
| Bonito..... | 90,867 | 152,000 | 14,000 |

6. How many vessels (indicating size by groups according to registered net or gross tonnage) of national registry were engaged in fishing for tuna during 1950 and 1951, as compared with any of the preceding years (1937, 1938,

or 1939)? Number of crew and total number of fishermen on said vessels. Supply any available information concerning the number and registry of vessels engaged in fishing for tuna off the coast; amount of revenue received from fishing permits issued to fishing vessels of foreign registry. How many fishing vessels now under construction will be placed in service in 1952?

The fishing fleet engaged in catching yellowfin, skipjack, and bonito is estimated at—

| | <i>Metric tons</i> |
|---|--------------------|
| 450 bonito launches, 26 to 32 foot capacity | 1, 800 |
| 100 "boliche" launches, 36 to 45 foot capacity | 800 |
| 350 "San José" type boats, 24 to 32 foot capacity | 1, 750 |
| Other vessels, capacity | 500 |
| Total | 4, 850 |

The number of fishermen engaged in this activity is estimated at 4,750, including crews of all vessels. We have no other information on the number and registry of vessels engaged in fishing for tuna off the coast. No fishing permits have been issued to vessels of foreign registry; hence, no revenue has been obtained from this source.

We know that there are 16 vessels under construction which will be completed early in 1952. All these are vessels between 34 and 48 feet in length.

7. Representative prices paid to fishermen for the various species of tuna, ex-vessel, during 1951. Average prices in 1950 and 1951 and present prices received by exporters for fresh and frozen tuna shipped to the United States. Specify whether the prices were f. o. b. port of embarkation or for the product delivered (c. i. f.) at a United States port. What was the cost of transportation in 1950 and 1951, and what is the present cost (including freight, insurance, etc.) from the Peruvian port of embarkation to the United States?

There are various methods for compensating the fishermen in Peru. In the Callao area, for example, out of the total value of the catch 55 percent goes to the fishermen and 45 percent to the owner of the vessel. In the northern area, Máncora, for example, the fisherman receives a fixed per-ton compensation, which, in the case of tuna, is at present 1,200 soles per ton, but only on a labor basis, since the owner pays all the other costs, such as upkeep of the vessel, crew, nets, fuel, etc. An approximate estimate of the production cost of tuna, according to statements by the companies, is \$210 per ton f. o. b. Naturally, this production cost is computed for a normal production year, but if account is taken of a year like the present one, in which no fish have been caught for the past 8 months, then the cost increases enormously, because all the costs of upkeep enumerated above continue.

The price received by the exporters for their products fluctuates in accordance with the prices quoted on the United States market. Last year the price paid for yellowfin tuna was from \$280 to \$310 per ton, whereas the price has now gone down to \$250 per ton. In 1950 the price of skipjack in kegs was from \$250 to \$275 per ton, while at present it is \$150.

The freight paid for transporting frozen fish from a Peruvian port to a port in the United States was, throughout 1950 and until October of this year, \$50 per ton, but in October it went up to \$60 per ton. The insurance is represented by a payment of 60 cents for every \$100.

8. Give the number and capacity of (a) freezing plants; (b) refrigerated warehouses; (c) canneries entirely or partially engaged in canning tuna. Compare the present facilities with those which existed in either 1937, 1938, or 1939. How many and what type of plants are now being built to begin operating in 1952?

The freezing capacity and the refrigerated-storage capacity are as follows:

| | Capacity for freezing in 24 hours | Refrigerated- storage capacity |
|---------------------------------|---|--------------------------------------|
| | <i>Metric tons</i> | <i>Metric tons</i> |
| Afloat (boats and barges) | 212 | 2, 640 |
| Plants on land | 149 | 3, 750 |
| Total | 361 | 6, 390 |

¹ In 1937-39 there were no freezing or refrigeration plants in existence.

The number of fish canneries is 53, with a maximum daily capacity of 18,500 48-can cases. Of these canneries, only four have been partially engaged in canning yellowfin and skipjack, and two of the four, located in Paíta, have closed down because of the lack of good markets for canned tuna and because they are not in an area where it is possible to can bonito. The other two are in Ilo, only one of which is producing canned tuna, and its production is very small. The rest of the canneries in Peru are engaged in canning bonito.

It is not planned that any canneries or freezing and refrigeration chambers will be built in 1952, on the contrary, many plants are shutting down.

9. In what proportion has foreign capital (particularly from the United States) been invested or financed in the tuna-fishing industry in Peru, whether for building up the fishing fleet or for the construction of freezing plants, refrigerated-storage warehouses, or canneries? What proportion of these facilities is foreign-owned, apparently of local ownership but controlled by foreign interests or subsidiaries of foreign interests?

We do not know the exact proportion of foreign capital invested in the Peruvian fishing industry, for all the companies are constituted as Peruvian and as joint stock companies; however, we judge, that with respect to the frozen-fish industry, approximately 20 percent is financed by United States capital, out of a total investment of 130 million gold soles. As for the canning industry, which operates with a capital of approximately 270 million gold soles, we judge the United States investment to be barely 1 to 1½ percent.

10. What efforts are being made to exercise government or other control over exportation in order to prevent depression on the foreign market? What taxes are there on the exportation of tuna, and what form do such taxes take? What measures are being taken to increase opportunities for the sale of tuna in the United States and other markets, such as subsidies, grading, per ton price discounts for shrinkage or deterioration of the fish, compliance with exportation standards, and other activities undertaken with a view to stimulating and increasing consumption?

The Peruvian Government controls exports in the sense that exportation is permitted only after the needs of the domestic market have been satisfied. All Peruvian exports of fish products are subject to the taxes known as "export duties" (Laws 9506 and 10545 and Supreme Resolution of April 20, 1946), which constitute a charge of 10 percent against the difference between the selling price of the product and the base cost fixed by the Peruvian Government. When this difference exceeds 25 percent of the base cost an additional 10 percent is charged against the difference (Law 9476). The base export cost of frozen tuna (all species) was fixed in 1941 at \$50 (United States currency), and the base cost for skipjack and bonito in that year (Law 9506) was fixed at \$40 (United States currency).

From these base costs, which were fixed in 1941 and which at the present time do not represent the actual costs of production, it will readily be seen that there is an export duty and that therefore this industry, far from receiving subsidies, is taxed.

The requirements of the markets for Peruvian exports, particularly the United States market, are extremely exacting in so far as quality is concerned. Peru has always succeeded in selling in those markets solely because of the high quality of its products, in some instances suffering heavy losses because the catch turned out to be "green." As regards selling prices, Peruvian producers and exporters have no part in the quotations, since they must be strictly limited to those quoted by the foreign markets. In short, there are neither subsidies nor protectionist measures; there are only requirements with respect to quality.

We have information to the effect that, in order to improve opportunities for the sale of Peruvian fish products in the United States, the Peruvian fisheries have spent during the present year approximately \$200,000,000 (United States currency).

11. What plans or other measures of stimulation are contemplated by the Government with a view to increasing the production and exportation of tuna, and what economic measures have been taken to encourage the development of the industry? Indicate general trends in the fishing and production of tuna and the causes of the apparent variations.

In accordance with the general policy of the Peruvian Government, a policy permitting the free competition of all the factors and forces connected with production, industrialization, and trade in general, the fishing industry has succeeded by its own initiative in reaching its present level. Nevertheless, although it is

true that the fishing industry has received no direct financial assistance, nor benefited from any protectionist measures on the part of the Government, the latter does concern itself with and study the economic and technical problems inherent in its development, so as to build up a prosperous and efficient industry, which will be, in the future as it is today, a strong pillar of the Peruvian economy.

The general trend of production in the yellowfin tuna fishing industry, from 1948, when it began, to 1950, was upward, but in 1951 it succeeded in reaching only the 1950 level. The causes are economic: higher production costs, lower prices quoted on the foreign markets, limited demand on the domestic market, and lack of capital for investment in the industry in question, which will not permit acquiring a larger fishing fleet. Furthermore, natural conditions must be added to these causes: large-scale migrations of the species, which have recently reduced the opportunities for catching fish.

LIMA, December 1951.

STEIN, HALL & COMPANY, INC.,
New York, January 31, 1952.

HON. WALTER F. GEORGE,
United States Senate, Washington, D. C.

MY DEAR SENATOR GEORGE: I have been informed that the Finance Committee of the Senate is about to conduct hearings on H. R. 5693 which proposes a duty on the importation of tuna fish. Although I have no knowledge of the details of this industry and do not know whether or not the imposition of a duty is economically valid both from the point of view of our domestic economy and our international economic relations, I would like to register my strong objection to the passage of this act at this time.

In the first place, I think it would be unfortunate if the Congress undertook to pass individual tariff acts on individual commodities which would again return tariff making to the lobbying of pressure groups as existed years ago before the trade agreements program was adopted and the reciprocal trade agreements legislation was passed. Secondly, it seems to me that such isolated action by the Congress will only embarrass us in international economic relations when it is so important that we increase imports in order to give stability to other nations that we wish and need to have allied to us in our common fight for democracy. Thirdly it would seem to me that the Tariff Commission investigation should be completed and that its recommendation should be submitted before the Congress of the United States undertakes action.

In writing you this letter, which I would like to have inserted into the record of the hearings, I would like to remind the members of the committee on both sides of the aisle of the statements that were made about the functions of the Tariff Commission and of their willingness to impose added responsibilities on the Tariff Commission in the Trade Agreements Act as amended and extended last year. It would seem to me that legislation as proposed in H. R. 5693 runs counter to the very statements expressed by members of both parties at the time of the hearings conducted last March when the Trade Agreements Act was under consideration for extension.

I am sending a copy of this letter to Senator Millikin as ranking minority member of the Finance Committee and also to Senators Lehman and Ives as Members of the Senate from my home State.

Sincerely yours,

MORRIS S. ROSENTHAL, *President.*

OXNARD CANNERS, INC.,
Monterey, Calif., January 29, 1952.

STATEMENT OF OXNARD CANNERS, INC., AND PENINSULA PACKING CO.

This statement is to voice our opposition to the proposed tuna tariff in bill H. R. 5693. The undersigned are old-established fish processors owned by Americans, operated by organized American labor, and paying taxes to American agencies. We shall outline briefly the situation in Monterey, Calif., our position in the tuna processing industry, and the reasons a duty on tuna would eliminate us from the tuna business and leave the entire industry in the hands of a few southern California packers.

The fish-processing industry in Monterey, Calif., had its inception during the early years of the century, grew steadily into the thirties, and from that period until 1945 grew rapidly—so rapidly, in fact, that during many of these years it was the largest fish port in the United States. The call by the United States Government for maximum fish production for the civilian population and our allies during the years of World War II resulted in unparalleled expansion of plant and fishery facilities for the more than successful fulfillment of the Government's requirements. In 1946 the supply of sardines in the waters adjacent to Monterey almost completely disappeared, and in the ensuing years, in spite of efforts to augment the supply by trucking sardines from ports as far as 300 miles distant, the supply has diminished until now landings are approximately one-tenth of the peak war years. It is the considered opinion of many members of the industry and the scientific agencies of the State and Federal Governments that the intense fishing effort of the war years was a major contributing factor to the depletion of this resource. The fishing industry was and remains the sole productive industry of Monterey and its neighboring communities; the growth of the community and its merchants was based mainly on supplying the requirements of the industry and those engaged in it. Almost every one of the 50,000 inhabitants of the Monterey Peninsula was affected directly or indirectly by the fishing industry, and the failure of the industry has had the effect of placing the fishing community in a state of economic depression not unlike that experienced in the early 1930's. Community and industrial leaders have explored many avenues in an endeavor to find some means to utilize the productive capacity and large supply of experienced and available fish-processing labor made idle by the failure of the local fishery. To a great extent these endeavors have been unsuccessful; the isolated geographical location of the Monterey Peninsula in relation to supply of other local resources, transportation, and markets placed it at an economic disadvantage with neighboring centers of production.

Over the years endeavors were made by several Monterey fish processors to find a reliable supply of tuna, because the packing of tuna is relatively similar to other types of canned fish. These efforts met with little success except for occasional small deliveries of locally caught albacore. Only in recent months, when the boats were tied up due to a lack of fish orders from the southern California packers, have offerings been made to Monterey plants by the domestic tuna fleet. The foregoing conditions made it economically unfeasible for a Monterey processor to enter the tuna-packing industry. It was only when frozen tuna became available as a reliable source of raw product that the Monterey canner could see his way clear to enter canned-tuna production. It was at this point that Oxnard Cannery, Inc., modernized its existent tuna-packing facilities, a total capital investment of \$225,000; Peninsula Packing Co. converted large sections of its sardine-processing space to an efficient tuna installation, an additional expenditure of \$65,000. These expenditures were predicated on the availability of frozen tuna from sources other than the domestic fleet and the belief that the sources would continue on a permanent basis. It was the hope of the owners of these two companies that the packing of tuna would relieve their desperate financial condition and serve to alleviate partially the distress of the community and maintain employment. Actual importations were made and packed by each of these plants, and the first steps toward developing the new venture were made. These original packs were of necessity kept small as markets were being developed. Today, as the first signs of a strengthening tuna market are evident, these two plants are threatened with a prohibitive duty being placed on their raw products which will preclude their remaining in the tuna business and, in light of no sardines, remaining in business at all. We know from past experience that we cannot count on a permanent supply of tuna from the domestic fleet. It is our sincere belief that imposition of the proposed tariff will eliminate us from the industry and concentrate it once again in the hands of the southern California packers.

We respectfully request that our statement be given due and just consideration in arriving at your decision, and we express our thanks for the opportunity of a hearing.

OXNARD CANNERS, INC.,
S. A. FERRANTE, *President.*
PENINSULA PACKING CO.,
B. H. KITCHENS, *Manager.*

SAN FRANCISCO, CALIF., *January 31, 1952.*

UNITED STATES SENATE COMMITTEE ON FINANCE,
Washington, D. C.

GENTLEMEN: We thank you for your Miss Elizabeth B. Springer's telgram of December 11, 1951, advising that, at our earlier request, we are scheduled to testify at the Senate Finance Committee hearings on tuna bill H. R. 5693 on Wednesday, February 6, 1952.

It will not be possible for us to have a witness present, so we beg the privilege of presenting, for consolidation within the record, our opposition to the proposed imposition of duty on frozen tuna.

You will observe from our letterhead that we were established in 1855. During all of the many years intervening we have operated on, and hereby advocate, an international trade policy based upon the American free-enterprise system that trade be conducted with a minimum of restrictions on a competitive basis, recognizing the importance of the development of two-way trade among the nations of the world. We have fostered and supported the reciprocal trade agreements program, which is designed to exchange concessions between the United States of America and other countries by the lowering of our tariffs on imported goods in exchange for reduced tariffs and removal of other trade barriers.

The method under which the House of Representatives, through suspension of rules and by a voice vote, approved H. R. 5693 called for an imposition of 3 cents per pound duty, without hearing all interests concerned and full study of all factors involved, establishes a precedent not in the best interests of the public of the United States and violates the spirit of good congressional procedure for which leaders in the Congress have been striving.

We do not think that any domestic minority interest or industry should be permitted to introduce and bring undue influence on legislation that is likely to produce, and probably will produce, international repercussions and retaliatory measures.

The proposed imposition of this duty would appear to be directed against imports from Japan. If Japan is to maintain her independence as a free democratic nation and serve as an effective bulwark of the democracies in the Far East, it is essential that she first of all attain economic independence. The facts are too evident to need pointing out that Japan's sole means of survival within her limited territory is foreign trade. Because of the great paucity of natural resources, the fisheries industry commands a position of major importance in her export trade, with the tuna industry topping the field.

Moreover, such duty will be effective on the imports from a number of Latin-American countries, whose retaliatory action might seriously affect the freedom with which our fishing fleet now does the bulk of its fishing in waters adjacent to those countries.

The attitude of Japan and the Latin-American countries toward the United States of America in such matters may well seriously affect their cooperation in the present mobilization of free nations to combat the threat of communism.

Curtailment of imports into the United States of America by new or increased duties will only tend to increase the potential damage to our exports by increasing the dollar shortage in other countries.

If we in this country are susceptible to influences that make our tariff policy uncertain to the other nations of the world, any adverse action could destroy absolutely our export markets by a world-wide movement to raise tariffs and increase barriers against American products.

Yours very truly,

PARROTT & Co.,
R. D. QUINLAN.

MONTEREY PENINSULA CHAMBER OF COMMERCE,
Monterey, Calif., January 30, 1952.

STATEMENT OF MONTEREY PENINSULA CHAMBER OF COMMERCE

The Monterey Peninsula Chamber of Commerce has read the statement prepared by the Oxnard Cannery, Inc., and the Peninsula Packing Co. for presentation to the Senate Finance Committee hearing on H. R. 5693 and wishes to go on record as concurring to the fullest extent with the entire statement. We cannot stress too strongly the fact that the fishing industry is the backbone of the entire Monterey Peninsula economy; when it prospers the entire peninsula prospers, and

when it is in distress the entire peninsula suffers economically. As an example of the fishing industry's importance to the community, the fact that over the years it has paid approximately 13 percent of the total property taxes in Monterey should be pointed out. Thousands of the peninsula residents are directly dependent on the fishing industry for their livelihoods, and the life savings of many people are invested in the processing plants, boats, or businesses serving the industry.

The failure of the sardine run in Monterey Bay can only be described as disastrous. Millions of dollars in plant facilities and boats are to all intents and purposes lying idle, and it is beyond the power of man to rectify the sardine situation; it is a cataclysmic act of nature that can only be adjusted by nature. Many expediences were tried, but nothing offering a permanent solution was found until several of the canners realized that a reliable source of tuna existed in the supply available in foreign countries. Hundreds of thousands of dollars was invested by several of the Monterey canners to equip themselves as processors of this tuna. These investments were made with the thought that at last they had found a permanent source of supply good over the years no matter what the market conditions. These investments had been impossible before, as the domestic tuna fleet has only made fish available to them when it was unwanted elsewhere or at a premium. From the completion of the first plant in June until December 1951, all these plants imported and processed tuna. Direct wages of over \$200,000 were paid to local workers who would have been otherwise unemployed, and thousands were paid to local businesses. These sums had a tremendous beneficial effect on the local economy.

After this splendid start, we are now faced with legislation being passed which will end all hope of a partial rehabilitation of this once great industry. The money invested by the canners will have been wasted; the hopes of the highly skilled fish-processing workers for steady employment will be ended; and the benefits to local business will cease.

We feel that, with the above in mind, the local fish industry has a strong claim to not being legislated out of business by a tariff designed solely for the benefit of the tuna industry of southern California.

We express our appreciation to the Senate Finance Committee for the opportunity to express our views.

MONTEREY PENINSULA CHAMBER OF COMMERCE,
TINSLEY C. FRY, *President*.

MONTEREY, CALIF., *February 2, 1952.*

SENATOR WALTER GEORGE,
Senate Finance Committee, Senate Office Building, Washington, D. C.

MY DEAR SENATOR: The Seaside Chamber of Commerce is wholeheartedly in support of the statement presented to your committee January 30, 1952, by the Monterey Peninsula Chamber of Commerce. We respectfully request that this statement be read to your committee and be made part of the permanent record during the hearing on H. R. 5693.

Yours truly,

SEASIDE CHAMBER OF COMMERCE,
SAM DE MELLO, *President*.

The CHAIRMAN. At this time the committee will recess, to reconvene tomorrow morning at 10 o'clock.

(Whereupon, at 12:30 p. m., a recess was taken until Wednesday, February 6, 1952, at 10 a. m.)

TUNA IMPORTS

WEDNESDAY, FEBRUARY 6, 1952

COMMITTEE ON FINANCE,
UNITED STATES SENATE,
Washington, D. C.

The committee met, pursuant to adjournment, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding.

Present: Senator George, Millikin, and Martin.

Also present: Senator Wayne Morse of Oregon; Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will please come to order. The first witness is Senator Margaret Chase Smith. We will be very glad to hear you.

STATEMENT OF HON. MARGARET CHASE SMITH, UNITED STATES SENATOR FROM THE STATE OF MAINE

Senator SMITH. Mr. Chairman and Senator Millikin, back in December of 1949, because of widespread unemployment in certain areas of the State of Maine, disaster areas were established. These so-called disaster areas were to be eligible for Federal work-relief projects. An analysis of the unemployment situation in Maine disclosed that these disaster areas were at places where sardines are canned along the coast. When the short sardine season was over, the cannery and other workers engaged in the industry became unemployed. Not only was this true in 1949 but it is true every year when the sardine industry closes its seasonal operations.

My constituents in the sardine industry some few years ago conceived that tuna in the Atlantic might prove to be a natural resource which could be developed. If this were the case, then Maine sardine canneries could be operated the year around and thus alleviate the unemployment situation in these disaster areas. To determine the feasibility of establishing a tuna industry on the Atlantic coast, you recall that the Congress the year before last appropriated money to perform exploratory fishing. This work has been carried on by the Fish and Wildlife Service of the Interior Department. It has met with some degree of success. I say this because the prospects were bright enough that one plant in the Eastport area is already canning tuna and others are expecting to invest in tuna canning equipment. Also I am reliably informed that other States, such as Massachusetts, Maryland, and South Carolina are already engaged in canning tuna. There are insufficient supplies of Atlantic tuna now and there probably will not be enough in the foreseeable future to keep

the plants in operation. As has been pointed out to me, the fishing season in the Atlantic will likely not exceed 4 months in the year.

Tuna is caught on the high seas. It is not a resource of any one nation or any one State. H. R. 5693, however, would give protection to the California tuna-boat owners and some fishermen in the Pacific Northwest who go to California at certain times, as against the balance of the States which for the most part are "have nots" insofar as boats are concerned. Mr. Arnold Vogl of Eastport, Maine tells me that even some of the small canneries in California who belong to the "have nots" are opposed to placing a 3-cents-a-pound duty on imported fresh and frozen tuna. In other words, that the really small-plant operators will be hurt the most.

In my State, the incentive to can tuna would take a serious set-back if this bill were to become law. It would seem to me that while we preach protection for small-business men, we continue to consider legislation such as this which cuts the little man's throat. Then too, it is an attempt to sectionalize an industry which belongs to all the coastal States of the Union.

There is no sound reason why the Congress should subsidize the tuna fleet of California and at the same time penalize the housewife of America. The \$60 per ton, which this bill calls for in the form of a duty, will ultimately raise the price of tuna on the grocer's shelf. Furthermore, the confusion which already exists in the industry could well be a set-back for labor in this country. The Tariff Commission, I am told, already has under consideration the revamping of the duty on canned tuna in brine. Until action is taken by that body, we might be forcing all of the raw or frozen tuna into foreign canneries.

The whole matter to me is ill-conceived and ill-timed. Already I am informed that Ecuador has extended her jurisdiction 12 miles at sea by executive order and that more recently Peru has taken retaliatory measures. Other Latin American countries who are big producers of tuna are also reported considering retaliatory action against American boats, Canada to the North, who ships fresh and frozen tuna to our plants in the United States, cannot eye with favor such a proposal. Canada also sends albacore tuna from the Pacific Northwest to our west coast canneries. Like the United States, Canada hopes to expand her tuna fishery, particularly in the Atlantic. The 3 cents per pound duty can well thwart her efforts as well as ours.

I am not as expert on this subject as is my colleague, Senator Brewster, who until recently was a member of your committee. I am told that he is in full accord with the views I have expressed here, and that he plans to talk to you.

Present here today is Mr. Arnold Vogl of the Riviera Packing Co. of Eastport, Maine. It is at his request that I am appearing before you today—and he is available to answer any questions that you may have now.

The CHAIRMAN. Mr. Vogl is on the list of witnesses for today, Senator Smith. We are very glad to have your statement. Are there any questions, Senator Millikin?

Senator MILLIKIN. No.

Senator SMITH. Thank you very much.

The CHAIRMAN. Senator Brewster.

**STATEMENT OF HON. OWEN BREWSTER, UNITED STATES SENATOR
FROM THE STATE OF MAINE**

Senator BREWSTER. Would it be possible for me to make a brief statement?

The CHAIRMAN. Yes.

Senator BREWSTER. I wanted to associate myself completely with what my colleague, Senator Smith, has said. I am fully in harmony with what Senator Smith has said and I recognize this principle of protection, but our position in the fishing industry is very peculiar in this regard, that we have sardine fisheries there, which are very important, but many of the sardines, if not all of them, have come from Canadian waters, and they come in, duty-free. So we have a great sardine packing industry there that, with some protection, has survived the years. Mr. Vogl conceived the idea of developing the tuna industry. The sardine only runs from 2 to 5 or 6 months at most, which means that the people engaged in the canneries would be unemployed the rest of the year. He started this tuna development. They get the tuna on the high seas, but they must get them in American boats. As a result of the configuration of our territory, many, if not most, of the tuna are caught in Canadian waters, just as the sardines are.

Some two years ago the Maine Delegation was instrumental in securing an appropriation of \$75,000 for the purpose of conducting a tuna-fish survey along the North Atlantic coast by the Fish and Wildlife Service. The purpose of this survey was to locate the flow of bluefin tuna from the South to Nova Scotia and return. And also to determine if a successful tuna-fishing industry would be established for eastern Maine.

Under the curtailment program, only a little more than \$60,000 became available. The Fish and Wildlife Service chartered a special boat for large purse-seining tests. The expedition was successful and reports made by the Fish and Wildlife Service indicate that it is both logical and practical to expect the development of a successful industry. Experiments have also been made during the past year for gill net fishing, and the experiments prove conclusively that this type of tuna fish can be carried on, off the shores of Maine.

Two-tune-packing plants are already in operation. One of these being owned and operated by Arnold Vogl of Eastport, whose experiences to date have encouraged him to purchase a tuna fishing boat, which he will put into operation this year and about which he will testify.

Large schools of tuna are known to pass along the coast of Maine to Nova Scotia and return. For the past several years tuna tournaments have been held in western Maine coastal waters and have proven very successful, although recognized for its sport-fishing values.

The establishment of a year-round tuna-packing industry in Washington County would help to relieve the distressed condition now prevailing, inasmuch as the area has already been declared a critical and distressed area.

We are heartily in sympathy with those who feel that this is not a practical or desirable subject at this time. We very much hope the committee may come to that point of view. We are still carrying on

this study of the run of tuna and we will know a little more about it in the near future. If it should develop that you will appoint a commission to study that problem, that will be agreeable to us. We hope you will not take precipitate action at this time.

The CHAIRMAN. Is there any question you wish to ask, Senator?

Senator MILLIKIN. No.

Senator BREWSTER. Thank you very much.

The CHAIRMAN. We are glad to have your statement, sir.

Mr. Harold F. Linder of the State Department.

STATEMENT OF HAROLD F. LINDER, DEPUTY ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS; ACCOMPANIED BY JOHN M. LEDDY, DIRECTOR OF OFFICE OF ECONOMIC DEFENSE AND TRADE POLICY; EDWARD G. COLE, DIRECTOR OF OFFICE OF REGIONAL AMERICAN AFFAIRS; AND CARL D. CORSE, CHIEF, COMMERCIAL POLICY STAFF, DEPARTMENT OF STATE

Mr. LINDER. My name is Harold F. Linder. I have been Deputy Assistant Secretary for Economic Affairs in the Department of State for about a year. Prior to that time, except for a tour of duty as a naval officer during the war, my occupation has been in private business from which I have been on leave of absence as president of an investment company.

I want to thank the committee for the opportunity to testify on behalf of the Department with regard to H. R. 5693. The Department is of the view that this bill involves important issues of foreign policy, which I hope to bring to the attention of the committee in the course of my testimony.

I am sure, from the proceedings before this committee of the past 2 days, that the committee may have an interest in some of the collateral issues having to do with trade-agreements programs in general. Accordingly I have asked Mr. John M. Leddy, the Director of the office of the Department of State which is concerned with that problem, to be available in the event the committee wishes to go into that general problem.

A few days ago, the Department of State filed with the chairman an interim report on H. R. 5693. In its interim report, the Department indicated that it did not believe that, under present circumstances, the proposals contained in H. R. 5693 were appropriate in all respects. Accordingly, our interim report suggested certain modifications of H. R. 5693. In the course of my testimony, I shall try to explain the reasons which have led to the Department's view, and to elaborate upon the proposal suggested in our interim report.

Last fall the Department was invited to testify before a subcommittee of the House Ways and Means Committee on the question whether any changes were needed in our duties on tuna fish imports. The hearings had been called hurriedly, in the face of what appeared to be an emergency situation. At that time it appeared that some 200 west coast tuna clippers were tied up, with every prospect that they would stay tied up for some time to come. A large investment appeared to be threatened and serious unemployment appeared to exist. Meanwhile, imports of fresh and frozen tuna fish were coming in duty-free, at a rate higher than ever before. Moreover, stocks of

canned tuna fish had risen to high levels and prices of tuna had declined at a time when other prices were rising.

We had little time for the kind of detailed analysis we would have liked to make before taking a position on the proposals under consideration by the subcommittee. Our superficial analysis at the time indicated that in part, the critical situation in the tuna fleet had resulted from a previous increase in the rate of duty on tuna canned in oil. The rate on tuna in this form had increased from 22½ to 45 percent ad valorem effective January 1, 1951, as an automatic consequence of the termination of our trade agreement with Mexico; this termination, as you know, had occurred for reasons unconnected with the tuna situation. Toward the end of 1950, the prospective duty increase had naturally led the trade to import larger than ordinary shipments of tuna. After the beginning of 1951, imports of canned tuna fish in oil fell off while imports of fresh and frozen tuna increased sharply. Altogether, imports of tuna in all forms in 1951 were somewhat below 1950.

At the time, there were a great many things about the situation which were unclear to the Department. We had no way of knowing whether the problems of the tuna fishing fleet were temporary or permanent. We had no knowledge of comparative costs of production here and abroad. We had no real measure of the effects of any particular course of action on foreign countries nor of their reactions to the various proposals.

Our testimony, therefore, had to be couched in the most general terms. We pointed out our deep concern that restrictive measures on tuna imports could harm the Japanese by cutting off an important source of dollar earnings, could increase pressures on Japan to trade heavily with Communist China, and could drive the Japanese to pursue unfair trade practices in other products in an effort to earn the dollars they need. We urged that Congress should make every effort to obtain all the relevant facts before any action was taken. At the conclusion of the hearings, however, in view of the unique nature of the situation and the compelling prima facie case of injury, we did not express any objection to an immediate imposition of a temporary 3-cent duty on fresh or frozen tuna, so long as it was to be accompanied by a thorough investigation. Our letter of October 12, 1951, to Mr. Doughton set forth that position, stating that we had no objection to H. R. 5693, the bill now before this committee.

In the period since we testified before the Ways and Means Subcommittee, the Department has had an opportunity to analyze the problem much more carefully. We now feel more strongly than ever that legislation affecting tuna-fish imports must be framed with the utmost care, in view of its repercussions on our foreign policy. The problems of foreign policy involve principally Japan and Latin America. The principal foreign supplier of tuna to the United States is Japan. While the Japanese export of tuna fish to the United States in all forms is only about one-tenth of our domestic production, nevertheless it ranks second in the list of Japanese exports to the United States. Japan's reliance on tuna exports to obtain the raw materials and foodstuffs it needs has been increased by the present virtual embargo on its trade with the China mainland. At the same time, Japan's sales here have been restricted since World War II by the reduced demand for silk in the United States. Accordingly, a

curtailment of Japan's tuna exports tends to defeat our efforts to place the Japanese economy on a self-sustaining basis and to create significant risks for our policies in the Far East.

Senator MILLIKIN. Do you have the statistics on Japan's exportation of tuna to the mainland of China prior to the war?

Mr. LINDER. On exports of tuna?

Senator MILLIKIN. Yes.

Mr. LINDER. I do not, sir. I was referring to the general trade of Japan with China rather than their exports of tuna.

Senator MILLIKIN. Prior to World War II exports from Japan to China were of a highly limited character, except as the Japanese forces succeeded in one way or another on the mainland of Asia. That is what caused the war, the failure of China to take Japanese exports.

Mr. LINDER. Senator, I would say there is a necessity for the Japanese to earn foreign exchange, and there is a necessity for those islands to trade.

Senator MILLIKIN. I don't doubt that for a moment. The implication of your statement there is if we did this we would destroy the market that had existed between Japan and China in the tuna-fishing industry.

Mr. LINDER. No, sir, I did not mean to imply that.

Senator MILLIKIN. I am inviting attention to the fact that prior to World War II one of the precipitating reasons for the Japanese to enter World War II and for our entry into World War II was the fact that Japan was not able to export products into China. So I think we should have some statistics on the subject.

Mr. LINDER. Senator, I did not mean to imply in any sense that Japanese exports of tuna to China were important. I merely meant to imply, everything else being equal and no war going on, there would be a natural tendency on the part of Japan to find an outlet for many of its manufactures of natural products on the mainland of Asia, and that would mean China. Under existing circumstances I would say if we deny the Japanese the opportunity to trade as fully as they might with the rest of the world we would run the risk of stimulating their desire to trade with China, which we would not wish to encourage under present circumstances.

Senator MILLIKIN. There is no question about that. Getting down to the tuna fish, I would like to have a little specific information on it.

Mr. LINDER. I would be very glad to look into it, Senator, and if we find anything we will most certainly advise you.

The problem as far as Latin America is concerned contains a number of other elements. Peru has expressed its deep concern to the Department with respect to H. R. 5693 because of its belief that the bill will cause serious injury to the Peruvian fishing industry. The Peruvian tuna industry is a new industry, built up during and after the Second World War with the encouragement of the United States Government, which at that time was making every effort to increase the supplies of protein food available for world consumption.

Senator MILLIKIN. Does Peru allow our tuna fleets to operate in her waters?

Mr. LINDER. We catch tuna about 75 to 150 miles off the coast of Peru.

Senator MILLIKIN. Does she sell bait?

Mr. LINDER. I don't think we obtain any bait from Peru.

Senator MILLIKIN. Does she take care of our fishing fleet when it goes into port?

Mr. LINDER. I am not sure, but I think there is some assistance given in terms of Peruvian labor and other facilities.

Senator MILLIKIN. I will resume that subject as we go along. Go ahead, please.

The CHAIRMAN. You may proceed.

Mr. LINDER. It has helped make fishing one of Peru's leading export industries, on which substantial numbers of people are dependent. Peru is fearful that a 3-cent duty may destroy its industry and result in the loss of an important source of foreign exchange.

Senator MILLIKIN. Mr. Chairman, my information is, and I am not vouching for its correctness, I assume it will be developed from the testimony, that Peru does withhold privileges to our fishing fleet; that it is slow in granting bait permits, and that it has an export tax on tuna shipped out of that country. Can you say anything on that subject, Mr. Linder?

Mr. LINDER. I would like to have Mr. Cale answer that question.

Mr. CALE. It is my understanding that our fleet does not catch bait in Peruvian territorial waters. The Peruvians claim territorial waters out to 200 miles. It is my understanding that our fleet does catch fish out beyond the 3-mile limit. That is, Peru does not enforce or attempt to enforce the 200-mile limit. But we do not get bait in Peruvian waters.

Senator MILLIKIN. She prohibits us getting bait in Peruvian waters, does she not?

Mr. CALE. That is my understanding. What happens is the bait is taken in the territorial waters in other Latin American countries and used off the coast of Peru, in the fish we catch there.

Senator MILLIKIN. Can you testify as to the cooperation that Peru offers our fleets when they come into port?

Mr. CALE. I don't think our fleet ordinarily goes into the Peruvian ports.

Senator MILLIKIN. If it does go in the port does Peru afford us the same privileges that are afforded to other countries?

Mr. CALE. So far as I know, Senator, there is no discrimination against us.

Senator MILLIKIN. What is the reason for our boats not going into the Peruvian ports? Is it because we are not treated right when our boats get there?

Mr. CALE. I don't know what the situation is. Some of the members of the association who testified yesterday can probably tell you about that.

Senator MILLIKIN. We will get to it later on.

Mr. CALE. Yes.

Mr. LINDER. Senator, I should add in respect to one of your other questions, you are correct, that an export tax is levied by Peru, but that is a part, if I remember correctly, of their general tax system. Many of the Latin-American countries find income taxes inappropriate to their own social or economic structure and they levy excise taxes and export taxes.

Senator MILLIKIN. That does not lessen the charge that we are not treated right as far as the tuna are concerned.

Mr. LINDER. I don't know that it would make any difference whether the export tax or the excise tax was levied on the same people.

Senator MILLIKIN. Any tax on tuna is an economic fact to the men owning the fish.

Mr. LINDER. The Governments of Chile, Costa Rica, Ecuador, Panama, and Mexico have also expressed their concern regarding H. R. 5693. Although these countries are not large exporters of tuna to the United States, they consider that they have a primary interest in this legislation because they are hopeful one day of developing a tuna industry in the fishing grounds adjacent to their coasts.

This brings me to another important point with regard to the Latin-American tuna situation—one which was not explored, so far as I know, in the House subcommittee's hearings. Much of the catch of tuna fish by the United States clipper fleet takes place in waters off the shores of these Latin-American countries. In fact, the American fleet ordinarily has to enter waters within the 3-mile limit of the shores of these countries to obtain the live bait which it needs for its tuna fishing. In the past, Latin-American countries have readily licensed these activities. The operations have been profitable and fairly harmonious for all concerned. The Latin Americans have collected license fees, and provided shore facilities and labor. Our tuna fishermen have obtained bait immediately offshore and caught fish in the deeper waters off those coasts. Now, however, the governments of these countries are being asked by various groups interested in the development of their economics to reconsider whether it is in their long-run interests to make these resources available to the American fleet. If it becomes impossible for the Latin Americans to market such tuna as they catch because of a prohibitive tariff in the United States, there is a possibility that the American fleet may be unable to obtain access to the bait it needs and may be faced with constant claims that they are violating the territorial waters of the countries off whose shores they may be fishing.

I want to make one final point regarding the foreign policy implications of this action. Of late, foreign countries have felt growing uncertainties regarding the foreign economic policy of the United States; they have been asking with increasing frequency whether we are abandoning our general approach of negotiating for reducing unnecessary governmental barriers to trade and expanding the volume of world trade. Such incidents as the passage of section 104 of the Defense Production Act have had a very deep impact.

Senator MILLIKIN. Let me ask you to name one country that is entitled to raise the question of good faith, considering the import licenses, export licenses, currency discrimination, tariff discrimination, monetary discrimination that is going on all over the world. Name one country that is entitled to raise the question of good faith.

Mr. LINDER. I would be prepared to name Denmark and I would be prepared to name Holland.

Senator MILLIKIN. Are those the only two out of the whole world?

Mr. LINDER. I happen to think of them in connection with section 104 of the Defense Production Act, because we just referred to it.

Senator MILLIKIN. Is it not a fact that the obstructions to our international trade, in terms of export licenses, import licenses, mul-

tiple currencies, and all of the other restrictive trade practices are more prolific to the south of us than any place else in the world?

Mr. LINDER. To the south of us?

Senator MILLIKIN. Yes; to the south.

Mr. LINDER. I was naming two European countries.

Senator MILLIKIN. Give me those two examples.

Mr. LINDER. I mentioned Denmark and Holland, or the Netherlands.

Senator MILLIKIN. I am willing tentatively to accept Denmark and Holland. Out of this whole world you give us two countries that can raise the point, but they are not raising it here.

Mr. LINDER. Senator, they feel very keenly about the point I referred to when I mentioned section 104 as an indication of the kind of thing which does constitute a problem in our foreign relations with this country and a number of others. I think even our Canadian friends have very strong feelings about that particular problem.

Senator MILLIKIN. I am talking solely to the point of the alarm conjured in this country about the feeling of bad faith on the part of the United States. I am asking you a simple question: Of all the countries in the world, which country is entitled to raise the question of bad faith, except Denmark and Holland? If you wish to have it in this record, I have got the information and the tables to show you all the multiple discriminations that go on against our trade among the countries to the south.

Mr. LINDER. If I may be permitted to refer to my statement——

Senator MILLIKIN. I want you to forgive me if I do not break down in tears over this claim of bad faith.

Mr. LINDER. Senator, I would like to refer you to my statement. I do not use the words "bad faith."

Senator MILLIKIN. Well, you said, and I am quoting:

Of late, foreign countries have felt growing uncertainties regarding the foreign economic policy of the United States; they have been asking with increasing frequency whether we are abandoning our general approach of negotiating for reducing unnecessary governmental barriers to trade and expanding the volume of world trade.

I would think that the inquiry would be when they themselves are going to do that. That has been our biggest problem, as far as trade is concerned, and you know it better than anyone in this room. That is our biggest problem that we have to deal with in our foreign affairs, and the progress on it has been practically nil. If you want to go into that, I am willing to go into it with you.

Mr. LINDER. I don't think I can add very much to what I have already said, Senator, so I think I better go on.

Senator MILLIKIN. You are doing all right. Go ahead. You are doing as well as can be done with the subject.

Mr. LINDER. I don't know whether that is a compliment or not; but I appreciate it anyway.

Senator MILLIKIN. It is a compliment when a man does the best that can be done with any situation.

Mr. LINDER. This growing sense of uneasiness on the part of other countries is especially unfortunate at this particular moment of time. At this moment, the free nations of the world must develop their economic ties and support each other with their economic strength

to the utmost extent. One of the principal jobs of those countries is to provide the leadership and set the example which would make that sense of cohesiveness possible. This does not mean, of course, that we should not legislate in our own national interest when that interest is directly imperiled. But it does mean that in any such move the interests of the United States as a whole must be considered. That kind of appraisal must include our interest in maintaining strong allies, in reducing the need for dollar aid by other countries, and in avoiding the weakening of our political and economic ties with the rest of the free world. It means, therefore, that any restrictive action to deal with the kind of problem created by the tie-up of a part of our tuna fleet should be taken with restraint, and should be thoroughly justified by the facts.

With this in mind, the Department has continued to study the domestic situation as carefully as time and available data have permitted. Although doubtless the committee will have access to detailed statistics and reports from other agencies and individuals, I would like to describe the domestic picture in general terms as we see it now. The average domestic catch of tuna has about doubled since before the war. Fishing off the west coast has been supplemented by fishing in more distant waters off Central and South America, using larger, more expensive, and more elaborately equipped vessels which freeze their catch and can stay away from port for weeks or months. Boats of this type now number over 200 and many of them have been built or have been converted from naval ships in recent years. Among the smaller boats in the trade, many are vessels formerly engaged in other fisheries or still engaged part time in other fisheries. This record of rapid expansion of investment strongly suggests that at least until recently tuna fishing has been exceptionally profitable.

While this domestic expansion was going on, imports of tuna in all forms, fresh, frozen, and canned, reappeared in volume, increasing from 9.5 million pounds in 1949 in terms of the canned yield, to 57 million in 1950, and dropping back to 41 million in 1951. These imports were no doubt stimulated, as was domestic production, by the strong demand for tuna which had been to a large extent unfilled during the early postwar years, and to the special factors which I described earlier in my testimony.

Senator MILLIKIN. Let me ask you this: What percentage of our domestic market in tuna fish did foreign countries supply in 1939 and what percentage is supplied at the present time?

Mr. LINDER. In 1939 about 14 percent, sir. That is of all forms, fresh, frozen, and canned. And the other date was what, sir?

Senator MILLIKIN. At the present time, 1951.

Mr. LINDER. About 24 percent in 1951.

Senator MILLIKIN. Thank you.

Mr. LINDER. The relative importance of imports in 1950 was higher than in the prewar period; in 1950, imports in all forms accounted for 27 percent of the total supply, as compared with 16 percent for the period of the 1930's.

At the moment, there are indications that the most acute phase of the fleet's difficulties may have been passed. Foreign imports in all forms in 1951 have not been as heavy as in 1950, either in relative or in absolute terms. Moreover, there are indications that domestic stocks of tuna have gone down somewhat. And in the last week or

so, some of the clipper fleet has gone out to sea again. And, above all, consumption seems to be still strongly on the increase.

Senator MILLIKIN. From the point of fairness, it goes to the percentage of our market occupied by domestic producers and foreign producers; does it not?

Mr. LINDER. I suppose that one certainly should consider it in those terms.

Senator MILLIKIN. Unless we are willing to abandon our markets, that certainly is a clear point of inquiry.

Mr. LINDER. It is, sir. This happens to be peculiar in that we have most of our fishing taking place outside the areas adjacent to the United States, and a good deal of our bait for this fishing is bought in the territorial waters of other countries.

Senator MILLIKIN. We have a retaliatory problem to consider.

Mr. LINDER. I think that is one of the things I am suggesting, sir.

Senator MILLIKIN. In other words, we should continue to allow the encroachment on the domestic market of imports, foreign imports, to avoid a possible retaliation which might decrease our own domestic supply of that market; is that correct?

Mr. LINDER. I think we should, within limits, sir, be prepared to permit the importation, duty-free, of certain reasonable amounts.

Senator MILLIKIN. Don't you think that an increase of 12, 13, or 14 percent from pre-World War II is crowding the limits pretty well?

Mr. LINDER. Yes; and I am not suggesting or recommending that imports at the rate expressed in those figures should be permitted under existing tariff treatment, as you will see if I may go on.

Senator MILLIKIN. Yes, go right ahead.

Mr. LINDER. This is not to say that all the problems of the fleet and the canning industry have been solved. There is still no way of predicting with any assurance the level at which the fleet will be operating during the coming year. Moreover, the canning industry is still concerned with the shift in imports to canned tuna in brine, a shift whose impact on the industry is not yet clear in all respects.

All things considered, however, the present situation seems to call for a less drastic remedy than seemed appropriate last fall.

Senator MILLIKIN. Mr. Chairman, may I ask the gentleman another question?

The CHAIRMAN. Yes.

Senator MILLIKIN. Have you made a study of the 3 cents as distinguished from 2 cents or 4 cents, or some other figure, as being an excessive tariff of insufficient tariff?

Mr. LINDER. I think it is our general opinion, sir, that, first, more study is indicated.

Senator MILLIKIN. More study?

Mr. LINDER. More study is indicated, but I would say it is our judgment that to the extent that a tariff is included, which I will go into further, that 3 cents seems to be a reasonable figure.

Senator MILLIKIN. Thank you.

Mr. LINDER. All things considered, however, the present situation seems to call for a less drastic remedy than seemed appropriate last fall. At that time, faced with a prima facie case of serious injury and with an apparent emergency, the Department did not feel that it should recommend against the enactment of a temporary duty of 3 cents a pound on fresh and frozen tuna fish. There was no pretense

on the part of any of the witnesses before the House subcommittee that this was scientific rate-making; it was frankly described as a stopgap measure the effects of which are most uncertain. Now, therefore, with a better comprehension of the total United States interests which are involved and with a significant reduction in the acuteness of the problem, the Department is of the view that a 3-cent duty would be inappropriate. Instead, the Department proposes that the bill be amended to permit the duty-free entry of a limited amount of fresh and frozen tuna fish from foreign sources, and that the 3-cent duty be applied to the amount entering in excess of such an amount. The Department has struggled hard to find some basis for fixing this duty-free quantity at a level which would be equitable and reasonable for all concerned, including the domestic industry. On weighing all the facts, we are inclined to believe that any amount less than 25 million pounds in fresh and frozen form would be unreasonably low.

This 25-million pound figure, which is equivalent to 11 million pounds in the canned form, would represent a great deal less than the fresh and frozen imports which came in during 1950 and 1951; in these 2 years, the figures corresponding to the proposed 11-million pound figure were 20 million pounds and 28 million pounds respectively. The figure would represent about 6 percent of the estimated consumption in the United States in 1952. The figure has a certain historical justification since it is the same proportion as prevailed between fresh and frozen imports and total consumption during the period 1931 to 1939 and 1946 to 1951.

Senator MILLIKIN. Mr. Chairman, may I ask the witness a question?

The CHAIRMAN. Yes.

Senator MILLIKIN. Personally I feel, tentatively at least, in the light of our trade policy, it depends on the practicability of a quota. Is it practical to apply a quota to a perishable product?

Mr. LINDER. This type of tariff quota?

Senator MILLIKIN. Yes.

Mr. LINDER. Yes, I think it is entirely practical.

Senator MILLIKIN. How do you distribute the licenses for the free imports?

Mr. LINDER. I don't know that you need to distribute licenses. It would seem to me, as the fish come in, you absorb portions of the quota. I haven't really given enough consideration to it to see as to whether or not this would be done on a monthly or quarterly basis, or on a cumulative basis, in order to insure that there was no unreasonable discrimination as the result of seasonal factors. But I don't know that beyond that it is thought that any specific license device would be necessary. Possibly Mr. Corse, who is here and who has spent a good deal of time on this subject, may be able to add something to what I have just said.

Mr. CORSE. I believe our estimated method of applying the various quotas that we have already in existence is to permit entries on a first-come-first-entered basis. I don't believe we issue advance licenses for entry within the quota. In the case of a tariff quota, if you can't get within the quota then of course you can bring your goods in over the quota and pay the full rate.

Senator MILLIKIN. Is it a practical device, do you think, in an industry where it is rather difficult to estimate in advance what your

imports are going to be? We have had testimony that if you go out to get tuna you may get tuna and you may not get tuna, and at another time you may go out for a long time and come back with more fish than you can handle. Is that a kind of business that would lend itself to a quota system?

Mr. CORSE. The situation that you have described is present in the case of domestic boats, but in the case of imports, a foreign fishing vessel cannot land its goods directly in the United States, they have to be landed in the foreign country and then sent on by another carrier.

Senator MILLIKIN. Would that make it even more difficult?

Mr. CORSE. You have a chance of regulating your flow of imports then.

Senator MILLIKIN. From the standpoint of international obligations and relations, anybody who would want to take advantage of the foreign imports has to go through all that rigamarole to get the fish in here?

Mr. CORSE. He has to do it now.

Senator MILLIKIN. Now he does not pay any tariff. Under the delays involved, would he not inevitably pay the tariff, whereas might it not be assumed that our American producer of fish, the American fisherman, would, as you say, get first crack at the import figure?

Mr. CORSE. The American fisherman would not come within the quota; he is outside the quota.

Senator MILLIKIN. Yes.

Mr. CORSE. It would only be the importer of foreign fish that would be within the quota. They do have more possibilities, on the import side, of regulating the flow of fish, into the United States than the domestic fishermen have, because domestic fishermen land directly into the United States.

Senator MILLIKIN. I have in the back of my mind that there has been difficulty with the quota system where you are dealing with a perishable or semiperishable product. How long can you keep tuna in brine or frozen in the cannery? Does anybody know that?

Dr. W. M. CHAPMAN. I think it can be kept under refrigeration for 3 or 4 months or longer than that without any trouble. Mr. Sandoz can answer that more correctly.

Mr. SANDOZ. It depends on the temperature at which you hold the fish. If it is held at zero or 5 below, it will keep for 18 months. If you hold it above that it will spoil in 90 days. It is a gradual thing, Senator Millikin. It is not something that just suddenly happens.

Senator MILLIKIN. May we, for practical purposes, eliminate the feature of perishability of the fish?

Mr. SANDOZ. Yes, because I don't think any practical operator would be attempting to bring supplies to last for such a long duration as to spoil it.

Senator MILLIKIN. Would the fisherman who brings in his fish be apt to find himself with a load of fish in storage, not required by the cannery, and thus be unable to dispose of his products and if he holds the fish long enough they will spoil on him?

Mr. SANDOZ. Not if the fish are frozen.

Senator MILLIKIN. Does it happen?

Mr. SANDOZ. It happened this last year, but that was due to over-production locally.

Senator MILLIKIN. That does happen?

Mr. SANDOZ. That happened this last year. That is one of the exceptions that I can think of.

The CHAIRMAN. All right, you may proceed.

Senator MILLIKIN. Mr. Chairman, I would like to get it clear. Do you anticipate any sort of quota allocation?

Mr. LINDER. I think we take that up a little bit later in our testimony.

Senator MILLIKIN. All right.

Mr. LINDER. We have also given some thought to the question of administering the proposed quota. It would appear desirable that the bill permit an allocation of the quota by countries or groups of countries. It would also appear desirable that one-quarter of the annual quota should be available in the first quarter of the year, one-half in the first 6 months, and three-quarters in the first 9 months.

Of course, there is no certainty in the results which this proposal would produce. Accordingly, we are still of the view that any legislation on this subject should be temporary and should be accompanied by a basic study, as provided in H. R. 5693. We also take note of the fact that the Tariff Commission is currently investigating the import situation with regard to canned tuna in brine and canned bonito in oil and brine under the escape clause procedure provided in the Trade Agreements Act. If the Tariff Commission finds that serious injury is being caused or threatened, it will no doubt recommend appropriate remedial action before very long.

Senator MILLIKIN. I am interested in your prediction that it would be before very long. We learned yesterday they have one expert and one assistant who devote themselves to this subject. Of course that expert and assistant I presume have the general facilities of the Tariff Commission available to them, but does that warm up the hope for quick action?

Mr. LINDER. I think they have had the matter under consideration for some time and I had been informed that there was a reasonable expectation that action would be taken before too long a time. We had the general impression that this situation, as I indicated earlier, is not as acute as it had seemed to us to be when the hearings were held before the House committee, and I do have the impression that, within reasonable limits, the Tariff Commission will be able to—I would not care, Senator, to make a prediction as to the exact number of days.

Senator MILLIKIN. What is the meaning of "very long"? Could you give us a rough idea? Is it a week, a month, 6 months, or a year? What do you think about it?

Mr. LINDER. If you ask me—and I am afraid this is an uninformed opinion, Senator—I would assume my expression meant within 2 or 3 months. I don't know whether Mr. Corse would go with me in that, but it seems to me that is reasonable. They have had the matter under consideration for a little while already.

Senator MILLIKIN. Are you leaving with us the judgment that it would not be "very long"? Have you studied the facilities that the Tariff Commission has available for this study?

Mr. LINDER. Personally I have not, sir. I think there are just a few more words, Mr. Chairman, if I could complete my statement.

The CHAIRMAN. Yes.

Senator MILLIKIN. I should add, generally speaking, the Tariff Commission, probably through no fault of its own, maybe through an inadequate staff, is almost as slow as the State Department.

Mr. LINDER. That is one of the things I try to correct in the State Department, Senator.

The CHAIRMAN. You may complete your statement.

Mr. LINDER. If such action were taken, it would of course affect the competitive position of fresh and frozen tuna. In short, the problem is still in a sufficient state of flux that temporary action accompanied by more study seems clearly to be indicated.

The CHAIRMAN. Is there anything that either one of you gentlemen wish to add to this statement at this time?

Mr. CORSE. No.

The CHAIRMAN. Any further questions?

Senator MILLIKIN. As to the retaliatory possibilities, that is a two-edged sword, isn't it?

Mr. LINDER. I have a little statement here on the retaliatory possibilities, if you like to have it, Senator.

Senator MILLIKIN. I would like to have it. That is one element here that has been thrown into this case, that we should be very careful or other countries would invoke retaliation against us. Can't you file the statement for the record and give us the gist of it? Is it very lengthy?

Mr. LINDER. It is not very lengthy. I will say, first we cannot answer categorically that there will be retaliation. We think there is danger of it. We do know that five Latin-American countries have been in to see our Assistant Secretary on the subject. We do know some of them have a small fishing industry of their own. We do know they are fully aware of the fact that we are getting bait within their territorial waters and even within their ports. We do know we have been somewhat responsible for stimulating, in Peru in particular, the production of tuna fish, that is a derivation of the war.

I mentioned earlier that the Peruvian Ambassador has been to see the President, as an indication of the seriousness with which they regard this problem. I think we have more or less summarized in a few words, unless Mr. Corse wants to add a little more to that, as to what our concern is.

(The statement referred to follows:)

It is impossible to give a definite answer to the question whether the Governments of the Latin-American countries would retaliate, if H. R. 5693 were enacted. The Latin-American Governments which would be most directly affected by the bill have shown considerable interest in it, however, and the possibility of retaliation exists. It is estimated that in the years since 1945 more than 85 percent of the tuna landed at California ports has been caught in waters south of our international boundary with Mexico, and the proportion is constantly increasing. Much of our fleet's fishing is carried on in areas which the Latin-American countries regard as their territorial waters, and almost all the live bait on which our boats depend is caught within these limits. The limits claimed are not identical. For example, Mexico claims 9 miles in the Caribbean, by virtue of a treaty made in 1848; and its position with regard to the Pacific is not clear. Ecuador claims 12 miles offshore and around the Galapagos Islands. Peru claims sovereignty out to 200 miles, but attempts to police only the area near the shore. Peru, like the United States, does not permit bait catching or fishing within 3 miles of the shore.

Most of the countries have made no effort to monopolize the fisheries within their territorial waters, and have placed no restrictions on the operations of our boats other than to require them to obtain licenses. They have been willing to share

their fishery resources in return for a small monetary return from licenses fees and the prospect of a continuing fair share of this market for their developing fishing and canning industry. They are, however, becoming increasingly conscious of the value of their fishing resources, and of the dangers of intensive fishing. There has been increasing concern regarding the possible depletion of this resource, and pressure is mounting to adopt more rigorous controls on foreign fishing fleets.

The following are some indications of the interest which the Latin-American countries have taken in the bill:

1. Representatives of six of the Latin-American Embassies, including five Ambassadors, called on Mr. Miller, Assistant Secretary of State for Inter-American Affairs, to express their Governments' concern over the bill after it passed the House. Peru, Ecuador, Chile, Panama, Costa Rica, and Mexico.

2. The Department has received written communications from five of these countries (all except Costa Rica) since the meeting with Mr. Miller expressing their concern regarding the bill. All these communications except that from Mexico have already been made available to the committee; the Mexican communication will be.

3. The President of Ecuador, Galo Plaza, who recently made a state visit to this country, has taken a personal interest in the bill. It is understood that he discussed the matter with members of one of the congressional delegations that visited Ecuador last fall.

4. President Plaza issued a decree on January 29, 1952, which appears to tighten somewhat the regulations regarding fishing and bait catching in Ecuadoran territorial waters.

5. The Peruvian Ambassador called on President Truman on February 5, 1952, regarding the bill.

6. A Peruvian delegation is now in Washington to discuss fisheries matters with representatives of the State Department. The Peruvians have indicated during these discussions that they will raise the question of their interest in protecting and developing their fishing resources.

Senator MILLIKIN. I want to make it very clear that I think you should consider the concern of foreign countries in this matter. What I am trying to suggest is we should not be scared to death. Unless it is the fellow that is in the habit of trying to fill an inside straight, I never knew anyone with four aces in his hand who was scared of what the other fellow might have.

Mr. LINDER. I was not for a second implying that we should be scared. As you, of course, properly said, I think it is a factor that ought to be taken into consideration. I regard, if I may refer to it, the Japanese situation as being more serious, because the tuna fish does constitute a very important asset as an earner of foreign exchange. Here is a foreign economy, which we are anxious to strengthen, and which we certainly do not want to orient in a direction which will not be consistent with our over-all political and military interests.

Senator MILLIKIN. I think that is a very important consideration. Now let me ask you, do you think, considering the term of this legislation, which expires in a year, that if it were put into effect it would not, in fact, stimulate this process of studying, so that by the end of the year we could adopt more sensible legislation, if that should be indicated? What great harm would ensue if we put the tariff on, which no one so far has said would be exclusionary? What great harm would ensue if we made these studies for a year and then possibly came up with something which would be better?

Mr. LINDER. I think there are a number of factors other than the ones we touched on that should be considered. In the first place, it seems to me if you add 3 cents to the cost of tuna you have added, in all probability, 7 cents to the price per can at the consumer level.

Senator MILLIKIN. Yes.

Mr. LINDER. I think the consumer needs to be considered in this. I cannot believe that it is reasonable for us not to regard this historical pattern, which is all that our suggestion implies, during a period when the tuna industry was extremely profitable, as indicated by the figures we have already discussed, where it was possible, on the average, to absorb a reasonable amount of importation and there was no necessity for protection. As I pointed out, the suggestion we have for a tariff quota is merely an expression of that. We have merely taken the imports, excluding the war years, and taken the relationship of foreign production to our own availabilities and expressed that in the 25-million figure which I referred to. It would seem to me it would have decidedly adverse effects in our relationship with the foreign countries if, because of an overwhelming amount of tuna coming in, we legislate in a manner which would make all the tuna that comes in pay this tariff. It seems to me to be far more reasonable to permit the historical pattern to go on as it has gone on, and to the extent that a threat really exists, to impose a tariff in respect of the excess.

Senator MILLIKIN. There is considerable evidence here so far—it may be rebutted later—that so far as the fishermen level of this thing is concerned, there has been a lot of harm.

I ask again, suppose this bill were approved as it is, or roughly as it is, since no one has suggested that it is an exclusionary measure, why it would not be well to give us a year within which to work out perhaps a better system? In that connection may I make an observation. We are talking about scientific tariffs and scientific methods. The fact of the matter is—and your experts on trade will readily concede this—we do not have enough information in costs in foreign countries to rig up a so-called scientific tax. There has no way yet been proposed to evaluate the value of the subsidies, for example, that are involved in the economies of so many other foreign countries, such as Great Britain, for example, or any of the socialistic countries of the world. There is no such thing at the present time—I say this without reservation—there is no such thing at the present time to enable anyone to sit down and say, "Here is the real competitive cost in this item.

Mr. LINDER. I certainly would not maintain we could do it in respect to tuna fish, Senator. I agree with you.

Senator MILLIKIN. No matter what country it is, we must not hold out the hope that we are going to give them something completely scientific. We will still be speculating with the amount of the quota, just as we are speculating with the cents involved in the tariff. I am just wondering whether, as a practical matter, you could not take this 3-cent tariff, watch how it works, and then come up maybe with something that is really scientific, or with something that would be better.

Mr. LINDER. Sir, I would answer that as I have before, by pointing out that it seems to me our foreign friends could take serious exception to the fact that an industry which has grown as greatly as this has, which, on an average, has been able to absorb, without detriment to itself, as a matter of fact during periods of great prosperity before the war and since the war, a certain amount of import. If that amount were permitted to come in free, it seems to me there would be no valid objection on their part if we insert a tariff in respect of any overage.

On the other hand, if we apply the tariff on all importation it would not, to me, if I was sitting in Japan or if I were in Peru, seem to be as reasonable an action as I would hope the United States might take. We don't know, after all, what the 3 cents will do. We have been quite clear about it. It might conceivably be very, very restrictive.

Senator MILLIKIN. The quota raises a question of fairness, if we are thinking of international good will.

Mr. LINDER. I don't think it is demonstrable scientifically, Senator, but I do think you have got a simple way of justifying what you do. If you take the total amount that have come in on an average during the 1931-39 period and the postwar period of 1946-51 and relate that to our total availabilities, on that basis, the 25 million pounds is reasonable, then I think, while it may be far from scientific, as you pointed out, in the trade sense, in ascertaining what the relative costs are and so on, nevertheless is thoroughly justifiable as just good common sense.

Senator MILLIKIN. I am not opposed to the theory; I am just trying to find out about it. As I said before, that goes with respect to receipts from Japan on some kind of quota basis, because we can't handle it with tariffs. Under the present law we can raise tariffs 50 percent. You raise the tariff 50 percent and you still have an enormous gap in the cost of production in the two countries, Japan and the United States, unless we change our basic law and impose what would be protective tariffs. I am very much interested in your quota suggestion.

After all, we have got to judge all these factors, and I am wondering whether, in the end, it is not just as practical to put a 3-cent tariff on for a year and see what happens and then go from there.

Mr. LINDER. One of the things that I see will happen is, as I have explained, our foreign friends would be hurt in fact and would, it seems to me, have a just cause for complaint, irrespective of what crimes they may be accused of having committed. And I think, Senator, we must consider as well our own consumers, I think we must consider as well the canners, I think we must also have in mind the fact that it is very important to us to have a Japanese economy that is as viable as it possibly can be, because if they are important to us as we think they are, politically, one way or another the American taxpayer will be charged with it inevitably, if we discriminate against what might be called normal business on their part.

Senator MILLIKIN. I asked you a while ago whether you thought a 3-cent tariff was about right and I got the impression you did not find any particular objection to it. No one is suggesting that it is exorbitant, no one is suggesting that it is exclusionary. Why not let us go along with the 3 cents for a year and see what happens? If it does not work well we will work out a quota, or something else. You are not prepared to say it would not work, are you?

Mr. LINDER. I am prepared to say, Senator, what I said before, namely, that it would seem unfair to us, and it would seem to give our foreign friends a very just cause for complaint.

Senator MILLIKIN. But if our foreign friends found they could come in and stand the 3-cent tariff, that they could operate without a special injury to them for a year, would they be complaining?

Mr. LINDER. The other people might be complaining.

Senator MILLIKIN. Who is that?

Mr. LINDER. Our domestic consumers.

Senator MILLIKIN. Let me make a suggestion about the domestic consumer. Our domestic consumer consumes because we have endeavored to maintain the health of the domestic producer, and it happens to be the duty of Congress to safeguard the domestic producer. We should go from the beginning to the end rather than from the end to the beginning. Everybody wants to buy cheap and sell dear.

So far it has been the policy of the Congress, whether wise, whether stupid, or in between somewhere, that first we should safeguard the domestic producer, and we have to take the consequences.

Mr. LINDER. I also think the problem of Japan is a peculiar one and not one which we should usually need to consider in questions of this kind. In view of the importance which we attach to their strength and viability, and in view of the fact that this looms so very large in their export business, it would seem to me at least and it would be our recommendation strongly that a limited amount, substantially less, as I indicated, than has been coming in recently and historically justifiable, if not scientifically, should be permitted to come in free, and on the excess amounts there should be protection.

Senator MILLIKIN. I am very much concerned with that problem, very much concerned with it.

The CHAIRMAN. Is there anything further you wish to say, or any member of your staff?

Senator MILLIKIN. I would like to ask one more question as to Norway. There is a treaty before the Senate right now that affects Norway. Is that right?

Mr. LEDDY. I don't believe so, Senator.

Senator MILLIKIN. Whether with Norway or another nation or nations, I was just going to point out that I have been told proposed treaty or treaties incorporate a lot of GATT by reference. When you start getting it up to the Congress you may find your treaties will not be approved. That is just a little friendly suggestion.

Mr. LINDER. I am sorry, I am just unable to react, Senator, because I am not personally familiar with the matter to which you refer.

Possibly Mr. Leddy would like to talk on that.

Senator MILLIKIN. I don't want to spend the time of the hearing on that. I have noted that in a couple of treaties that are here, and I wish to remind you again that the Congress is not approving GATT, it has filed a caviat against GATT, and it is very stupid for the State Department to be making treaties, which it expects to get passed, I assume, which approve something which has not been approved by the Congress.

Mr. LEDDY. Senator, if I may make a comment.

Senator MILLIKIN. Yes.

Mr. LEDDY. GATT does contain certain provisions which had, in substance, been included in some of our old commercial treaties.

Senator MILLIKIN. This makes a direct reference to GATT, in both of the treaties.

Mr. LEDDY. I see.

The CHAIRMAN. Thank you very much.

• Mr. LINDER. Thank you, Senator.

The CHAIRMAN. Perhaps we can hear you for a moment, Mrs. Beardsley.

STATEMENT OF MRS. MARIE A. BEARDSLEY, CHIEF, QUOTA SECTION, BUREAU OF CUSTOMS

The CHAIRMAN. Will you identify yourself for the record?

Mrs. BEARDSLEY. I am Mrs. Marie A. Beardsley.

The CHAIRMAN. You are with the Bureau of Customs?

Mrs. BEARDSLEY. Yes, Senator.

The CHAIRMAN. What is your position?

Mrs. BEARDSLEY. I am Chief of the Quota Section. I administer all the quotas that are in force, or that the Bureau of Customs enforces.

The CHAIRMAN. I would like to ask you if there is any insuperable difficulty in administering a quota on perishable or semiperishable products?

Mrs. BEARDSLEY. Not in the tariff rate or quota as they have spelled it out here. We have it now on the cod, the hake, the haddock on the type of fish that comes into the New England area, and that is on a quarterly basis.

The CHAIRMAN. Assuming it would be the judgment of the committee that a historic percentage of fresh and frozen tuna should be admitted without tariff and that a tariff should apply to any excess beyond that, could that be administered?

Mrs. BEARDSLEY. It can. It is complicated, but it can be done. We do that in the fish quota we have now, with so much coming in at a lower rate and when that amount is reached it takes the higher rate. In those cases the fish flows in freely, it is not held up. But we do assess the higher rate when the quota is approximately 80 or 90 per cent filled, I instruct the collectors to put on the higher rate of duty temporarily. When I determine, when all the reports are in, that the quota has been filled we liquidate the entries dutiable at the lower rate and we let it stand at the higher rate.

It is complicated but it is workable. It is administratively possible.

The CHAIRMAN. It is administratively possible?

Mrs. BEARDSLEY. Yes; it is.

The CHAIRMAN. And you are actually applying that principle?

Mrs. BEARDSLEY. I am, definitely.

The CHAIRMAN. On the fish that come into the New England market?

Mrs. BEARDSLEY. On ground fish fillets, that means the cod, haddock, hake, pollock, cusk, and rosefish.

The CHAIRMAN. There is no free quota?

Mrs. BEARDSLEY. No; that is a lower rate of duty to a certain amount. But it would operate the same way if you said free to a certain amount and then take on the duty.

The CHAIRMAN. Yes, I think that is true. Are there any questions?

Senator MARTIN. No.

The CHAIRMAN. I called Mrs. Beardsley at this time, because we have had her down here for 2 days and I thought we might want to get some information about this quota proposal.

Mrs. BEARDSLEY. This quota we have, Senator, on the fish now, and all of those tariff rate quotas are not on the country basis. That becomes a little more complicated. If you said a certain country can ship in a certain percentage of what you set up as a quota and another

country ship in another percentage of that quota, that does complicate things a little bit more.

The CHAIRMAN. But if the quota is fixed for an over-all amount then you say that is administratively possible?

Mrs. BEARDSLEY. If it is an over-all amount for all countries, it is administratively possible; yes.

The CHAIRMAN. Are there any other questions? I called Mrs. Beardsley just for this one point.

Senator MILLIKIN. I am sorry I was not here. I was attending to another matter for a few moments. Do I understand that you operate this quota on a catch-as-catch-can basis?

Mrs. BEARDSLEY. We say first-come-first-served. It is predicated on the time when the documents are presented to the Customs. They indicate the fish must be within the port limits and they present the documents to the Customs.

Senator MILLIKIN. Is there any allocation between the countries?

Mrs. BEARDSLEY. We have an allocation on oil between countries, but on the fish quota, the ground fish fillets, it is not between the countries.

Senator MILLIKIN. What is the allocation basis on oil?

Mrs. BEARDSLEY. I think that is on a historical period.

Senator MILLIKIN. It flows from a trade agreement or treaty?

Mrs. BEARDSLEY. It flows from the Venezuela trade agreement. Those quotas and allocation and formula by which a quota is established are handed to us. We have nothing to do with establishing the quota or determining how much or what country gets a percentage. It is just a formula that is handed to me. It is based on previous imports and the domestic catch, as in the ground fish fillets.

Senator MILLIKIN. That principle of first-come-first-served would apply to either case?

Mrs. BEARDSLEY. Yes, Senator. We convert everything to an eastern standard time belt, so everybody has the same chance. The west coast offices do not open for 3 hours after us but they still have the same opportunity that the man in the eastern standard time belt has. We found that fairly equitable under all of the quotas, and we had no complaint of it at all.

Senator MILLIKIN. Let us assume a very heavy offer of free imports on, let us say, the eastern coast, let us suppose they get there first would that have the effect of demoralizing the market in the eastern part of the United States?

Mrs. BEARDSLEY. I don't know what effect that would have on the market. I would hardly think it would have a demoralizing effect.

Senator MILLIKIN. You do not necessarily issue licenses?

Mrs. BEARDSLEY. We issue no license at all. We keep as free from that as possible. We predicate all the determination of the quota basis at the time when they do business with customs. When the products come in they are time stamped and that determines the person's place in the rate. The quota may be filled at 10:30 in the morning and if an entry is filed some place else at 10:33 he is too late.

Senator MILLIKIN. He is too late?

Mrs. BEARDSLEY. Yes.

Senator MILLIKIN. Tell me what list of products are under quota. Is it a long list?

Mrs. BEARDSLEY. No. There are a number that we have that have been never filled, but those that cause us the greatest concern are, of course, the potato quotas. Then we have this fish quota that I spoke of that is now in effect, and the petroleum. Then we have quotas on wheat and wheat flour, and they are absolute quotas. By that I mean only so much can come in and no more. That is under section 22. That has to be controlled by telegraph, and when it gets up around the 60 percent filled then we instructed the collectors not to release any more of the merchandise until they notify the Bureau, and then I wind them up the same as the other quotas.

Senator MILLIKIN. Potatoes are considered perishable?

Mrs. BEARDSLEY. Yes; I think much more than fish.

Senator MILLIKIN. Is the word "perishable" included in the quota?

Mrs. BEARDSLEY. Not so far as I know. Of course, potatoes move at a time of the year when the weather is favorable, you know, in the fall. We have had some that moved as far south as Puerto Rico and they have complained of spoilage, and some have moved in the Florida area. They are not considered imports if they are spoiled when they arrive there.

The CHAIRMAN. Thank you very much.

Mr. Sandoz, we will call you next by agreement.

Mrs. Beardsley, I don't think we will need you further. If you wish to be excused you may go.

STATEMENT OF THOMAS F. SANDOZ, PRESIDENT, COLUMBIA RIVER PACKERS ASSOCIATION, INC., OF ASTORIA, OREG.

The CHAIRMAN. Will you identify yourself for the record?

Mr. SANDOZ. I am Thomas F. Sandoz and I am president of the Columbia River Packers Association, Inc., of Astoria, Oreg.

My appearance here is the result of possibly one of the most intense competitive situations that has ever developed in our fishery on the west coast. I would like it clearly understood that my company's position is that of being helpful to the American fisherman, to the American consumer, and to our stockholders, who make it possible for us to engage in this very extensive fishery.

We operate as a company. We are not an association or co-op. We are one of the old pioneer fish-packing companies in America, and as a company, and with my extensive experience in the American fishing industry, I don't know of another company which has a wider or more extensive fisherman relationship and contact than the Columbia River Packers Association. We operate from the Bering Sea, in the salmon fisheries, to the equator.

It is our policy to endeavor to bring raw material into this country wherever it may be available, throughout the world if necessary, to provide the American consumer with the finest possible quality of protein sea foods.

Senator MILLIKIN. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes.

Senator MILLIKIN. Are your ships all under American registry?

Mr. SANDOZ. We have two converted LST's that we acquired in 1947 as our initial effort in our endeavor to become established in the tuna industry. The original program was to take, and we did take, American fishermen with boats of small tonnage, who did not have

the refrigeration or the seaworthiness to make the long trek from the fishing grounds in Central America to the canneries in Astoria. But by providing reefer motorships for the fishing grounds so the fishermen could fish and supply the products to our freezers, which would be done daily, we could stay there an enormous duration.

Senator MILLIKIN. Where are your ships registered? Are they under American registry?

Mr. SANDOZ. They are registered under the Honduras flag, which is not unusual, and which we found it necessary to do to compete with others in a similar type of trade.

I would like it clearly understood that as this controversy raged in the tuna industry, becoming a crisis in 1951, there was a terrific propaganda against my company on the part of my competitors, with the result that they have developed a considerable ill feeling on the part of the fishermen who fish for my company toward my company, because we had taken the stand of opposing this particular legislation. So I sit here in a very unusual position, and I am confident that I can give you the answers to your questions.

I am confident that you will learn, as I reveal my statement, that we are right and this is not good legislation for our American albacore tuna fishermen. It is the fishermen whom I have depended upon for my raw material of tuna, and it is the fishermen that I will continue to depend upon. We do not have any contacts with American tuna-boat owners, or the large clipper type of fishermen in southern California.

If you will permit me, Mr. Chairman, I have a brief here which I will file, but for the sake of brevity and for the sake of getting to the essential points of discussion and controversy I would like to read only excerpts from the brief and then make an extemporaneous statement, and I will be glad to then answer such questions as you may have.

May I proceed on that basis?

The CHAIRMAN. You may proceed on that basis. You may put your entire statement in the record and direct attention to such portions as you wish to emphasize.

Mr. SANDOZ. Thank you, sir.

The Columbia River Packers Association, Inc., has been in the business of canning and otherwise processing fish and other seafoods products in Oregon, Washington, and Alaska for over 50 years. This company's products have been distributed nationally for many years and its reputation as to the quality of its seafood products is second to none. Its products include canned tuna, salmon, crab, sturgeon, and shad roe, and packaged frozen fish. It does not import canned tuna or any finished fishery products.

During the year 1951 this company sold approximately a half million cases of tuna. During that year this company purchased all tuna offered to it by its fishermen at the highest prices prevalent for the same commodity at other Pacific coast ports. However this production, by its fishermen, provided enough raw material for only 16½ percent of the total pack, the balance being produced from frozen tuna imported into this country. It is obvious that unless this latter resource had been available, on a basis of cost comparable to the costs of other companies engaged in this highly competitive business, this company could not have supplied its markets or maintained its brands in its accustomed trading areas.

We believe that H. R. 5693, now before the United States Senate, which would impose a tariff of 3 cents a pound upon fresh and frozen imported into this country, for a period of 1 year, should be defeated or amended as noted hereafter, for the following reasons:

1. In general, we believe that any action to impose a tariff upon importation into this country of any raw materials destined for manufacture here, should be adopted only after the most serious consideration and complete study as to its ultimate effect upon the national welfare. We call to your attention that imports of frozen tuna into this country provide our cannery workers with jobs and that the operation calls for the use of American-made cans, cases, labels, oils, salts and other items, which in turn support payroll structures in this country.

2. H. R. 5693 was hastily adopted by the House of Representatives during the days immediately prior to the congressional adjournment in November last. The tuna market at that time was badly demoralized. Hearings were brief. Interested parties, many of them located far from the National Capital, were not given a reasonable opportunity to prepare and present a case against this measure. The very language of the bill itself is indicative of the truth of this statement. In plain words it provides for this tariff and follows the provision with instructions to the Tariff Commission of this country to conduct a study to determine, whether or not, this tariff or any protective measures are necessary. We hold that such action might well be termed imprudent legislation. There would be little comfort and no remedy for those engaged in the industry who maintain, as do your petitioners, that they will be severely damaged by the imposition of this tariff, if proper study and investigation should later reveal, as we sincerely believe it will, that the application of such a tariff is not to the best interests of national welfare or of the industry as a whole.

3. There is a considerable segment of the American tuna industry, and a growing one, which would be severely damaged by the application of such a tariff. These operators because of geographical location and other factors inherent to the industry are unable to obtain a sufficient supply of raw material from sources, other than importations of frozen tuna, to maintain their current positions in the industry. To deny them their normal supply of necessary raw material on a properly competitive basis, while a study is being made to see whether such action is proper or necessary, would be to inflict an irremediable and lasting damage. To remove an operator's brand from the shelves of retail outlets, for a period of 1 year, would obviously have a serious effect upon his marketing ability for many years in the future. It would directly tend to favor one segment of the industry, in a different raw material supply position, to the detriment of others.

4. Such a tariff as proposed in H. R. 5693 would be injurious to the trade of other nations, now friendly to this country. As only 10 percent of the total tuna production of the American fishing fleet is taken off our shores and 90 percent is taken off the shores of the nations indicated above, with access to their territorial waters a vital necessity in most cases, adoption of H. R. 5693 might well bring about retaliatory measures that would hamstring American production.

5. The current ills of the American tuna industry are due, not to the import situation, but a concentration upon increasing production, on the part of one segment of the industry, which has pushed the supply ahead of that portion of the industry's ability to market it. In the past 8 years tuna production increased from 126 million pounds in 1943 to 398 million in 1950, and yet that segment of the industry now complaining against the import situation, has consistently continued to build up its fishing fleets, including the addition of many large tuna clippers in 1951.

6. No distinction is made in H. R. 5693 between albacore tuna known as white-meat tuna and other tunas known as light-meat tunas, although this country has for many years absorbed the entire world production of albacore tuna without any detrimental effect upon the domestic market. Production of this type of tuna, the first canned by the American tuna industry is, as indicated by the industry history, definitely limited, and any tariff upon the importation of frozen tuna of this type would impose a severe and unnecessary penalty upon those canners who specialize to a great extent in the packing of this high-quality tuna.

7. No action should be taken by the Congress to place a tariff upon the importation of frozen tuna into this country until present tariff regulations have been so amended as to place a tariff on the importation of tuna canned in brine—now 12½ percent ad valorem—on a comparable basis with the present tariff on tuna canned in oil—now 45 percent ad valorem. Tuna has been historically canned in oil, and tuna canned in brine did not enter the general market in this country, in any appreciable quantity, until 1951. It came then as a result of this totally illogical disparity in the tariffs. Entering the market in increasing quantities, and at ridiculously low prices during the past year, it has contributed greatly to the industries' troubles. If a duty should be placed upon the importation of frozen tuna prior to a proper adjustment of the tariff on tuna canned in brine, it would obviously act to force other countries to can their stocks of frozen tuna in brine and export it to this country in this form, thus increasing a serious situation already damaging to American tuna fishermen and canners.

THE TUNA INDUSTRY

The tuna-canning industry is the largest fish-canning industry in the United States today. The value of the canned product reached a total of approximately \$115 million in the year 1950. The raw material for this production included domestic production by American fishermen and frozen-tuna imports from other countries. According to figures provided by the United States Tariff Commission 85.8 percent of the raw material used was provided by American fishermen with imports making up the balance. However, in presenting these figures acknowledgement is made that they are not accurately representative of the source of production as it is estimated that about 20 percent of the import tonnage represents fish caught by American fishermen and landed in foreign ports for transshipment to the United States, or else transferred to vessels in foreign waters for such transshipment. While in fact these shipments could have been finally classified as American-produced rather than imports, no effort was

made to make such identification because, as there was no tariff on such shipments, it was less trouble to bring them in as imports than to maintain their original identification. On this basis we find that the production of American fishermen was approximately 88.64 percent of the total.

While importations increased in 1951 Tariff Commission figures for this year applied upon the same basis indicate that over 80 percent of the production came from American fishermen.

Canned-tuna production is divided into two classifications: "white-meat tuna" and "light-meat tuna." This division must be clearly understood in any adequate consideration of the tuna-import picture. Albacore tuna is the sole source of white meat, while species contributing to the light-meat pack, which represents some 82 percent of the total production, included yellowfin, skipjack, and several other species taken in very minor quantities.

There are three world resources of albacore or white-meat tuna. One is off the Pacific Northwest coast of this country extending north off western Canada and with some catches made off southern Alaska. Another is off the coast of California, extending south to waters off the coast of Mexico. The third resource is fished by the Japanese and extends principally along the home island with some limited catches off Midway Island. The albacore fishery is extremely variable in each of these locations although the total production of all three resources is fairly stable.

The tuna-canning industry in this country was initiated in southern California with the albacore fishery the only source of material. In the 1920's the albacore ceased to appear in that area and the industry turned toward the procurement of light-meat tuna, which were found in great numbers off the coasts of Central and South American countries, with the greatest production coming from the Galapagos Island area.

About 1936, albacore tuna were found running in commercial quantities off the Pacific Northwest coast and a few years later they again appeared in large groups off the southern California and Mexican coasts. These fish are not taken by the large tuna clippers, so frequently mentioned in discussions of the frozen tuna import problem. They are fished by some 3,000 small boats, using hook and line, and operating along the entire west coast of the United States, Canada, and a portion of Alaska. The most recent development in this fishery has been a drastic lessening of this production along the northern Pacific coast of North America and an increase in production along the southern coasts. Production by the Japanese has been somewhat more steady.

Obviously an operator engaged in the canning of white-meat tuna must have an economically adequate connection with more than one of these resources if he wishes to maintain his market position and his brand on the shelves of the retail stores of this Nation for the full 12 months, a necessity in modern food merchandising.

To illustrate this, may we point out that while in 1944 tuna canneries in the Pacific Northwest States landed some 34,000,000 pounds of domestically caught albacore that this production dropped to 9,000,000 in 1950, and according to best estimates obtainable not much more than 3,000,000 pounds in 1951. It is obvious that if the tuna canner in this area did not have access to other production on a

cost basis commensurate with that enjoyed by the southern California processor, he would have to go out of business. As he cannot buy in southern California and transport to his plant on a comparable cost with the canner operating there, he must look to importations for his supply. If the Northwest cannery workers and suppliers will suffer, the Northwest tuna fisherman will also suffer because he will have no home for his fish and he cannot hope to obtain the same price for his product from southern California cannery workers as they can pay their own fishermen who can land the tuna at their cannery docks.

In other words a tariff on imports of frozen albacore tuna would injure the Northwest tuna-cannery industry severely and the fishermen of that area as well as all other elements now engaged in such operations would suffer. With imported frozen albacore tuna available at a cost comparable with the price paid by the southern California industry to their own fishermen, the Northwest tuna-canning industry can continue in business and take the catches of the fishermen of their own area, paying prices equal to those paid in the California industry.

Historically the entire world production of albacore tuna has been consumed in the United States. There is no other present market. It has come in either as canned tuna or as frozen tuna for processing here. Japan is the only exporter of this type of tuna. There is little market in that country for this tuna. The Japanese do not like albacore tuna. They prefer the darker-colored light-meat tunas for their menus.

I might add that raw fish is a prime factor of protein in the basic diet of Japanese people. They eat practically all their tuna raw. To many of us that may seem repulsive, but I thoroughly enjoy raw oysters. It is a matter of custom. They prefer the darker-red-meat tunas to the albacore type of tuna in their basic diet. I mention that because it is a very important point in this issue.

Relieved of competition from other areas and having achieved, through the application of high duties, a monopoly of the canning of this type of tuna, packers in the California area would be in a position to lower prices to their own fishermen.

It is a remarkable fact while this proposed tariff is sponsored in the main by fishermen that the landed cost of albacore tuna imported to this country from Japan, the only exporter, was in no instances lower and in many instances higher than the prices paid by these packers to their own fishermen.

In consideration of the above we believe that we have justified our contention that no tariff should be placed upon importations of frozen albacore tuna imported into this country for processing here.

LIGHT-MEAT TUNA

Light-meat tuna makes up about 82 percent of the total pack. The principal resource of this tuna is located off the west coasts of Central and South American countries. It is taken almost entirely by: Tuna clippers, boats with refrigeration, capable of traveling thousands of miles and of carrying from 100 to 500 tons of the frozen product; and, purse seiners, medium-sized boats which net the fish instead of taking them with hook and line. The clippers, numbering about 250 vessels take about 70 percent of the total catch.

The current difficulties of the tuna industry are due in the most part to the rapid expansion of the clipper fleet which was materially increased during the past year. These boats have increased their catches so materially that the supply of tuna has been more than doubled in the past 5 years. The production finally caught up with and surpassed the ability of the processors to market this supply at a reasonable profit.

While we have every confidence that our domestic tuna market can be greatly expanded and perhaps doubled within the next 10 years the persistent emphasis on production, not coupled with a commensurate effort to open new avenues of consumption, finally had its obvious result. Huge inventories would not move at a rate of permit liquidation sufficient to enable the canners to keep on buying and operating. The situation had two results: First, a drastic reduction in canned tuna prices; and, second, an effort by these packers to limit new production by keeping the clipper fleet in port by refusing to guarantee any price.

Another factor added to this distress: On January 1, 1951, the import tariff on canned tuna in oil was increased from 22½ to 45 percent ad valorem. Foreign canners found however that in negotiating a treaty with Iceland, a country that produces no tuna, in 1943, this country had included a blanket provision fixing an import duty of 12½ percent ad valorem on fish canned in brine. Foreign canners began to switch their operations from canning tuna in oil to tuna in brine, and the output began to move into this country at the low-duty rate, at prices with which no domestic canner could compete. While the 1951 imports were not large in comparison with the total pack their impact on the domestic market where offered for sale was emphatic, resulting in further distress.

We hold that any application of a duty on frozen tuna imported into this country for manufacture would merely serve to increase the amount of tuna going into this brine pack, which would come into this country in an increasing flow, with a result of greatly increasing damage to the domestic industry. Tuna was never packed in brine as an article of commerce until the past 2 years. A hearing was held by United States Tariff Commission January 29 at which the tuna industry of this country, almost as a unit, urged that this tariff-rate disparity be corrected and the duty on tuna canned in brine be raised to equal the duty of tuna canned in oil. Until and unless this action is taken we hold that it would be greatly damaging to the American industry to place a tariff on fresh and frozen imports, thus driving foreign holders of tuna stocks to divert these to tuna canned in brine and export them into this country as a finished product at prices with which our domestic industry cannot compete.

I would like to state right there that when this question of duty on frozen imports first raised its head on the coast, when the first rumble of dissatisfaction and support began to get behind such a bill, I wrote quite an extensive brief calling attention to the industry that that was not a threat to their future, it was tuna canned in brine.

Now we are packers and we have responsibilities to our fishermen to provide a market, and we were coming at that time in direct competition in a market where this brine-packed tuna first was offered to the consumer and I could see the completely destructive effect of that item in our market, because we were absolutely powerless to compete

with it. The disparity in price with loss-leader selling in the stores brought the item as low in some instances as one-half of the price of the American product.

We have a big stake in the tuna industry. We have a tremendous investment in it, and I was positive then that I was right, but still the elements that want to put through this bill carried on their propaganda and enlisted the aid of all the small albacore fishermen who had been severely hurt during the season of 1951.

Then, following to that, the industry has come, en masse, and urged the action which we first recommended to be taken, and that is the correction of the import duty on canned tuna in brine. It absolutely emasculates the 45 percent import duty on canned tuna in oil, which was providing some protection to our American industry.

The point that has not been brought out so far either in the Tariff Commission or here is this particular point. I am not here pleading for the benefit of some foreign national or some foreign country, I am here pleading for the protection of our American fishermen, our albacore fishermen. I am primarily an albacore packer.

My first inception in the operations was in 1939, when a heretofore completely unknown resource of albacore was discovered off our coasts of Oregon and Washington. I have been in that business ever since. We have been trying to build it up. We could never really get enough to do a job in the way of sound marketing. We knew we had a superior product; we knew the consumer accepted it readily; we knew they wanted more of it, but that fishery in the Northwest, and albacore fishery throughout the world, is one of the most highly unpredictable fisheries in the tuna business, or, as far as I know, in any fishing business.

Now I will tell you very specifically what caused this crisis, particularly as it affects our albacore fishermen. Included in your filed reports is a statement by the California Cannery League, or Association, that in 1926 the albacore resources left the California shores and in order to try and maintain a market for the product they appealed to the Japanese to freeze and export fish into this country, to help maintain the market. Then the albacore industry began to do what any businessman would try to do, and any fisherman, that is if his albacore resource was dissipated he would try to catch other tuna, and they have done that to a marked degree, they are highly successful, able people, all of them. But they got away from their first love, albacore, and began to pay tribute in an expanded marketing effort to light-meat tuna, which had a greater potentiality for development. This development came with amazing rapidity and has expanded terrifically since the war.

It happens that during the last 3 years albacore has returned to California and off the Mexican coast, and I will make this statement and defy anyone to find fault with it, that in the last 3 years there has been possibly the greatest average production, domestically, of albacore of any 3 years in the history of the industry.

I think it likewise a sound and true statement that in the last 3 years the production of American tuna had reached its zenith, constantly increasing, and the fishermen and the southern California packer had the most lush days in the history of any fishery in this Nation.

I cannot go along with the argument that we are hurt and that we are broke, and that we are out. It cannot be substantiated by the

facts. The facts are it was one of the most lush fisheries in our history, and it was attracted venture capital at a tremendous rate into production, into boats, into capacity to produce and catch fish, with the result there has not been a comparable influx of capital into the coffers of the canners who are badly in need of it, who need a blood transfusion of new working capital. There needs to be a broadening of the investment in the processing business and marketing business to take care of and ease this burden which was thrust upon relatively few canners of southern California.

Now that was a cumulative thing and it reached its crisis with the advent of the Korean war. I have been in the food business practically all my life and I have seen markets break before, and they are going to break again, and in my humble judgment there isn't anything which the United States Senate can do that is going to prevent the American food industry from getting itself out of shape from time to time.

Now these packers in southern California were operating with light-meat tuna. They had price agreements with their producing fishermen and any tunas which were delivered were delivered, so far as I know, at those prices. At least it was to be noted that the price of light meat was fixed at a certain price.

The advent of increased albacore resources off the California and Mexican coasts during the past 2 years has attracted many of our albacore fishermen from the Northwest down to those fisheries. They found a glutted market, due to the heavy increase in light meat. Packers had bursting inventories and many of them, I guess, preferred not to take albacore at all, because there are financial limits. Each packer has his financial limits, his amount of credit.

The selling prices were demoralized and the price of albacore broke badly. These were small fishermen. They did not have refrigerated boats yet, to a large extent, and they had to sell, and they did sell, and the albacore market throughout the markets of the Nation collapsed thereby.

It was the domestic production, and I say in all fairness, I do not blame any particular segment, it was a set of circumstances, the culmination of which, the timing of which would have broken any food market. I can break the pea market, I can break the corn market, I can break the tomato can market in exactly the same way. If the tomato canners go out and grow more acreage and contract for more raw material than they are able to market the price goes down. It is an absolutely inevitable and basic rule in our food economy in this Nation that supply and demand is the controlling factor, and it is not such a bad rule.

If the fisherman or canner can process or sell more he should be able to do it, on the long pull, at a lower cost price and lower price to the consumer. The fastest way to expand the consumer market in America, is through prices. Today the conditions are entirely different than they were a year ago. In many instances we are talking about such things as last year's bird nests.

Now my company is considered a large albacore packer, and why we were made a target I don't know. We have been the top man on the totem pole in our marketing prices. We have not in any way contributed to the lowering of prices. We have had of necessity to meet

competition, and I can truthfully say that in most instances our price was higher than our competitor's, and in no instance was it lower.

Now I think we are doing a splendid job for our albacore fishermen. I think there is a splendid future to this tuna business. I think they are going to prosper and I hope we are going to prosper.

I might say that the decline in the price of fish to fishermen has been due to declines that have taken place in the canned price received by the canner.

Never before has the industry needed a cost-plus-profit position like it needs today, because you have got to have a profit to advertise, to expand your selling effort and broaden your markets, to teach the consumer how to use the product in many different ways.

The potential capacity for the market is simply tremendous. In my 35 years' experience in the food business I have seen other markets with comparable new products develop. It is simply amazing what the potentialities are. I might mention baby foods as an illustration. It has grown at a tremendous rate, because it is serving a purpose. I might mention the juice industry in this country. It first started with tomato juice, and now you can buy juice of practically every fruit and many vegetables. A tremendous business was built overnight when the frozen concentrated juice came into the picture. It created a complete demoralization in the canned juice industry, in many items. It will always do that way as the American enterprise and food industry tries to do a better job of getting top quality foods to the American housewives.

CONCLUSION

In conclusion we wish to emphasize our belief that imports of fresh and frozen tuna are ultimately beneficial rather than damaging to the domestic industry. They afford a source of supply for a growing market and add to the industrial payrolls of this country. Tuna canned from these sources does not enter the domestic market at a price which will damage the ability of American canners to purchase the catches of their own fishermen upon a basis at which the fishermen can profit.

In relation particularly to albacore tuna we hold that the limited world supply does not permit free trade in frozen albacore to become a source of danger to the industry. I particularly want to stress that point, because I am going to come back to it again, with your permission. Indeed such imports are necessary to sustain this part of the industry which provides a premium article of diet, one that has commanded a price above that which can be obtained for the light meat tunas which form the great bulk of canned tuna on our markets.

In conclusion we respectfully make the following suggestions:

1. Importations of fresh and frozen tuna should not be subjected to any import duty until a thorough study has been made of the subject by the proper Government departments and a determination reached that such a tariff is necessary to the welfare of the industry and the Nation.

Senator MILLIKIN. What do you suggest as far as the duty on tuna in brine is concerned?

Mr. SANDOZ. Answering your question, Senator Millikin, I would say in view of the extensive hearings the duty of 45 percent on tuna

in oil has been established. In no instance can there be any logical argument presented to say that tuna in brine should come in at any less figure.

I appeared before the Tariff Commission and every segment of our industry, the fishermen, the cannery workers, every segment of our industry involved has pleaded that case.

Senator MILLIKIN. I do not understand yet whether you are for or against the duty on tuna in brine.

Mr. SANDOZ. Yes, sir.

Senator MILLIKIN. Which way? For or against?

Mr. SANDOZ. I am for a duty on tuna in brine.

Senator MILLIKIN. I am talking about raw tuna in brine.

Mr. SANDOZ. There is no such item, Senator, to my knowledge.

The CHAIRMAN. That is the way they preserve it and get it to the market?

Mr. SANDOZ. It is frozen in brine as a refrigerant. I am sorry if I was confused.

Senator MILLIKIN. Do you draw any distinction between the duty on the raw product that comes in in brine and the duty on the raw product that comes in frozen?

Mr. SANDOZ. In the first place the frozen tuna does not come in in brine.

Senator MILLIKIN. I understand that.

Mr. SANDOZ. It comes in as a frozen item, under refrigeration, and I have argued there should be no duty on that item, particularly as it applies to albacore.

Senator MILLIKIN. Do you argue that tuna coming in in brine as distinguished from coming in frozen should carry a duty?

Mr. SANDOZ. Well, it would be one and the same thing. I am assuming that it is not pickled. When you say "in brine," we have a heavy traffic in the fishery business of pickled fish, that is in brine.

Senator MILLIKIN. We have heard a lot of testimony here in the last day or two on the point that some of the tuna comes in frozen and some comes in in brine.

Mr. SANDOZ. Any reference to the brine, to the best of my knowledge, is referring to the canned tuna in brine. That is a very controversial item and has been the subject of a very extensive hearing before the Tariff Commission.

Senator MILLIKIN. I am not talking about the tuna in cans, I am talking about the raw fish coming in frozen or the raw fish coming in in brine. Are you saying raw fish does not come in in brine?

Mr. SANDOZ. Yes, sir, to the best of my knowledge. I have never known of any coming in in brine. I do not know of any such importation, and my knowledge is quite general on the fishery.

Senator MILLIKIN. So your sole import problem relates to tuna coming in frozen or fresh?

Mr. SANDOZ. Yes; and you can just forget the fresh. It is of no moment.

2. No tariff should be imposed upon importations of fresh and frozen tuna into this country until the present tariff disparity between the importation of tuna canned in oil and tuna canned in brine has been eliminated.

3. Importations of albacore—white meat—tuna should be maintained on a free-trade basis. Industry history indicates that the

world resources of this type of tuna do not permit a production that will have any damaging effect upon any major segment of the domestic tuna industry.

We also respectfully urge that in considering this matter you will keep in mind the fact that the United States is the only market, of any importance, for canned tuna today; and, that the tuna production of other nations, friendly to us, must and will come into our economy. Upon such a basis it is obviously better for it to come in in the form of raw materials for manufacture by our people rather than as a finished product.

Now just a few high lights on the fundamentals of our industry and its problems. In the first place, the light-meat tunas constitute five-sixths of the production, and white meat on an average approximately one-sixth.

The CHAIRMAN. You mean of our domestic production, the production in the United States?

Mr. SANDOZ. Yes; and also of the consumption in the United States.

The CHAIRMAN. I see.

Mr. SANDOZ. Now white meat has always been sold at a premium over light meat.

Now I will show you what effect this \$60 would have on our albacore fishermen. The albacore fishermen—and I know them pretty well, we deal with hundreds of them—they have the idea that if they pass this bill it will impose a \$60 higher cost on the exporter and the American market on white meat will then rise by \$60, which they would enjoy. Now that is a perfectly desirable objective, but here is what would happen, in my humble opinion. The \$60 a ton likewise would give protection to the light-meat industry in southern California, which is now constituting five-sixths of the American production. You will never get away from the fact that they can pack and can more tuna as the market expands. The albacore development history and experience shows their productive capacity is limited. As the American production increases I predict you will see a lowering of the price to the fishermen and the price in the markets.

Now I particularly want it understood I am not advocating cutting prices, I am saying it is inevitable in our food economy. We have got innumerable instances to prove my argument that as supply increases the prices taper off. Now as the price tapers off on light meat it is going to put the albacore fisherman in a more adverse market position. History shows, and no one knows it better than I because I have been trying to sell white-meat tuna since 1939 against light-meat competition—history shows there can only be a certain premium beyond which the consumer will not pay, and when that premium gets out of bounds I can show you conclusively what happens, because I have experienced it. During the war years when southern California production was down we depended to a large extent on our albacore fishery, which is the only tuna resource adjacent to our shores.

The price went up. I was raising the price of albacore, due to the competitive situation, as much as \$100 a ton in a day. The market was like a cat with strychnine, just jumping around. You did not know what you were doing from one day to the next on costs. That thing built up until I was selling white meat tuna at \$23 a case. I came to the convention in Atlantic City in January of 1949 and the market broke \$6 a case in one day, from \$23 to \$17.

The canner took it on the chin. We suffered the loss. That price held until December of 1950, when again supply broke it to \$15. There have been sellers as low as \$12.50, plenty of them.

Now I am an albacore packer and I am arguing for the albacore fishermen, and we are trying to do the best job we know how, but I would be derelict if I did not explain that there has always got to be a reasonable tolerance of prices between white meat and light meat, and when light meat is five-sixth of the market it establishes the market.

Now as to the effect of this duty, let us assume that it is passed in its present form, \$60 a ton, figuring it quickly, depending on the type of tuna, that is from \$1.25 to \$1.50 a case on the canned product. The lower you make the quota the less effect the duty will have, because if it is a low quota it is meaningless.

The other fact is that when you establish this duty, from all the information that I have listened to, there isn't anyone that can fairly state what is going to happen. Now if it does not have the effect of raising the market on domestic tuna then it is not needed. You can only view the duty then on the premise that it is going to be effective. Now if it is effective, let us visualize what will happen one year from the date of passage.

The white-meat business is highly seasonal, particularly the catching of the tuna. From July to October I have to secure a 12-months' supply. Coming next February or March I should have from 100,000 to 200,000 cases at least in inventory to take care of my market until the following July.

In addition to that, there will be conservatively 100,000 cases in the trade's hands of my product, which I also guarantee in price.

The minute this bill would go in, that market of the canned product is in turn affected by a dollar to \$1.50 a case. Now we are already having enough trouble.

Senator MILLIKIN. You mean if you took the duty off?

Mr. SANDOZ. That is only a stopgap legislation.

Senator MILLIKIN. When you take the duty off you have an inventory in the trade's hands, do you not?

Mr. SANDOZ. We have an inventory from last year.

Senator MILLIKIN. As far as the warehouse stock is concerned?

Mr. SANDOZ. Yes; but you cannot sell tuna today for more than what you are selling it for because there has been a good supply.

Now to bear out my contention that the white meat position is different and does not need this protection from the standpoint of supply, in the last 3 years you have had possibly the biggest supply of white meat in history, and today, in all fairness, the supply in first hands on the coast is down quite low, and I seriously question there is enough white meat tuna in the packers' or the trade's hands to supply the market as it should be supplied until a new pack is available.

Senator MILLIKIN. What has been the price history in what you paid to the fishermen?

Mr. SANDOZ. What is the price history to the fishermen?

Senator MILLIKIN. Yes; during this period of relative shortage that you are speaking about.

Mr. SANDOZ. There has been no period, sir, of relative shortage. The past 3 years has been a period of bountiful supply. But even in 1950 the going price was around \$400 a ton. It might fluctuate

\$25 a ton, but the average realized value was around \$400 a ton. The light meat price was around \$310 a ton.

I think in 1948 it was reduced from \$340 to \$310. Now the light meat price has carried on during that period.

Senator MILLIKIN. You corrected me awhile ago on the basis of my misconception as to raw fish in brine, and I want to be corrected whenever I am guilty of that. Did I understand you correctly, that the supplies are not excessive as far as albacore are concerned?

Mr. SANDOZ. Yes, sir. I am one of the large albacore packers and I have had to bring in tuna from Japan within the last 30 days to take care of my markets. At this moment I could not ship you a case of fancy white meat tuna if you wanted it.

Senator MILLIKIN. Then there is a shortage of white meat tuna. That is what I am talking about.

Mr. SANDOZ. Yes.

Senator MILLIKIN. How have you handled your price as far as payment to the fishermen is concerned, the fishermen who supply the raw material? Has the price gone up or has it gone down, or has it remained stable?

Mr. SANDOZ. I will tell you exactly the facts. We are Northwest packers. Our fishermen went to California in large numbers. Our production in the Northwest is very low this year. We are talking about the period from July to October of 1951. With the light meat price fixed at \$310, and the fact that you get a high yield, you get around 48 to 50 cases of white meat tuna as against 40 light meat, with the market fixed at a guaranteed price, I did not dream that albacore would be sold by my competitors or by some local fishermen for less than \$350 a ton.

Many of my fishermen went south. My inventories were normal and I waited and waited and watched the fisheries develop, but it was late in getting started in California, so I bought only a limited amount of frozen tuna from Japan, because I have to keep my product on the market. Now that tuna that I bought at that time did not average me any less than \$350 a ton in my cannery, in fact it cost a little more. I felt that I was in a safe position, but the fact of the matter is that the price of albacore in southern California broke to \$300, and that was about the top price, and in some instances \$250.

Senator MILLIKIN. Despite the fact that there was a shortage?

Mr. SANDOZ. Now at that time there was not a shortage, sir. We were right in the height of production then. The shortage is now.

Senator MILLIKIN. I quite agree with you. I want to see how the supply and demand worked in this particular case. I understood you to say when there is a shortage the price goes up and when there is a surplus it goes down.

Mr. SANDOZ. The thing may be that I failed in is that we are talking about during a period of the height of production, when the pack is being put up. You are in the packing season then.

Now we came into the season of 1951 with relatively heavy inventories, due to the overproduction in 1950 and 1949. Now prices went down to the consumer. There has been a greatly accelerated market as far as consumption is concerned.

At this particular time inventories of white meat in packer's hands are low. The point I appreciate is confusing, but the point I am trying to make is that the price at which the domestic albacore fisher-

men sold their fish to my competitors in southern California was less than the price at which I could buy the foreign product frozen and bring it into my canneries in Astoria, and then the canned market broke. I meet it, of course, to stay in the market. My inventories moved out at a fast rate.

I, today, am in a sound inventory position. I anticipate new material, and I have raised my price a dollar a case. Those are the facts, and I think the other albacore packers are in comparable positions.

Senator MILLIKIN. Let me get this straight. I am talking only about your own operations. What percentage of your albacore is produced by your company? Give me a rough range.

Mr. SANDOZ. Just to show you how our production operates in the Northwest, in 1944 we had our greatest production, when it was 34 million pounds, and I had about 30 to 35 percent of that. In 1951, the final figures are not in yet but it will run approximately 3 million pounds.

Senator MILLIKIN. You bought that much from domestic producers?

Mr. SANDOZ. Our industry did in the Northwest, yes.

Senator MILLIKIN. I am talking about you.

• Mr. SANDOZ. Well, I had about 30 percent of that.

Here is another thing we did, and I would like this clearly understood now because of the very difficult situation in which I have been put. In 1950 they had a run of albacore off the northern California coast very late in the season. It was after the 15th of October, which is very late, when we had a sudden appearance of fish. The boats rushed in there. There were no major packing operations in that area, there were no major freezing operations in that area, and my company threw its resources into that market. We took fish from Monterey, San Francisco, Fort Bragg, Eureka, Calif. I spent over half a million dollars cash outlay in a period of a week to 10 days to try and service that fleet. What happened to me was that the fish that I brought in at great expense and trouble dropped \$2 a case on December 11, 1950, due to the price break of the southern California tuna industry, and I lost a substantial sum of money.

Now this year the same thing happened again. Late in the season, in October, the fishermen were all South, our season was over in the Northwest, and suddenly fish showed off of northern California. I brought in again around 800 tons into Astoria. It is a fast moving business.

Senator MILLIKIN. I can see it is, but let me pursue the question I was asking. Take it for about 3 years back, or any period you want to that is a fair period, can you give me the percentage of your own consumption of domestically produced fish and foreign produced fish?

Mr. SANDOZ. I will be very happy to. In the last 3 years we have not been able to secure an average of much over 100,000 cases of albacore from our local fishermen.

Senator MILLIKIN. That represents what percentage?

Mr. SANDOZ. Of each?

The CHAIRMAN. Of your total production.

Mr. SANDOZ. Of our total production?

The CHAIRMAN. Yes.

Mr. SANDOZ. Well, that would represent, on last year's and this year's basis, about one-third.

Senator MILLIKIN. One-third?

Mr. SANDOZ. Yes.

Senator MILLIKIN. Now run it back a few years.

Mr. SANDOZ. Up until 1947 I depended entirely upon my Northwest production, but in no year could I supply my market. My brand would be on the market 6 months and then go off. Furthermore, we operate nationally and I had to confine my albacore sales in just a few markets.

Senator MILLIKIN. Starting in 1947 you commenced to expand your foreign purchases?

Mr. SANDOZ. Yes.

Senator MILLIKIN. Give us some idea of how fast you expanded that.

Mr. SANDOZ. I expanded in direct ratio to my ability to market, keeping in mind that I have been buying all the albacore presented to our docks by our fishermen and buying only the surplus from abroad. I could have bought more than I did buy, but I try to run my business on packing what I figure I can sell, and I am on a strict budget in that respect, and I think it is absolutely sound business.

Now in the fish business you get these unusual peaks of production and in many instances the canner will buy his raw material because it is an unforeseen happening and the fisherman has to have a market.

Senator MILLIKIN. Now give me your graph on your purchases from Japan, say, since 1947.

Mr. SANDOZ. They have run from 1,250 tons to 3,200 tons.

Senator MILLIKIN. In terms of a percentage what would that be of your total consumption?

Mr. SANDOZ. Well, it runs from 50 percent to 65 percent, and in this year, as I stated in my brief, due to the complete failure in the Northwest, my local production is only 16.5 percent. It is a most unusual and abnormal condition.

Senator MILLIKIN. Do you think a 3-cent tariff would be an exclusionary tariff?

Mr. SANDOZ. That is hard to say, sir. A lot depends on whether or not you have a quota. I think it would be very pertinent at this time, if you will permit me, to give you some analyses on this import of frozen. I think there is an entire misconception of what has taken place.

I have analyzed the figures in the tariff.

Senator MILLIKIN. Can you give me a rough idea as to whether the 3-cent tariff would or would not exclude the purchases you have been making from Japan?

Mr. SANDOZ. I don't think it would exclude them. I think it would force them into the can in Japan, and I will tell you exactly why I make that statement. When the proponents began to make their push for this bill—

Senator MILLIKIN. Let me get that in a little more focused form. You do believe it would exclude raw fish because it would compel Japan to put it into the can.

Mr. SANDOZ. Absolutely.

Senator MILLIKIN. At what point of the operation would it be exclusionary?

Mr. SANDOZ. It depends on the distinction you make between the raw tuna and tuna canned in brine.

Senator MILLIKIN. You favor a tariff on tuna canned in brine?

Mr. SANDOZ. Yes.

Senator MILLIKIN. But you do not favor it on tuna in oil?

Mr. SANDOZ. Yes, there is a duty of 45 percent.

Senator MILLIKIN. Do you favor that?

Mr. SANDOZ. Yes.

Senator MILLIKIN. And you compete with tuna canned in brine?

Mr. SANDOZ. Yes, sir.

Senator MILLIKIN. So for that reason you want the tariff on tuna in brine brought up to a point where it has some relationship to the tariff on tuna in oil?

Mr. SANDOZ. Yes, I think that is very sound. I have some very interesting figures. I will be very brief. These are from the United States Tariff Commission. This is the distribution of imports of frozen tuna into this country during the first 10 months of 1951, distribution as indicated by Customs district. Import figures are given in thousands of pounds. This table has been developed from figures issued by the United States Tariff Commission. It shows total imports of frozen tuna of 68 million pounds during the first 10 months of 1951. Now I would particularly like for you to keep in mind that this is during a period when the American tuna industry was possibly more demoralized than any time in its history, and I hope we never see it again. Here is what happened: Cannerymen in this case imported a total of 68 million pounds. Of that total 50 million pounds came into the hands of the principal southern California tuna cannerymen. Of that total of 68 million pounds my company handled only 6,400,000, or 10 percent.

Here is the way it came into the country: In Oregon, 19 million pounds, of which a southern California tuna-cannery branch plant had somewhere between 10 million and 11 million. In San Diego 2,400,000, and again the southern California industry, Los Angeles, 28 million pounds, again the California industry, San Francisco, 8,600,000. I can't imagine any northern canneryman bringing tuna into San Francisco. It might have happened under an unusual traffic problem, but it is reasonable to assume that that likewise went into the hands of some southern California canneryman, and I happen to know that at least the bulk of it was processed in Monterey.

Senator MILLIKIN. What is the point you are making now?

Mr. SANDOZ. The point I am making, sir, is there are proponents here who are in favor of passing this bill to impose a \$60 import duty on frozen, and they themselves imported five-sevenths of the total importation of frozen tuna coming into this country in 1951, during the period of their greatest distress.

And even further, it shows the concentration of the control of the marketing of this product in the hands of relatively isolated and relatively few cannerymen. What the industry needs is a broadening of that.

We have possibly as fine a pool of cannery labor as there is in America. We are one of the oldest fish-packing companies in America, and this importation of frozen raw material is a tremendous boon to the economy of our people, our cannery workers and our community. We are lending our financial ability and working capital in assuming some of the burden of building and maintaining and serving the tuna

market. We have been approached to establish canneries in other sections of the country. The whole issue behind this question is whether or not the American market should be preserved for the southern California packers or shall every segment of the fish business have an opportunity to participate in this American market even though their financial investments and facilities and know-how happen to be away from southern California.

Senator MILLIKIN. Let me ask you this: If the duty has the effect which you describe on the business, why does not it have the same effect of the southern California people?

Mr. SANDOZ. They have the capacity under their control to produce more tuna than they are producing. Other segments of the tuna industry do not have that capacity.

Senator MILLIKIN. Let us assume the tariff is a bad thing, does it not hit them relatively the same way as it hits the packers in other places along the coast?

Mr. SANDOZ. No, sir; it does not. Strange as it may seem, it does not.

Senator MILLIKIN. I can't get that in my head.

Mr. SANDOZ. It does not because they now have five-sixths of the market and, therefore, they are in control of the market. It may sound strange to you, but it is an established fact that there is terrific competition between that element of the industry and anybody else trying to get into it. Now they not only would like to control the raw material but they want to control the trade markets of this country. My worst competition is from southern California.

The CHAIRMAN. That is the light tuna?

Mr. SANDOZ. Yes.

The CHAIRMAN. That is not the white tuna?

Mr. SANDOZ. Both.

The CHAIRMAN. It is both?

Mr. SANDOZ. Yes.

The CHAIRMAN. They get the white tuna from imports?

Mr. SANDOZ. I am glad you asked that question. According to the figures that I have, the California packers imported last year better than 6,000 tons of white meat, frozen tuna, for processing in California. Our company imports on the white meat will run about 2,200 to 2,300 tons. In other words, I am satisfied there was more than that because there were other ports where I know it was landed, so I can safely say that the California packers of white meat tuna collectively imported four times as much white meat, frozen tuna, in 1951 as did my company—and we are the whipping boy in this issue, and the cause of this precipitant price in the market.

Senator MILLIKIN. Mr. Chairman, that whipping boy has not appeared before the committee. I want you to get it into my thick head how a tariff, uniform up and down the coast, benefits the fellows in southern California more than it benefits you, or how it hurts them less than it hurts you.

Mr. SANDOZ. A tariff does not particularly benefit them.

Senator MILLIKIN. That is what I am talking about. You have a fixed item of cost. If it is an item of cost it applies equally to them as it applies to you.

Mr. SANDOZ. That is a very logical question. I am in the Northwest and I haven't an access to the production of the big fleets of

southern California. If the tariff is operative on me my cost will go up. They figure they can produce from domestic sources more and more of the tuna that is going to come into the American market, and it is basically light meat.

Senator MILLIKIN. You are speaking of the competition between the light meat and white meat?

Mr. SANDOZ. No, we are and will be in competition one company as against another. In other words, answering your question, Senator, as to why the duty would not affect them as it would affect us, they do not have to bring it in and we have to bring it in.

Senator MILLIKIN. But as to those who do bring it in, regardless of their motive, they all pay the same tariff, so you have a uniform item of cost, if it is an item of cost, that applies wherever it may be brought in, is that correct?

Mr. SANDOZ. That is correct. But here is now it works: If they are producing 90 percent of their fish and importing 10 percent of their fish, at \$60 a ton it is only \$6 a ton, and if I am producing one-third of my fish and importing two-third it costs me \$40 a ton.

Senator MILLIKIN. Is the same market for fish available to you in northern California as it is to them?

Mr. SANDOZ. No, I have all my capital investment in Astoria, Oreg. We have a tremendous fleet of boats that fish for salmon, albacore, and some of the boats go to Alaska in the spring and fish for salmon. This year we had one of the finest trolling seasons off the Oregon coast that we had for years. A segment of those boats prefer to fish for salmon.

Senator MILLIKIN. I want you to pardon my slowness in understanding, but after I get it I will have it there for good. Did I understand you to say that you went down to southern California and relieved them of their surplus of fish?

Mr. SANDOZ. Northern California, north of San Francisco, up to the Oregon line.

Senator MILLIKIN. Are you saying these southern California fellows are in a position to monopolize, to use a kind of nasty word, the buying market in southern California and keep you out of there? Is that correct?

Mr. SANDOZ. They are already in that position to a large extent, yes.

Senator MILLIKIN. Do they keep you out?

Mr. SANDOZ. They have never been able to keep me out so far.

Senator MILLIKIN. Have you been able to go down there and compete with them in buying the fish?

Mr. SANDOZ. Not below San Francisco. I haven't any canneries down there, and hauling to Oregon becomes a prohibitive cost, because the closer you reach their packing centers the more advantage freightwise they have in bringing the fish south. So there is a point along there where costs force them to go to the southern cannery. Likewise I enjoy the benefit of the northern production, but the northern production is relatively small.

Senator MILLIKIN. Are you saying, in other words, that you have got to have the Japanese supply without a tariff to keep yourself in business against what you claim to be the advantage of the fellows in southern California?

Mr. SANDOZ. Yes, I do say that, and it is a good thing for us and a good thing for the American albacore fishermen.

Senator MILLIKIN. I am just talking about what it boils down to. Is that what it boils down to?

Mr. SANDOZ. Yes, and I will tell you the reason it boils down to that, and I have prima facie evidence of it. When you put a tariff of \$60 a ton on frozen—water seeks its level in the food business—that raw material will immediately, in my judgment, move into the can in Japan. I will tell you why I say that. When this bill was first announced there were over 3,000 tons of frozen albacore in storage in Japan. Now they would not have put it in frozen had it not been put there for export to this country, they would have packed it, because there is competition for the fish by the producer in Japan. Now when this bill raised its head on the horizon, with \$60 a ton on the frozen albacore, all the men in Japan—I know what I am talking about—put that raw material in the can. That raw material in the freezer immediately began to move out into the can. It is in this country today in brine pack, which I cannot compete with him for. When there was 1,000 or 1,200 tons left I bought it, I bought all of it because I needed it, and it is coming in here today.

I am going to start my canneries and we are going to put out a good product, and we are going to supply the market, and we are not hurting anyone, not hurting anyone. That is what happens from the effect of this, and I think it is inevitable that it will happen. Those duties do not preclude the foreign packers from our market.

They are putting that canned albacore in oil today on the American market and they are underselling me from 3 to 5 cents a can, and I have a better product, at least the consumer feels so. He is willing to pay me the price which I ask for it and which I have to have.

Let us take the analysis on brine. It has been coming in here at \$8, including freight, duty, landed. Now it carried a 12.5 percent tariff, that is one-eighth, so the real cost to the shipper, or the selling price, was \$7. Now if we put a 45-percent duty on that \$7, we raise that by \$3.15 a case, and we add that to the \$7, and that product, with the 45-percent duty, if they want to sell it for what they have been selling it, that will be, landed on our shores, \$10.15. I do not fear it at \$10.15, because it isn't as good a product as our product, but it is going to take some of the market. There is a low strata of purchasing power in this country that will always buy the cheapest food they can get. We will forget the reasons, but they do.

They are going to buy more and more of the brine-packed and more and more of the oil-packed. But if you put a duty on the frozen raw material, which would normally come in here for processing, which would provide the sinews for and would foster our commerce and trade, it is just going to force more and more of that frozen raw material into the can. Now if you want us to get into it and fight, we haven't got a ghost of a chance in trying to compete with any foreign canner. He can lower his costs, where we can't.

Senator MILLIKIN. The evidence here yesterday was to the effect that this duty on canned in oil had considerably decreased the marketing of that particular import in this country.

Mr. SANDOZ. I am glad you brought that up. These are the causes for our condition: First, we overproduced, and then the Korean war hit us and every local buyer, every importer in this country rushed to bring in everything they could get, because in the last war canned tuna was a scarcity item in our economy.

Senator MILLIKIN. Would you eliminate the tariff on canned tuna as an important factor in causing a considerable increase in the amount on the domestic market? Would you say that is an important factor?

Mr. SANDOZ. In lowering the duty on the canned in oil?

Senator MILLIKIN. No, no. You have got a duty on tuna canned in oil.

Mr. SANDOZ. Yes.

Senator MILLIKIN. How much is that?

Mr. SANDOZ. 45 percent.

Senator MILLIKIN. Following the imposition of that duty what happened to the quantity of imports?

Mr. SANDOZ. Following it they dropped off.

Senator MILLIKIN. Yes.

Mr. SANDOZ. Preceding it they accelerated at a terrific rate.

Senator MILLIKIN. Yes. I thought I understood you to say the imposition of the duty might not make any difference competitively in this country.

Mr. SANDOZ. No, I said they would still bring in some, and they are bringing in some. The 45-percent duty still permits the foreign canner to undersell the American canner, but not at such a terrifically wide discrepancy in price that makes it completely destructive to the American canner.

Senator MILLIKIN. It did have the effect, did it not, or it was at least one important cause of decreasing the amount of foreign canned tuna in oil that came into this country?

Mr. SANDOZ. Yes, but if we do not correct the duty on canned in brine we will not get any advantage.

Senator MILLIKIN. I am not disputing that. I probably misinterpreted something you said a while ago, which I thought was to the effect that even if we put the duty on it would not make any difference as far as imports are concerned.

Mr. SANDOZ. Yes, it would have a very beneficial effect, but it would narrow the competition between the foreign product and American product.

The CHAIRMAN. We thank you for your appearance.

Mr. SANDOZ. Thank you, sir. I greatly appreciate the time and opportunity you gave me.

(The following letter was subsequently received for the record:)

COLUMBIA RIVER PACKERS ASSOCIATION, INC.,
Astoria, Oreg., February 20, 1952.

HON. WALTER F. GEORGE,
United States Senator, Senate Office Building,
Washington, D. C.

DEAR SENATOR: I was advised after leaving Washington that, at the close of the Senate Finance Committee hearing on the matter of the imposition of a tariff upon imports of frozen tuna, statements were made giving the impression this company could purchase tuna from the tuna clipper fleet based in southern California, which would be delivered to its cannery at prices equal to those being paid in southern California.

We did not have the opportunity to correct these statements and wish at this time to explain fully our position in this matter.

Our canning and cold-storage plants are located in Astoria, Oreg., about 1,100 miles north of the points on the southern California coast where the tuna clippers habitually deliver their catches. As these boats fish southward off the coast of Central America, Equador, and Peru, they would, upon their return, have to travel an extra 2,200 miles to deliver their fish to our plants and return to their home port.

We have had, from time to time, offers from captains of tuna clippers to deliver their cargoes to our cannery. These have invariably occurred when southern California canneries were not receiving tuna; had refused to authorize further fishing trips; or had quoted extensive delays before the boats then in the harbor could be unloaded. In other words, the only opportunity we have had to buy tuna from these fleets at a cost commensurate with that incurred by the southern California packers, has been at those times when there was so much raw tuna on the market that these packers did not want to receive any fish.

As a businessman you can of course understand that this is not an answer, in any way, to our supply problem. When market conditions are such that the southern California canners cannot receive fish we would certainly be in a similar position and would not desire deliveries at that time. We need and must have a steady and dependable source or sources of raw material at times when we can purchase this material, manufacture it and make a profit.

We have been advised there was some testimony to the fact that one tuna clipper fisherman made us an offer to sign a contract wherein he would deliver fish to us over a 3-year period. Regardless of other features of the contract, which were not acceptable, we must emphasize our belief that no tuna clipper master or owner can give a dependable guarantee of such a performance. The operation of the tuna clipper fleet is directed, to a great extent, by members of the crews of these boats. They are highly unionized and have a direct and specific voice in the activities of the vessel up to and including the price to be received for the catch and the points of delivery. We cannot imagine the crew of any tuna clipper, with their remuneration based upon a share of the catch, consenting to put in an extra 12 or 14 days running up and down the Pacific coast in order to deliver their catch at Astoria, Oreg., when they could receive the same compensation by delivering it 1,100 miles, and approximately 2 weeks earlier, at — say — San Diego, Calif. Not only would the crew be called upon to put in this extra time and effort without any additional pay but their earnings would be lessened by the fact that the expenses of boat operation for the extra distance would be taken out of the total received for the cargo before their share would be determined. In addition, particularly early in the season, they would have this as an additional time obstacle to the making of further fishing trips during the season. In other words, it is a practical impossibility for us to buy tuna from the tuna clipper fleet at the same price they will sell to the southern California canners as long as the southern California canners will purchase and receive their fish.

You should, in considering the above, recognize that the food market is intensely competitive and that most of its items are priced at very short profit margins. We could not offer members of the clipper fleets a financial increase over and above what they could receive in southern California to deliver to our canneries and, at the same time, market our products in competition with the southern California packer.

It is true that economically the tuna clipper fleet is a "captive fleet", as far as the southern California packers are concerned and the fleet will remain in that condition until such time as canneries are developed in Texas or along the Gulf coast of the United States at points which are closer or equally as close to the principal fishing grounds as are the present plants of the major southern California packers.

We hope that this may give you an understanding of our problem of supply as related to the tuna clipper fleet and that this communication may be included in the material which will be considered by the Finance Committee.

On behalf of myself and Mr. Thomas Sandoz, president of this company, we wish to thank you for your courtesy to us as chairman of the Finance Committee and for the privilege of the enjoyable personal interview we had with you.

May we again urge your opposition to H. R. 5693.

Yours very truly,

COLUMBIA RIVER PACKERS ASSOCIATION, INC.,
JAMES H. CELLARS, *Public Relations Officer.*

The CHAIRMAN. The committee will take a recess until 2:30 this afternoon.

(Whereupon, at 12:50 p. m., the committee recessed to reconvene at 2:30 p. m., of this same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will please come to order.

Our first witness will be H. B. Kennerly, Jr. Will you please come forward? Identify yourself for the record.

STATEMENT OF H. B. KENNERLY, JR.

Mr. KENNERLY. Mr. Chairman and gentlemen, my name is H. B. Kennerly, Jr. I am treasurer of H. B. Kennerly & Son, Inc., located at Nanticoke, Md., and I am president of the Tuna Cannery Association, a nonprofit organization made up principally of tuna cannery along the Atlantic coast. Our organization is only in its formative stage. In addition to my own firm, the Tuna Cannery Association has members in Maryland, Maine, and Massachusetts.

I am authorized to speak also on behalf of two tuna canneries in the Monterey district of California, who, in spite of the plea made by the two California Senators, are opposed to this bill. To save time, I am attaching their statement to my statement, but if you so desire, I will read it into the record.

The CHAIRMAN. Yes, sir, if you wish to put it in.

Mr. KENNERLY. To save time, I would be satisfied if it were filed with my statement, if that is agreeable.

The CHAIRMAN. Yes, sir. You may do that. It may be filed as a part of your statement, after you have finished.

Mr. KENNERLY. Development of our tuna canning operation: The canning of tuna by my firm began in 1945. The first tuna that was canned in our plant came from the Atlantic Ocean and it was of the bluefin species. From this experimental step, which we began in 1945, we continued to obtain larger supplies of tuna along the Atlantic coast, ranging from Nova Scotia in the north to the waters of Cuba in the south. We learned early that with the fishing equipment available here, not enough tuna could be caught off this coast to meet our requirements. We were forced, therefore, for efficient operation, to seek additional supplies. We found such additional supplies by importing frozen tuna from Peru, Chile, Japan, Cuba, and Norway.

Is there tuna in the Atlantic? In 1951, the Congress appropriated funds to do exploratory tuna fishing in the Atlantic. From information subsequently developed, it appears that a large tuna fishery does exist in these waters. However, it may be several years as yet before the definite extent of the fishery can be determined and evaluated.

Supplies from other fishing grounds are required presently. In the meantime, our Atlantic coast canneries, in order to operate, must obtain supplies from somewhere. Money has been invested in tuna-canning equipment. Supplies of tuna have been drawn from the various areas that I have already mentioned. Predominantly, they have come from Peru and Japan. Here I should state an exception: In the case of the tuna canneries in New England, the main source of supply will be Canada. In our own case, our imports from Peru have come by commercial carriers to an Atlantic coast port, usually New York or Baltimore, and by truck to our plant.

Why have the California tuna boats not brought tuna here? The Atlantic coast canneries do not own boats. The Tuna Boat Association of California has not, at least up to the present, been willing to sell

their fish to our Atlantic coast canners. This is rather disturbing. Our canning industry here is in a position similar to the industry in southern California in its early days. What is more, we are in a more favorable geographical position for canning and marketing than is southern California itself.

We are closer to the main fishing grounds. Ninety percent of all the tuna landed in this country, whether imported or otherwise, is taken from waters of Central and South America. According to United States Hydrographic Office Publication No. 117, the distance from the northern coast of Peru, which is nearest to the fishing grounds, to San Diego, Calif., is 3,121 nautical miles. The distance from the same point in Peru to Baltimore is 2,801 nautical miles, or 320 miles shorter. Moreover, please consider that here we are adjacent to the main markets of consumption. Therefore, our canners are as close or closer to the source of supply and to the consuming market than California.

The factor of freight rates: That brings up the matter of freight rates under present conditions. The ocean freight on tuna from Japan to the east coast of the United States is \$13 more per ton than from Japan to the west coast. To me it is rather significant that in all the statistics presented to your committee during this hearing, some of these freight rates have not been taken into consideration. I have had to buy considerable frozen tuna from South America and from Japan. In each case, freight has had to be added. In other words, the price of 9 cents per pound on tuna from Peru—which is the figure mentioned in a previous section of this hearing—is not a reality for my firm. Up to last June we have constantly paid \$300 a ton, f. o. b. Atlantic coast port. Then we have paid additional freight to our plant. It takes no mathematician to determine that we east coast canners, if we are to stay in business, will have to pay a penalty of \$60 per ton if the proposed bill becomes law.

The adverse effect of a quota: In listening to the testimony of witnesses during the first session of this hearing, I was dumbfounded to hear that the matter of a quota had been injected into the committee's consideration of this proposed legislation. There is nothing in H. R. 5693 about a quota. Imagine my surprise when I heard the spokesman of the Fish and Wildlife Service come out with this statement, among other things:

While the Department would interpose no objection to a limited duty-free quota, it considers that the duty-free importation of 16 million pounds of frozen tuna annually * * * is the maximum adjustment * * * that will solve the immediate problem.

Gentlemen, to us any quota would be disastrous. From a practical standpoint, the west coast canners, in plant capacity, organization, and financial resource are powerful compared to us on the Atlantic coast. They could and would absorb such a quota. They could absorb it by overbidding and their operation being so huge could easily absorb this additional expense without any apparent effect on their over-all production. In actual, hard business practice, a quota would put us out of business. With supplies limited by a quota, even on a quarterly basis, how could we compete with those powers in getting supplies?

Such a situation is not new. A parallel case may be found in the former Cuban tobacco quota. In past years, certain types of Cuban

tobacco needed by American cigar firms was subjected to quota, and year after year, the powerful firms gobbled it up and left the small-business man stranded.

A review of the Cuban tobacco case will disclose that the small Florida cigar firms had no storage facilities for large quantities of tobacco. The quota therefore went to the four large firms that had tremendous facilities. Finally the quota was disposed of. Reference is made to this in Summaries of Tariff Information, volume 6, published by the United States Tariff Commission in 1948, where on page 15 it is stated:

In the Geneva trade agreement the duties on cigar filler and scrap tobacco from Cuba, the only significant source of dutiable imports, were reduced 50 percent on imports in excess of 22 million pounds, which in effect abolished the tariff quota. Under the tariff quota, shipments were rushed to enter them at the lower rates and the extra burden of the higher rates for overquota tobacco was borne unequally by United States cigar manufacturers. The removal of the quota permits the return of the trade to more normal channels and eliminates disadvantages to which some of the United States manufacturers have been subject.

As long as the word "quota" has been brought up, it is peculiar that nothing has ever been mentioned about a quota insofar as concerns the overexpanded tuna fleet in California. Figures disclose that the fleet in San Diego in 1941 consisted of 61 vessels, each of 50 net registered tons or over. In 1951, 10 years later, this fleet had increased to 191 vessels of the same registered tonnage. This committee might desire to find out the exact status of the boat situation as it applies to the California canners. We understand part of the trouble to be that the larger canneries in southern California own a substantial part of the tuna fleet and control the movements of these particular boats to the detriment of the balance of the fleet.

In addition to the San Diego fleet, there are a number of boats registered in San Pedro, Tacoma, Seattle, and New Orleans, bringing the grand total to about 230. Southern California in 1951 added 30 new boats to its fleet at a cost of \$12 million. The California tuna-boat industry has grown over 200 percent in the past 10 years, approximately 80 percent in the last 4 years.

Is Congress now going to subsidize this overexpanded tuna fleet by (1) imposing an import duty of 3 cents a pound on tuna, or (2) subjecting the tuna to a quota, or (3) both, while ignoring the fact that the overexpansion of this fleet is the underlying cause of our all being here today?

What constitutes imports? Whereas some Government agencies seem to have overlooked the fact that tuna is a high-seas fishery and have come forth with proposals favoring the California interests, I should like to point out that the import figures on fresh and frozen tuna fail to disclose the percentage of these fish that were caught by American boats in foreign waters.

On this same subject, the Tariff Commission in Summaries of Tariff Information, October 1950, on page 201, stated:

The mere statistics of (tuna) imports, however, fail to disclose the true state of affairs. Some of the tuna reported in import statistics were actually caught by United States vessels, transferred at sea to freezer transport vessels of foreign registry, and entered at United States ports as an import from a foreign country. Also, some of the tuna caught by United States fishing vessels was landed in a foreign country, frozen there, and transhipped to the United States where it also was entered as an import. Finally, inasmuch as actual imports of fresh and frozen tuna caught by foreign fisheries also enter free of duty under paragraph

1756, no particular effort is made in the preparation of invoices or other entry papers to distinguish between such actual imports and products of American fisheries. In other words, an undetermined, but undoubtedly a substantial, part of the reported imports result from United States rather than foreign fishing operations.

Considering this admission, it is peculiar that the Government agencies should now offer to take an arbitrary stand with respect to quotas and the size of a duty on fresh and frozen tuna.

The relationship of tuna canned in brine: It is generally conceded that the large imports of canned tuna in brine recently have considerably disrupted the canned-tuna market in the United States. The Tariff Commission, as was pointed out to your committee, will continue its investigation of this matter following the hearing which ended on Monday. It is understood that the Commission likely will not render a decision before next summer because of the volume of work already before it.

If a duty of three cents per pound is levied on fresh and frozen tuna now, the market would be so flooded with imported tuna, canned in brine, that the whole industry would suffer. It would also distort and confuse the findings of the Tariff Commission on its study of tuna in brine.

I can't help but think that the California interests who were successful in rushing this bill through the House would eventually sorely regret any action of Congress on this bill before the tuna-in-brine situation is cleared up by the Tariff Commission.

I believe that we can make a recommendation that will be worth while. The consumption of canned tuna in the United States has increased each year, but the production of tuna caught by the California boats has outstripped consumption. What we would like to see done is to have the Tariff Commission look at the entire production and consumption picture, both domestic and foreign, with a long-range program that will give us all an opportunity to survive. The idea then would be that eventually our tuna consumption, now averaging about 9 million cases annually, will possibly reach the 11 or 12 million case mark in the very near future.

We believe that if this logic is pursued, we along the east coast who do not have boats and those along the west coast who do have boats will be able to operate competitively and successfully. Any other approach will mean that the Congress would be unheedingly lending its support to the powerful tuna interests of southern California. It would be passing sectional legislation concerning a high-seas fishery which belongs just as much to our section of the country as it does California.

It might be well for the Senate to follow the old adage of "haste makes waste" In other words, let's let the Tariff Commission study the tuna-in-brine situation and come up with a recommendation before any action on H. R. 5693 is taken by your honorable body.

Thank you for your consideration.

(The statement of Oxnard Cannery, Inc., and Peninsula Packing Co., dated January 29, 1952, was previously submitted and appears at p. 244.)

The CHAIRMAN. Are there any questions?

Senator MILLIKIN. I would like to ask how many employees you have engaged in canning tuna.

Mr. KENNERLY. Approximately 110.

Senator MILLIKIN. How many are there in the Tuna Cannery Association?

Mr. KENNERLY. There are four, sir.

The CHAIRMAN. You are speaking of the canneries on the east coast?

Mr. KENNERLY. Yes, sir.

The CHAIRMAN. How many canneries did you say?

Mr. KENNERLY. Four at the present time, sir.

The CHAIRMAN. Where are they located?

Mr. KENNERLY. There are two in Maryland, one in Massachusetts, and one in Maine, sir.

The CHAIRMAN. Nothing south of Maryland?

Mr. KENNERLY. I think there is one canner who is probably starting to can tuna in South Carolina. I think it is a contemplated project, as I understand it. Whether he has successfully canned tuna or not or has entered the market, I do not know.

The CHAIRMAN. Do you get any from the Canadian waters?

Mr. KENNERLY. We did originally, back in 1946, a very small shipment.

The CHAIRMAN. You say you get no fresh or frozen tuna from the California fishing fleet?

Mr. KENNERLY. That is right, sir.

The CHAIRMAN. Do you take any tuna off of the Atlantic, opposite Baltimore?

Mr. KENNERLY. Well, not exactly off of Baltimore, but we have for the last 4 years procured tuna off of the New Jersey coast as far as Long Island. It has been in very limited quantities, but of a very good quality tuna. It is the bluefin species of a real good size, that is, a good size for canning.

The CHAIRMAN. For canning?

Mr. KENNERLY. Yes, sir.

The CHAIRMAN. Are there any further questions?

Senator MILLIKIN. I am not sure that I have the number of your employees straight. You have 110 employees engaged in the tuna-fishing end of your business?

Mr. KENNERLY. In the canning of tuna.

Senator MILLIKIN. How many do you have altogether?

Mr. KENNERLY. In our peak season on some other products it will probably run 50 more than that.

Senator MILLIKIN. How many employees do these other canneries have?

Mr. KENNERLY. The other one in Maryland has about 70.

Senator MILLIKIN. I am talking about engaged in the tuna business.

Mr. KENNERLY. The other plant in Maryland would employ about 70 to 80. I understand that the Maine canner would probably use about the same number, around between 100-200 employees.

Senator MILLIKIN. That is a total roughly of about 350 employees?

Mr. KENNERLY. Yes, sir.

Senator MILLIKIN. May I ask you this question, also, as to the canning operations of the others.

Are they exclusively for tuna, or do they cover a number of other products?

Mr. KENNERLY. We all cover more than the tuna canning. I think that my firm is probably the most exclusive on tuna canning of any of them at the present time.

Senator MILLIKIN. How long have you had the predominant weight of your business on tuna?

Mr. KENNERLY. Since about 1948.

Senator MILLIKIN. And do you know about the others when they went into tuna canning?

Mr. KENNERLY. Approximately, sir. The other Maryland canner, the Tilghman Packing Co., went into tuna canning in 1948. The Riviera Packing Co., in Maine, I think started in 1949. And the other, the Massachusetts firm, about 1949.

It is an infant industry which has great possibilities from the standpoint of its geographical position. It has no actual supplies of local tuna at the present time. All of the tuna that has actually been caught, to my knowledge, on the Atlantic coast, even including Fish and Wildlife Survey vessels, plus what we have been able to have caught, would probably only operate, and I will use the terms of my cannery, in comparison, about 2 weeks.

We do follow a different procedure, I think, generally than the tuna canners in California. Their tremendous plants can process a tremendous tonnage per day. Of course, we, by having to buy tuna frozen, maintain refrigeration on our own plants, that is, at our own plants, and we keep our production relatively small as compared to them, but we operate continuously.

I think that is one of the reasons that we have gone to the tuna industry. In fact, I know it is with our company. It is to provide an off-season industry, and employment, because it is a good policy, certainly, to realize that no business can succeed and maintain sufficient and adequate help if it is a seasonal operation.

Senator MILLIKIN. Let me ask you this, in getting your employees, is it one of these canning operations where you call on the neighborhood for part-time service, or how many all of the year-around employees do you have?

Mr. KENNERLY. Well, for the past 2 years we have practically operated all the year round on our tuna operation, as I have given it to you, about 100 to 110 employees.

We have not increased the tonnage used, but by the increase in tonnage that we have been able to procure it has made a longer and more effective operation.

Senator MILLIKIN. Is your product canned in oil or in brine?

Mr. KENNERLY. Canned in oil only.

Senator MILLIKIN. Are you in favor of continuing the tariff on that canned in oil?

Mr. KENNERLY. Yes, sir.

Senator MILLIKIN. Would you like to see a tariff on it, canned in brine?

Mr. KENNERLY. Yes, sir.

Senator MILLIKIN. But you do not want a tariff on raw material?

Mr. KENNERLY. No, sir. It would put us out of the business at the present moment, sir.

Senator MILLIKIN. I am not critical of your attitude. It is common to all American processors who work on raw material. They do not want any tariff on raw material. They want a tariff on the finished product.

Mr. KENNERLY. It is processed in this country except for the raw material—everything is attributed to our American labor and our American way of doing things.

The CHAIRMAN. All of your processing is in oil, is it?

Mr. KENNERLY. Yes, sir.

Senator MILLIKIN. All of your packs are in oil?

Mr. KENNERLY. Yes, sir.

The CHAIRMAN. Thank you very much, if there are no further questions.

We will go to the next witness. Mr. Haddock is the next witness. Mr. Hoyt S. Haddock. Is Mr. Haddock present?

(No response.)

The CHAIRMAN. We will then call Mr. Robert G. Hall.

You may have a seat, and please identify yourself for the record.

STATEMENT OF ROBERT G. HALL, OF BACHE & CO., NEW YORK CITY, REPRESENTING THE INTERNATIONAL TRADE SECTION, NEW YORK BOARD OF TRADE

Mr. HALL. Mr. Chairman and gentlemen, my name is Robert G. Hall of the firm Bache & Co., New York City, a member in good standing of the international-trade section of the New York Board of Trade. I am speaking on behalf of the international-trade section and will need approximately 10 minutes to present our statement.

The international-trade section of the New York Board of Trade representing steamship concerns, importers and exporters, wholesalers, and marine services retailers wishes to protest vehemently against the proposal to impose an import duty on frozen tuna as set forth in H. R. 5693. The reversal of policy embodied in this bill, if affirmed by the Congress, will lead to similar proposals which will impede and eventually destroy foreign commerce.

Senator MILLIKIN. Do you draw a distinction between "may" and "will"? You say in your statement "will." Do you mean "will"?

Mr. HALL. I would say "will."

1. Employment: In New York, where we have multitudinous member firms, we are vitally dependent upon the flow of commerce to keep our large port busy, to provide work for laborers in the port, for the trucking companies, warehouses, importers, exporters, and wholesale houses. Referring to exhibit A, which because of a lack of time we will not recite but which we wish entered as a part of this testimony, you will note that in 1948 a total of 29,938,000 tons of cargo moved in foreign commerce through the port of New York. At the same time 51,150,000 tons of cargo moved coastwise making a grand total of 81,088,000 tons, of which foreign commerce was 36.9 percent. According to the New York Port Authority's estimates, there are at least 250,000 persons directly engaged in or dependent upon the commerce of the port of New York. Any change in foreign commerce, therefore, has an immediate effect upon part or all of at least 92,000 wage earners and their families in our area.

Due to heavy investments in terminal and port facilities, a decrease in foreign trade throws a greater burden of overhead upon domestic coastwise shipping; costs are increased, the volume of traffic decreases, and further unemployment results.

In exhibit B, which we also wish to introduce but not recite, you will note that about one-half of the foreign commerce of the United States is carried in American-flag vessels. From exhibit A, about 27.8 percent of all ocean commerce of the United States is in foreign

trade. In exhibit C, the Maritime Commission estimated there were 100,000 persons employed on American-flag vessels in October 1947. Any changes in foreign commerce, therefore, bear directly upon some 14,000 American seamen and their families.

Summarizing the two estimates a bare minimum of 100,000 persons in New York and on American vessels are dependent upon foreign trade. This obviously does not take into account the numerous persons in other ports who are also dependent on foreign trade nor does it take into account secondary employment in railroads, truck lines, and communications; tertiary employment in domestic manufacturing and service industries where export merchandise is produced or where imported merchandise is the raw material.

Senator MILLIKIN. What percentage of the economy of New York would you say derives from foreign trade, and what percentage from our domestic economy?

Mr. HALL. I would find that very difficult to estimate, sir, because of the fact there are so many people in other industries in which a small part of it is foreign trade and a larger part is domestic trade.

Senator MILLIKIN. You would say the larger part relates to domestic industry, primarily, would you not?

Mr. HALL. The majority in New York; yes.

Senator MILLIKIN. Would you not say the overwhelming majority, would you not say 90 percent, something like that?

Mr. HALL. No; I would not say it would be that high, sir.

Senator MILLIKIN. How high would you say?

Mr. HALL. I would say 25 percent.

Senator MILLIKIN. Twenty-five percent?

Mr. HALL. It is dependent directly or indirectly upon foreign trade.

Senator MILLIKIN. You always have to consider not injuring the other 75 percent, do you not?

Mr. HALL. That is true.

Senator MILLIKIN. From the standpoint of foreign trade, your best policy, if that was all you were thinking about, would be complete free trade?

Mr. HALL. That is right, sir.

We submit that even if every fisherman in the Pacific Coast States Fisheries as shown in exhibit D were a tuna fisherman, their special interest does not balance out when compared to the interests of American citizens engaged in foreign trade. Actually, the number of tuna fishermen is about 5,000 and does not exceed 10,000 persons.

2. Value: We in New York have a vital interest in foreign commerce in terms of investment and value. Exhibit E gives the dollar values of goods moving in foreign trade in New York and in the United States. Please note that these figures are billions of dollars. The proponents of the legislation before you mention their interest in terms of less than \$100 million.

Senator MILLIKIN. Of that total how much rests on our giveaway policies and loan policies?

Mr. HALL. At the present time I would say that a fairly large proportion of it does rest upon the support that we are giving to foreign countries. And I submit that one of the reasons why our giveaway policies have to be so large is because we are unable or do not permit sufficiently large volume of imports into this country to compensate.

Senator MILLIKIN. What restrictions do we maintain, so far as imports are concerned, that are not reciprocal?

Mr. HALL. I am sorry, sir.

Senator MILLIKIN. What import policy have we that is not a liberal policy compared with that of other countries?

Mr. HALL. Well, I think our import duties, for example, point 1.

Point 2, I would say at the present time our price control legislation is such that a substantial volume of imports which might come into this country today cannot come in.

Senator MILLIKIN. The whole foreign trade consists of what all of the countries engaged in foreign trade do, is that not correct?

Mr. HALL. That is correct, sir.

Senator MILLIKIN. Now, are you making the assertion here that our policies in relation to the policies pursued by other countries is an illiberal policy?

Mr. HALL. To a degree; yes, sir.

Senator MILLIKIN. Well, make it a little more specific, if you please.

Mr. HALL. To take one example, my particular interest is Japan. American cotton moves into Japan perfectly freely. Textiles do not move into this country except with a substantial tariff.

So, therefore, at some point the difference has to be made up.

Senator MILLIKIN. What about the attitude of foreign countries toward the United States?

Mr. HALL. In general or specifically?

Senator MILLIKIN. Well, make it general and move to the specific. I do not advise going into the specific, because we will have to consider about 7,000 tariff schedules, but perhaps we can go into it generally.

If you are not prepared I can quickly bring some material that I believe will indicate to you that we are probably the most liberal country in the world so far as our tariff is concerned, generally speaking and a whole lot more liberal than probably any other country in the world, considering all of the restrictions that have the equivalent of import duties.

I am talking about import duties themselves. I am talking about quotas, import licenses, export licenses, monetary controls, the whole field of restriction.

I suggest the most liberal country in the world is ours, and that we do not get reciprocity from the rest of the world.

Mr. HALL. I would suggest that in that connection we should be.

Senator MILLIKIN. That we should be?

Mr. HALL. That we should be.

At the present time I believe that it is in our best interests to assist in every way possible to rebuilding of other countries in the democratic sphere.

Senator MILLIKIN. Do you believe that we are not and should be?

Mr. HALL. I think we are very liberal. I think we should be.

Senator MILLIKIN. Well, you do not adhere to the notion that we are maintaining a very discriminatory attitude toward the rest of the world?

Mr. HALL. I do not maintain we maintain a discriminatory attitude. I do not think we maintain quite as free an attitude as we should in our present position as a creditor nation.

Senator MILLIKIN. Does that not come back to the original proposition, that so far as New York shipping is concerned it would be an ideal?

Mr. HALL. Yes.

Senator MILLIKIN. You are reaching toward that ideal, so far as New York shipping is concerned?

Mr. HALL. New York shipping and New York banking and New York servicing and warehouses.

Senator MILLIKIN. And brokers and insurance?

Mr. HALL. Insurance, everything else.

Senator MILLIKIN. And warehouses, shipowners, all who want to move the stuff in bottoms?

Mr. HALL. That is right, sir.

Senator MILLIKIN. All who gain by moving this stuff in the bottoms, in the first instance, regardless of whether that might be profitable for the whole economy of the country.

Mr. HALL. Well, of course, we believe that the approach, the nearest approach possible to the free-trading policy is the best policy for the country as a whole.

Senator MILLIKIN. That is because you are in the business of shipping.

Mr. HALL. That is true. My own company is in the business of financing shipping, importing, exporting, and all types.

Senator MILLIKIN. If you had a ship your primary interest would be to keep it filled, and get it out and coming back, is that not right?

Mr. HALL. That is right.

Senator MILLIKIN. If you do that, you are apt to be in a profitable business, but the internal repercussion of that kind of a policy, spread over the whole economy of the country, might be something very much different.

Mr. HALL. It might, sir. I get to that a little bit later, particularly with reference to Japan.

Senator MILLIKIN. You are worried about this tuna tariff. I have listened to what you have had to say. I am not worrying yet, but I am very curious what your worries will be if we should ever get to the point where we have to restrict our giveaway and our phony loan policy. Then you will have a worry, will you not?

Mr. HALL. Well, definitely we will have a worry if we are unable due to certain policies such as this tariff policy on tuna fish, to bring in merchandise to this country which will give these other countries the dollars with which to purchase such items as our farm products, which are an essential part of our economy.

Senator MILLIKIN. Am I not correct in this, that you need not worry unduly about that so long as we give the other countries the money with which to buy our products?

Mr. HALL. May I say that I do not agree with that policy completely. I believe that the other countries should be permitted to earn sufficient dollars to be able to buy them on their own.

Senator MILLIKIN. That is why I asked you a while ago what percentage of your business represents the giveaway.

Mr. HALL. I think today it is a very high percentage.

Senator MILLIKIN. I suggest to you, you have much larger worries than the worries about a small business like the tuna-fish business. You really have something to worry about when we seriously restrict,

if we ever do, the phony loan and giveaway policies of our Government.

Mr. HALL. I think that is perfectly true. Then we will get much more worried.

Senator MILLIKIN. But you have lots of trade so long as we are willing to give the other fellow the money to come and get the goods from us. Why, there will be no limit to the trade except the limits that are on us on giving the money to foreign countries to buy goods from us.

Mr. HALL. We are already losing that. For example, our principal business in my own firm is with Japan where we have quite a substantial interest. In the last budget of the Government of Japan they have purposely excluded the purchase of the originally estimated quantities of wheat, cotton, of soybeans, of barley, and of rice from the United States because they cannot create the dollars to pay for them. So we are already beginning to feel that.

Senator MILLIKIN. To the extent that we do not give them the money they will not buy here unless they can buy here cheaper than they can buy some place else, is that not correct?

Mr. HALL. Well, in certain instances they cannot buy anywhere else.

Senator MILLIKIN. If they cannot buy any place else, they have to buy from us.

Mr. HALL. Or China.

Senator MILLIKIN. Or do without.

Mr. HALL. Or China.

Senator MILLIKIN. Or China. That is No. 1. But if they have a field where they can buy where they want to buy, and if they are not operating on the give-away, if they buy where it is the cheapest, they will do so, is that not true?

Mr. HALL. Well, Japan today is operating to a limited extent on the give-away.

Senator MILLIKIN. I suggest a very substantial respect. We have an army over there that pours millions and millions and millions of dollars every year into Japan.

We have the whole Korean program which centers itself in Japan. We have various aid programs which we have made available for Japan.

I am not worried about what we are doing now, as much as I am worried about what is going to happen when we have to stop it or seriously restrict it.

That is why I have been talking here about quotas and other things. I mean if you have any thought in your head that we are not in the main supplying the principal stimulus to the Japanese economy, you are very, very much mistaken.

Mr. HALL. Oh, no, I have no question about that. I just came back from Japan.

Senator MILLIKIN. Well, I suppose then you are a 10-day expert on the subject.

Mr. HALL. No, sir; far from it.

Senator MILLIKIN. Are you going to write a book?

Mr. HALL. No, sir.

Senator MILLIKIN. Good, good.

Mr. HALL. I know enough to know what I do not know.

In exhibit F are given the international trade values involved with the 10 Central and South American countries off whose shores most of the domestic tuna is taken. In addition, trade with Japan (a large producer of frozen tuna) is shown. The totals for these 11 countries are 10 percent of our total foreign trade and except for Guatemala in 1947, and El Salvador and Colombia in 1949, they are in each instance more valuable customers for our exports than we are for their exports. This is to a great extent due to the character of the merchandise involved—their exports are largely raw materials while our exports are largely manufactured products with values added by American labor and capital in domestic industries. For example, the value of canned tuna is approximately double the value of frozen tuna.

It should also be pointed out that Japan purchases from the west coast quantities of wheat, barley, and rice, none of which are available to her from China.

Exports to Japan from California, Oregon, and Washington for the first 10 months of 1951 were, according to United States customs records, wheat \$48 million, barley \$32 million, rice \$3 million, cotton \$13 million, total \$96 million. Total frozen Japanese tuna imports were \$5 million for the same period.

Lest you assume that fishery products move only into the United States, your attention is invited to United States Department of the Interior, Fish and Wildlife Market News Service New York Report No. 20, of January 29. The exports of canned sardines for 11 months of last year totaled 120 million pounds. Many of these sardines were caught by west coast fishermen and canned by some of the very same canners who are petitioning for prohibitive duties on frozen tuna.

Exhibit G, portrays the inflation of prices of manufactured goods and the deflation of imported crude materials in the United States from 1947 to 1949 with the consequent drop in tonnages handled by our seamen, stevedores, and longshoremen. Furthermore, the ability of foreign countries to buy our products depends directly upon their ability to sell us their exports. The proposed tuna tariff is calculated to prevent the importation of the product, else it has no protection value. If, as the proponents allege, it merely raises the costs of foreign producers so that their earnings are restricted then they will be able to buy a lesser amount of our exports. In either event the tonnages handled are reduced to the detriment of the groups we represent.

Senator MILLIKIN. Assume that they are restricted in their ability to buy our own products, is it not the man who works here who is safeguarded by a tariff bettered in his ability to buy our domestic products?

Mr. HALL. To a degree, but I think that is something that should be studied very carefully. That is, the balance between the two, I mean.

Senator MILLIKIN. Most assuredly, yes.

Mr. HALL. 3. Foreign policy: Next, we wish to introduce exhibit H which in a very practical way portrays cause, effect, and end result of the questions we have raised in the foregoing paragraphs. In column 3 of the first page of the Wall Street Journal for January 29, 1952, we are informed that South Africa in cooperation with other members of the British Commonwealth has decided to restrict their imports from the United States to the value of their exports to us. This action immediately reduces our export volume. Any reduction

in imports from them caused by trade barriers would result in a further reduction of volume.

Senator MILLIKIN. Has the British Empire reduced its inter-Dominion preferences?

Mr. HALL. Not that I know of, sir.

Senator MILLIKIN. Still the same old thing.

Mr. HALL. But they have substantially started to reduce their purchases from us.

Senator MILLIKIN. Until recently, we have substantially reduced the amount of our give-away. That is what we talked about a while ago. But \$300,000,000 is not gold, and we were told that we would not be asked for any gold. But the very distinguished gentleman whom I wish we could lease while lending some other people—the very distinguished gentleman had hardly gotten on the boat until we pushed \$300,000,000 down their throats. That should make you happy. That will increase our trade.

Mr. HALL. Well, I think I will refer to that in just one moment.

In column 2, same page, same issue, we learn that \$300,000,000 of taxpayers' money is being exported to Britain to finance the export of American products to Britain. We submit that the average taxpayer would much prefer to have British goods in hand rather than an I O U of dubious value.

Senator MILLIKIN. I suggest that he would rather have the \$300,000,000.

Mr. HALL. Of the three choices.

Senator MILLIKIN. Of the three choices.

Mr. HALL. Yes.

Senator MILLIKIN. If you do not believe so, go out and talk to the taxpayers. That is one thing that we who work on this rockpile here know quite a little about.

Mr. HALL. As a matter of interest, by increasing our imports to the level of our exports, we could recoup at least half of the \$7,328 million appropriated in 1951 for military and economic aid to our allies. On the other hand, the path we are asked to follow as exemplified by H. R. 5693 can only lead to larger appropriations for economic aid and a further drain on our pocketbooks. To add to our woes, we in the international trade industries would be less able to earn the increased taxes when handling reduced volumes.

You may say "What has the British problem to do with tuna?" From other testimony you will have learned that Japan's exports of tuna are second in importance only to silk and Peru's exports rank fifth in her trade with us. If trade with Japan is stifled the difference must be made up with direct appropriations or she will be forced to trade with Russian satellites and a goodly portion of the cold war will have been lost.

Senator MILLIKIN. I think there you posed a very serious problem.

Mr. HALL. I think that is one of the most serious problems.

Senator MILLIKIN. We cannot shut Japan out of southeastern Asia. We cannot shut her out here. The United Nations cannot shut her out of a Communist nation without something exploding some place. So that does not mean not to put any tariff on. That does not mean not to put any quota on. It means that we have to know pretty well what we are doing.

Mr. HALL. It means we have to study pretty carefully the possible alternatives.

Senator MILLIKIN. Yes.

Mr. HALL. Prewar, Japan depended upon China and Manchuria for raw materials and as markets for finished goods, particularly in metals and textiles. All of this has been wiped out by communism in China and by our insistence that our allies do not trade with Communists. Japan's silk market has been largely lost to nylon and similar synthetics. Toy manufacturers are actively attempting to exclude Japanese products as are textile manufacturers.

During the period 1945 to 1950, our economic aid grants to Japan totaled \$1,505 million and was primarily intended to rehabilitate the economy of Japan as a bulwark against Communist aggression. Even so, Japan is desperately short of capital to carry out manufacturing. Consequently, she must depend upon exports of crude materials, the most important of which are fishery products, to sustain her economy. Otherwise, in the face of certain starvation, she must trade with China contrary to our desires, since the only market of consequence for tuna lies in the United States.

Having spent over \$1½ billion and gained tremendous good will in Japan, you are now asked by the 5,000 or so tuna fishermen of the west coast to adopt a new policy, which if followed consistently might lead to pushing Japan and her 83,000,000 people into the Russian trade orbit.

If this is the desire of the Congress our next problem will be the defense of the Western Hemisphere where, again, a serious blow will have been made against our southern neighbors.

Senator MILLIKIN. You posed a main problem there. You are making the argument a sort of black-and-white argument, and with 10,000 shades in between, but you are posing the main proposition, Shall we undertake to underwrite the economy of Japan to keep her from falling into the Communist orbit? That is something that has to be given a lot of thought.

Mr. HALL. Sir, I submit it is a little more subtle than that. At the present time I believe that we have gained a tremendous friendship in Japan.

The second thing is that we wish to have Japan as our western ally.

Senator MILLIKIN. That is right.

Mr. HALL. In the Pacific. Knowing the psychology of the Japanese, they are a very proud people, and they wish to stand on their own two feet.

In order to stand on those feet at the present time, they must import from the United States many of the materials that they used to get in China. To pay for those they have got to be able to ship materials to the United States.

Senator MILLIKIN. I come back to my original proposition that your argument, carried perhaps to its extreme, is that to keep Japan out of the Russian orbit we may have to underwrite her whole economy. And I do not believe that we are ready to do that, and I do not think that we are ready to abandon Japan.

I think we will find our answer some place in between.

Mr. HALL. Given a good break, Japan will very soon be able to stand on her own feet.

Senator MILLIKIN. I certainly hope so.

Mr. HALL. We will have to help her.

Senator MILLIKIN. I would be the last person in the world to say that having a peace treaty, which I suppose we will have pretty soon, that we should thereupon abandon all interest in Japan. At the same time, I want to suggest that the American people will not stand for a complete underwriting of the Japanese economy no matter what form it may take.

Mr. HALL. In short, the step you have been asked to take by a very small special interest group is only the first on a path leading in the opposite direction to what we have been following.

Finally, we wish to remind you that this bill was passed through the House of Representatives with little thought as to the consequences which we firmly believe merits a thorough and exhaustive study from both the domestic and international aspects. The United States Tariff Commission is eminently qualified and sufficiently staffed to speedily determine whether 5,000 tuna fishermen have sustained injury serious enough to warrant protection. If this is true, which we doubt, the entire question is of great enough importance to be placed before the Inter-American Tropical Tuna Commission created specifically to look into this matter. Then, and only then, do we think that legislative action is justified.

Senator MILLIKIN. Who are the members of this Inter-American Tropical Tuna Commission?

Mr. HALL. I am not familiar with that, sir, for which I apologize.

Senator MILLIKIN. You are not recommending that we put our fortunes in the hands of a commission that you do not know anything about?

Mr. HALL. Well, I regret that, but that was the recommendation of the board of trade.

Senator MILLIKIN. Those ghost writers will slip something in on you.

Mr. HALL. They will slip something in that I do not know. However, I will have that information for you.

In summary, we protest the passage of H. R. 5693 upon the following grounds:

1. The reversal of policy in considering tariff questions in the Congress prior to complete and exhaustive studies will deluge the Congress with similar proposals from other industries.

2. The imposition of trade barriers will directly affect at least 100,000 persons in New York and on American flag vessels.

Senator MILLIKIN. Probably the reason why we are not being deluged—we have some requests all of the time—is because this particular subject is not covered by trade agreements. In other fields many of them are covered by trade agreements, and where that is true the normal course is to put it through the Tariff Commission for escape-clause procedure.

Mr. HALL. 3. Trade costs, both international and national, will be increased by reducing foreign trade.

4. A reduction in imports imposes further burdens upon American taxpayers in supporting our allies.

5. Any questions altering trade procedures in effect since 1934, deserve the most careful scrutiny by the best talent available for the specific problem.

The CHAIRMAN. If there are no further questions, we thank you, sir, for your appearance. And your exhibits will be incorporated into the record at this point.

Mr. HALL. Thank you, sir.

(The exhibits referred to are as follows:)

SOURCES

Exhibits A, B, C, E, F from Statistical Abstract of the United States 1950, United States Department of Commerce, Bureau of Census, tables cited.

Exhibit D from Pacific coast fisheries, 1949 annual summary CFS No. 653, Department of the Interior, Fish and Wildlife Service.

Exhibit G, author's summation of data in exhibits B and F.

Exhibit H, the Wall Street Journal, volume No. 24, New York, January 29, 1952.

EXHIBIT A

TABLE 630.—*Commerce of principal United States ocean ports, 1948*

[In thousands of short tons of 2,000 pounds]

| | Imports | Exports | Coastwise | |
|----------------------------|---------|---------|-----------|-----------|
| | | | Receipts | Shipments |
| New York Harbor..... | 19, 678 | 10, 200 | 42, 238 | 8, 912 |
| Total, United States | 68, 078 | 65, 404 | 172, 453 | 172, 478 |

EXHIBIT B

TABLE 646.—*Water-borne imports and exports*

[In thousands of cargo tons of 2,240 pounds]

| | Total | Imports | | Total | Exports | |
|-----------|---------|----------|---------|----------|----------|---------|
| | | American | Foreign | | American | Foreign |
| 1947..... | 52, 860 | 33, 645 | 19, 215 | 110, 997 | 54, 520 | 56, 477 |
| 1948..... | 60, 193 | 36, 186 | 24, 007 | 78, 850 | 30, 805 | 48, 045 |
| 1949..... | 69, 078 | (1) | (1) | 64, 104 | (1) | (1) |

¹ Not available.

EXHIBIT C

TABLE 645.—*Estimated average monthly employment¹ on American-flag merchant vessels*

| | |
|------------------|----------|
| 1946..... | 127, 175 |
| 1947 (Oct.)..... | 100, 000 |

¹ Represents personnel employed on active steam and motor merchant vessels of 1,000 gross tons and over engaged in deep-sea trades.

EXHIBIT D

CFS No. 653.—*Annual summary*

| | Washington | Oregon | California |
|-------------------------|------------|--------|------------|
| Fishermen: | | | |
| On vessels..... | 5, 556 | 1, 868 | 10, 401 |
| On boats and shore..... | 7, 397 | 3, 419 | 5, 399 |

TUNA IMPORTS

EXHIBIT E

Comparison of foreign commerce, New York versus United States

[In thousands of dollars]

| | Exports | Imports |
|--|------------|-----------|
| Table No. 1022, New York, 1947..... | 6,030,822 | 2,321,584 |
| Table No. 1020, total United States..... | 14,429,747 | 5,756,333 |

EXHIBIT F

TABLE NO. 1020, 1947

[In thousands of dollars]

| | 1947 | | 1949 | |
|--------------------|------------|-----------|------------|-----------|
| | Exports | Imports | Exports | Imports |
| Mexico..... | 629,898 | 246,689 | 462,417 | 244,081 |
| Guatemala..... | 41,377 | 44,042 | 44,859 | 43,297 |
| El Salvador..... | 28,433 | 27,468 | 25,837 | 40,214 |
| Honduras..... | 29,901 | 11,577 | 33,569 | 15,217 |
| Nicaragua..... | 17,403 | 8,963 | 15,708 | 6,697 |
| Costa Rica..... | 35,053 | 20,693 | 26,997 | 22,365 |
| Panama..... | 172,162 | 6,710 | 116,740 | 11,190 |
| Colombia..... | 218,931 | 205,628 | 175,875 | 241,470 |
| Ecuador..... | 39,996 | 18,463 | 32,375 | 17,092 |
| Peru..... | 91,561 | 41,701 | 86,172 | 40,257 |
| Total..... | 1,304,715 | 631,964 | 1,019,549 | 681,880 |
| Japan..... | 60,075 | 35,403 | 467,519 | 81,966 |
| Total..... | 1,364,790 | 667,367 | 1,487,068 | 763,846 |
| All countries..... | 14,429,747 | 5,756,333 | 12,000,202 | 6,626,221 |

Source: Department of Commerce, Bureau of Census, Annual Reports, Foreign Commerce and Navigation of the United States, and records.

EXHIBIT G

| | 1947 | | 1949 | |
|------------------------------|------------|-----------|------------|------------|
| | Exports | Imports | Exports | Imports |
| Total dollars..... | 14,429,747 | 5,756,333 | 12,000,202 | 6,626,221 |
| Total tons..... | 110,997 | 52,860 | 64,104 | 69,078 |
| Dollars per ton..... | 130 | 109 | 187 | 96 |
| Total commerce, dollars..... | 20,186,080 | ----- | ----- | 18,626,423 |
| Total tons..... | 163,857 | ----- | ----- | 133,182 |
| Dollars per ton..... | 123 | ----- | ----- | 140 |

EXHIBIT H

SOUTH AFRICA READIES NEW "AUSTERITY" PLAN TO CHOP UNITED STATES IMPORTS—BUSINESSMEN FEAR CUT AS HIGH AS 75 PERCENT HALT IN CONSUMER GOODS BUYING FROM STATES

(By Betram A. Keene)

JOHANNESBURG.—Americans who sell to South Africa are about to take a drubbing.

Government orders to slash the buying of United States goods by perhaps as much as 75 percent are expected by businessmen here. The cuts will be among the steps South Africa plans to take to help relieve the economic crisis threatening the pound sterling. They were mapped at the conference of British Commonwealth finance ministers which ended in London last week.

Last year South Africa bought \$250 million worth of goods from the United States. It is understood here that the Government plans to try to equate im-

ports and exports to the dollar area—using the gold production that used to cover its dollar-trade deficit to bolster the sterling area's dwindling gold and dollar reserves.

Since exports to the United States amounted to only \$98 million last year, a cut of something like \$150 million in imports in 1952 is indicated. Prospects for the expansion of exports are limited.

NEWS, WORLD-WIDE—BRITAIN WILL GET \$300 MILLION IN ECONOMIC AID
FROM THE UNITED STATES

The funds will come from the Mutual Security Act of 1951, which appropriated \$7,328 million for military and economic aid to United States allies, Mutual Security Director W. Averell Harriman announced. Britain can spend the money for "raw materials and components" up until July 1. While the funds come from the amount set aside by Congress for military assistance, Britain in turn will apply an equivalent amount of sterling to its defense program.

Britain has asked for \$600 million. Harriman said that without the \$300 million grant, Britain would have been forced to reduce its defense program "by more than twice as much."

The CHAIRMAN. Has Mr. Haddock come into the room?

(No response.)

The CHAIRMAN. We will next hear from Mr. Benjamin M. Ichiyasu. Is he in the room?

(No response.)

The CHAIRMAN. Then we will insert in the record a letter from Mr. Ichiyasu, which he sent in, presumably, in lieu of his personal appearance. It consists of two pages with an exhibit attached to it, that will be incorporated in the record at this point.

(The letter dated Oct. 16, 1951, from Benjamin M. Ichiyasu, is as follows:)

TORRANCE, CALIF., October 16, 1951.

Re H. R. 5693—To impose 3-cent-per-pound duty on frozen and fresh tuna.

Senator WALTER GEORGE,

*Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.*

DEAR SENATOR GEORGE: I urgently request that you prevent any congressional action during this session on the ill-advised tuna legislation to impose a stop-gap duty on imported frozen tuna. The H. R. 5693 rushed through the House of Representatives on October 15, 1951 by representatives of a minute segment of the tuna industry in California in complete disregard for the general welfare of the American public is an extremely discriminatory legislation which, if approved, will effectively nullify a great deal of the commendable task of democratizing Japan accomplished heretofore by the Department of State and the American occupation forces under General MacArthur.

The proposed tuna legislation is a product of willful disregard of the best interests of the American people by a segment of the tuna industry because of reasons as follow:

1. It is diametrically contrary to the pronounced foreign policy of our Government to revive and increase trade with friendly nations.

2. Passage of the legislation will ultimately burden the American people with higher taxes needed to give financial grants to economically unstable friendly nations.

3. Although the vast majority of the American public is entirely unaware of this legislation, keen interest is evident in Japan to evaluate the democratic principles and ideals proclaimed by our country as compared with its actual application in the States.

4. Importation of fresh and frozen tuna is not the principal cause for the temporary stagnation of the tuna industry.

5. The unwarranted 3-cent-per-pound duty on tuna will result in serious dislocation of the entire national economy of Japan while it anticipates only theoretical and conjectual relief to less than 5,000 full-time American tuna fishermen.

6. Discriminatory tariff barriers will kill the projected voluntary revision of Japan's tuna export procedure designed to eliminate any cause for complaint by even the most radical opponents of foreign tuna imports.

It is requested that you study the enclosed copy of my letter to Senator Nixon of California which explains in further detail the situations mentioned in the above paragraph.

It is my firm conviction that the leaders of the tuna industries of the principal tuna producing countries must expend greater effort to familiarize their foreign counterpart of business conditions of vital importance to the healthy development of the world tuna industry. Problems affecting the well-being of the tuna industries must be solved by conducting frank, open-minded exchange of ideas, and through negotiation. Tariff restrictions on foreign products are justifiable as a last resort only after concerted efforts to negotiate an amicable solution have failed. In this respect, it is unfortunate that the delegates of the Japanese tuna industry who took the initiative to visit this country in an effort to acquire a better understanding of the problems confronting the American tuna industry were given the proverbial "cold shoulder" by the American tuna industry.

I am personally well acquainted with a great many of the organizations and individuals in the American tuna industry and am familiar with their varied problems. Also, my assignment in Japan for over 2 years as head of the fishery export department in the economic and scientific section of General MacArthur's headquarters enables me to acquire a keen appreciation of the numerous possibilities available for cooperation and goodwill between the tuna industries of the two countries.

I request that my letter be incorporated in the committee record. I also wish to present factual conditions before the hearing committee which will clarify the entire tuna situation, and to submit a constructive plan of action that I am confident that it will be favored by the Senate Finance Committee and acceptable to the American tuna industry.

Please inform me of the time and place the committee will conduct hearings on the tuna legislation at which time I wish to elaborate in greater detail on the complex tuna situation.

With sincere personal regards, I remain,
Very truly yours,

BENJAMIN M. ICHIYASU,
First Lieutenant Infantry, Retired.

TORRANCE, CALIF., *October 16, 1951.*

Re legislation to impose 3-cent-per-pound duty on fresh and frozen tuna introduced by Representative Camp and passed by the House of Representatives on October 15, 1951

Senator RICHARD NIXON,
Senate Office Building, Washington, D. C.

DEAR SENATOR NIXON: I urgently beseech you to reject the discriminatory tuna legislation which was literally railroaded through the House of Representatives by special interests in the tuna industry of California on the exaggerated pretext that importation of frozen and fresh tuna will destroy the American tuna industry. The proposed legislation is diametrically contrary to the foreign policy of our country and to the best interest of the general American public. Should the true facts underlying the sordid attempt to use tuna imports as the principal cause for the temporary stagnation of the American tuna industry is ever revealed, real Americans who eat, sleep, talk, act, and cherish the fundamental democratic principles on which our country is founded will be greatly horrified at the ease in which it is possible for special interests to drum up sufficient noise to force passage of legislation detrimental to the general welfare of the American people.

Importation of frozen tuna from Peru and Japan is not the principal reason for the temporary slack in the tuna industry. The main causes contributing to the decrease in the sale of canned tuna can be stated as being due primarily to the cut-throat competition between dominant tuna canners in an attempt to expand their own market and squeeze the smaller canners out of business, economic dislocation due to national change-over from civilian to defense production, seasonal slack years peculiar to the tuna industry, and lastly to tuna imports.

The American tuna industry enjoyed the benefits of a very profitable tuna market in 1950. This year the leading tuna canners (there are three dominant tuna canners in the States) embarked in the distribution of its products into sales territories services extensively by its competitors and smaller canners who retaliated by meeting the lower prices and thus started a price war in the principal

canned tuna markets in the States. Instead of increasing the volume of sales the market was thrown into confusion due to various combinations of factors such as the steady decline in price, domestic economic conditions, reclassification of canned bonito previously considered as tuna, foreign imports, etc. Naturally reluctant to accept any responsibility for the decline in the sale of canned tuna, the leading tuna companies use tuna imports as a convenient scape-goat to absolve themselves in the eyes of the tuna fishermen and boatowners.

Due to financial limitations, the tuna boatowners and fishermen's organizations are restricted in their efforts to conduct a thorough survey of actual market conditions prevailing in important canned tuna distribution areas and must rely on Government statistics of a general nature and piece-meal information the local tuna canning firms may condescend to release. Based on meager data culled from general statistics and reports of an alarming nature obtained from local canners, the local tuna fishermen have been goaded into believing that tuna imports from Japan are the dreaded Frankenstein about to descend upon them at any moment to snuff out their livelihood. As a result they are the chief unwitting supporters of the bill to impose duty on frozen tuna.

Under circumstances wherein the chief supporters of the legislation cannot venture even a wild guess as to what percentage of the decline in the tuna sales can be attributed to tuna imports. Congress must not take any legislative action during this session, stopgap or otherwise, until detailed investigation proves beyond a reasonable doubt that importation of tuna actually threatens the existence of the domestic industry. The Senate should return the highly discriminatory bill to the House with instructions to conduct a detailed survey of actual conditions of not only the production end but the more important canned tuna distribution centers in order to obtain a true picture of the entire tuna industry. A more complete study by the United States Tariff Commission and the Fish and Wildlife Service will be available when Congress reconvenes in January at which time Congress will be better equipped to initiate a judicious decision. Any action taken before this matter is given thorough investigation will be a catastrophic mistake for which the American people will be forced to pay higher taxes to support economically unstable friendly nations and higher food prices for years to come.

The actual quantity of frozen tuna imported into the States by foreign countries is considerably less than is indicated by the Fish and Wildlife Service of the Department of the Interior since tuna caught by American fishermen on American vessels and transshipped into the States from Central and South America is classified for recording convenience as an importation. An increasing number of American fishing vessels utilize the transshipment method to deliver their fish to the canneries. Contrary to the greatly overinflated propaganda estimates such as a flood of over 90 million pounds of foreign tuna claimed to be inundating the domestic industry, the official Fish and Wildlife statistics as of July of this year show only 31 million pounds imported which is only 15 percent of the domestic production. Included in this figure are the sizable shipments of tuna caught off the Central and South American waters by American fishermen. Naturally, the chief supporters of the tuna legislation do not mention these facts. Also, contrary to widespread propaganda denouncing the importation of cheap Japanese tuna the American canners actually pay a higher price for Japanese tuna than for locally caught tuna. The American canners do not divulge the prices they pay for imported tuna and do not want the American fishermen to know that they pay from \$30 to \$50 per ton more for Japanese tuna than they do for the local product. I will be happy at any time to produce incontestible evidence confirming this fact.

If the elected representatives of the American people dilute their prime duty as an American and condone the practice of approving legislation detrimental to the best interest of the entire country whenever a small segment conducts a campaign for enhancement of their own special interests, the fundamental principles upon which our country is founded will become a mockery. If such conditions prevail in the United States, sooner than the American people believe, the democratic ideals and principles our leaders are preaching to other countries will fall on cynical ears. The Soviets certainly do not practice what they preach. The overwhelming majority of the American people have no desire to imitate the very practices for which we condemn the Communists.

I request that you as an American leader with great wisdom dedicated to the noble task of safeguarding the democratic principles of our country, vote against this discriminatory tuna legislation and recommend further investigation of the matter by appropriate government agencies.

With sincere personal regards, I remain,

Very truly yours,

BENJAMIN M. ICHIYASU,
First Lieutenant, Infantry, Retired.

The CHAIRMAN. We will next hear from Mr. Baar.

You may have a seat, and please identify yourself for the record.

STATEMENT OF EMIL N. BAAR, BAAR-BENNETT & FULLEN, NEW YORK, N. Y.

Mr. BAAR. My name is Emil N. Baar. I have no prepared statement. I am going to discuss this matter from notes.

I represent the Council on Tuna Exports of Tokyo and Japan, a nonprofit organization.

In so doing, sirs, I fully appreciate the extreme delicacy of the obligation I have undertaken in urging before this committee opposition to the pending bill by interests of aliens whose home country, technically, is still at war with my own country.

This is even more high lighted by the fact that the subject of the measure seems to be of great importance to the citizens of our own country, whether they are for or against its passage.

I propose, with the permission and indulgence of this committee, to carry out this obligation to the best of my ability.

May I take this opportunity to express, also, my personal appreciation of your willingness to hear briefly the alien side of this question by which act this committee illustrates so well the American tradition and spirit of fair play.

Since the almost complete elimination of the Japanese silk industry by the discovery and the wide manufacture and use of nylon and associated products, the chief natural resource of Japan has been its fisheries, and tuna has been the chief species of its export trade.

In relation to Japan's export business with the United States, the amount of the tuna export business is small, but it produces a most important contribution to and support for a stable economy within that country, since from that industry there is a greater return in terms of retained dollars than results from its other exports which are based on materials imported into Japan, manufactured, and then reexported.

Permit me to record that the total export of frozen tuna, tuna packed in brine and in oil, f. o. b. Japan, during 1950, was \$13,000,000, and in 1951 just under \$9,000,000.

The CHAIRMAN. Is that for the full year, or 11 months?

Mr. BAAR. No; that is an estimate. It is 11 months definite and the 12 months is estimated. That is an estimated figure for the full year.

The CHAIRMAN. The full year?

Mr. BAAR. Yes.

Senator MILLIKIN. Is that the landed price?

Mr. BAAR. That is f. o. b., Japan; yes, sir.

The latest available figure of United States consumption of tuna is for the year 1949, and that indicates that the United States consumption in that year was \$155,000,000, or about that figure, and from everything that we have heard it is expanding rather rapidly.

We are concerned here with frozen tuna. Although Japan exports several species of frozen tuna to this country, the one which predominates is albacore. Japan does not use albacore for domestic consumption. That is the albacore, which is the white-meat tuna.

It uses the other species which are known as light-meat tuna, although they are actually domestically in Japan called the dark-meat tuna.

This country imports no appreciable amount of albacore from any single country, other than Japan.

The following figures may be of interest, their source being the statistics of the Ministry of Commerce of the Japanese Government.

In 1950, tuna landings in Japan were 153,247 tons. Of that amount, 32,630 tons was albacore. And of that amount, 6,470 tons was exported to the United States, at an average price—this is the average price throughout the year—of \$405 a ton. That is the price landed here, making a total of \$2,620,000 in that year.

In 1951, we have the figures for 11 months definite and 1 month estimated. The total landings of tuna in Japan were 178,400 tons, of which 33,000 was albacore, 14,473 tons exported to the United States, at an average price landed here of \$355 a ton, making a total of \$5,137,000 in that year.

Senator MILLIKIN. Are you prepared to tell us what percentage of our whole domestic market is occupied by the Japanese export of tuna?

Mr. BAAR. Well, sir, I have given you a figure for 1949 indicating \$155,000,000 market here in that year.

Senator MILLIKIN. Is that the consumer level?

Mr. BAAR. That is the consumer level. That is the last figure available. Those are from one of our Government bureaus.

The CHAIRMAN. Since then the consumption has gone up?

Mr. BAAR. I am informed, sir, that it has gone up. I understand today the best statistical data available indicates that. Anything I might say would be a guess, and I would hesitate to state.

Senator MILLIKIN. Your exports have increased also during these last couple of years?

Mr. BAAR. Yes. The exports of albacore, that is, frozen albacore brought in, in 1951, was 14,400 tons as compared with 6,470 the year before.

Senator MILLIKIN. Can you give us the comparative figure, say, with 1939?

Mr. BAAR. I may be able to give that to you, sir.

Senator MILLIKIN. You see what I am driving at?

Mr. BAAR. I think so. I have a figure here for 1937.

In that year 5,387 tons of albacore came into the United States from Japan.

Senator MILLIKIN. Representing what percentage of the whole market here, would you say?

Mr. BAAR. That I do not know.

During the existence of the trade agreement with Mexico, Japan, along with all other fish-exporting countries, enjoyed a tariff concession which made the duty 22.5 percent ad valorem on tuna packed in oil.

Upon the termination of the Mexican agreement on January 1, 1951, the restoration of the statutory duty of 45 percent effectively prevented the exportation from Japan of that commodity upon any profitable basis.

There remained to that country the exportation of tuna packed in brine and frozen tuna. And it is this latter product now duty free which is the subject here, of course, under consideration.

Senator MILLIKIN. Can you give me the same kind of comparative figures that I requested a moment ago as to the tuna packed in brine, the last year, say, as against 1939?

Mr. BAAR. I think I can give you that; yes, sir.

Senator MILLIKIN. There was not any tuna packed in brine to speak of back in 1939, was there?

Mr. BAAR. Not in 1939. The curious thing about that entire picture is that originally the tuna industry as it was founded in this country, the original pack, was in brine. That was back in the early part of the century, I think around 1906 or 1907. It did not take hold.

Then tuna came in from foreign countries. And in 1932 a sample shipment was sent here from Japan which did not take hold. There has never been any real market in the sense of tuna in oil for tuna in brine until the door was shut on tuna in oil. Then in 1951, the door having been closed on tuna in oil, the tuna in brine exports rose very substantially.

Senator MILLIKIN. Then I would like to say to our technician that I would like to see the figure for the first year that they commenced to come in here in quantity.

Mr. BAAR. I have here the report of January 9, 1952, of the Fish and Wildlife Service which tells us that in 1948, 13,000 pounds of tuna in brine came in; in 1949, 79,000 pounds came in. That was one-tenth of 1 percent of the total available supply for domestic consumption.

In 1950, 381,000 pounds, or two-tenths of 1 percent of the total available for consumption.

And then in 1951—and this is an estimated figure, but even if it errs a few points up and down, I do not think it will make any difference—9,000,000 pounds came in, 5.3 of the total available supply for domestic consumption.

Senator MILLIKIN. Thank you.

Mr. BAAR. As I said a moment ago, there remained to that country the exportation of tuna in brine and frozen tuna. That was when the tuna in oil duty went to 45 percent. That is what we are concerned with here.

Tuna in brine is now dutiable under a tariff concession agreement with Iceland at 12.5 percent ad valorem, but that item is now before the United States Tariff Commission upon an application which, if successful, will increase that duty by 100 percent to the statutory rate at 25 percent ad valorem.

There is, also, pending in the Congress a bill making all imported canned fish, including tuna, dutiable at 45 percent.

The combination of the Tariff Commission proceedings and these pending bills if ultimately effective as law would create such an impenetrable tariff barrier as to bring about the almost complete destruction of the Japanese export trade in tuna, the importance of which to Japan, I have already pointed out.

Furthermore, the result of such a tariff structure not only on some of our neighboring nations, but also on the canning industry located in this country, in areas other than on the west coast, the latter of whom are wholly dependent for their operation on the imports of frozen tuna, is something, we believe, that is worthy of serious consideration.

Now reverting to albacore, may I point out something that has been said here a number of times, that there is a limited world supply. And it is of all of these species of tuna the most elusive.

It now constitutes about 85 percent of the frozen tuna imported from Japan. It is the choice white-meat tuna so highly sought by the packer here for his consumer trade.

I would like to point out, with all of the emphasis at my command, that at no time, except for a period of 1 month in 1948, did the Japanese albacore ever sell at a price below that of the domestic catch of the frozen tuna supplied to the canner here by the domestic fishery. Yet the American canner has been a consistent and persistent buyer of Japanese frozen tuna and is even buying it today.

Senator MILLIKIN. Let me ask you this: If it had not been for those imports, would you say that the price would not have increased? You have said that he never sold for less.

Mr. BAAR. That is right.

Senator MILLIKIN. In the market, but had that element in the market not been present, would not the product have sold for more?

Mr. BAAR. You mean the domestic product?

Senator MILLIKIN. Yes.

Mr. BAAR. Probably so; yes, sir. As has been said, the law of supply and demand, if it was still a scarcer product, of course, it would narrow the amount of the product as compared with the market and it would go up in price.

It must be obvious, therefore, that there is a need and a demand for the imported Japanese albacore to supplement the domestic catch. I emphasize that, because we do not think in terms of supplanting the domestic catch, but rather supplementing it where it is lacking.

Senator MILLIKIN. If I may interrupt again, the relation of imports of fresh and frozen tuna to the total problem here in 1939 was 8.5: in 1951 it was 23.4. That is a pretty good progression.

Mr. BAAR. Yes, sir.

Senator MILLIKIN. You do not want to supplant the market, but if that rate of progression continues you will supplant it.

Where is the fair place to stop?

Mr. BAAR. Well, sir, that is one of the imponderables here. I will say that to you very frankly. I think the only thing we can do, as I continue with my discussion, is to point out the relationship to the Japanese economy—the only thing that we can do here from our point of view is to take all of these things and on balance determine what is the policy that we must pursue.

I do not feel that I am qualified to give you, Senator Millikin, an answer that would satisfy you. It certainly would not satisfy me on that. It is something that requires thought.

Senator MILLIKIN. It is a difficult problem.

Mr. BAAR. Yes.

Senator MILLIKIN. I think I have given you enough statistics, and you have given us enough, so that there will be a supplanting, if there is not a halt some place.

I think the Japanese themselves would concede that there is a point of fairness where it should not be supplanting foreign markets.

Mr. BAAR. In a current New York play it states that there is a point of no return. That is true, sir.

The only thing that we can think of or add to a possible answer to the problem, that is, a partial answer, is the very definite increase in consumption of domestic consumption of tuna. It has got a big and expanding market. It is growing all of the time.

Senator MILLIKIN. That really does not answer, though, the proportion.

Mr. BAAR. No, sir. I said it is only a partial, that it might be only a partial answer.

Senator MILLIKIN. That is right.

Mr. BAAR. In such circumstances as I have described is it probable that the plight of the fishermen of the Northwest, so vividly described a day ago by their representative, or of those of the southern California area, that it is the outgrowth of the importation of albacore from Japan, or solely ascribable to that situation as has been attempted to be portrayed here? Is it not more likely that important causes may be found elsewhere?

I do not give them dogmatically, but I suggest the possible causes: Perhaps, in part, it is due to the deep differences between the industry itself as it is being conducted within our own shores as we have heard discussed this morning.

Aside from this, however, not so long ago we had a thriving and expanding industry, attractive returns on invested capital, and, likewise, remunerative to the labor employed. So much so that more and more of both were attracted to the field, with the inevitable result that in due time the industry was overloaded or, as the term has been used here, overboated. A fleet with a potential carrying capacity of 300,000 tons per annum, vis-à-vis a potential domestic consumption of 200,000 tons per annum.

And in this respect I would like to present a statement made by Dr. Richard Van Cleve, the director of the school of fisheries at the University of Washington, representing the Pacific Coast Fish Producers Institute before the United States Tariff Commission hearings just a few days ago.

He presents a table at page 3 of his statement presented there and makes this comment on it:

The table indicates that the number of fishing vessels in the entire United States increased by 98 percent over the 11-year period.

It is the period 1940 to 1950.

While over the same period the number of vessels operating along the Pacific coast increased approximately 2.2 times.

Or approximately 220 percent.

I wonder whether I might divert for just a moment from my main presentation.

Senator MILLIKIN. We cannot sink those boats. That presents quite a problem.

Mr. BAAR. I do not think that we want to.

Senator MILLIKIN. And I may point out that your own Japanese exports to this country have increased in even larger percentage.

Mr. BAAR. Well, sir, I would suggest that I was going to divert from the main part of the subject to give you some figures on the Japanese tuna fleet which have been given me from statistics of the Ministry of Commerce of the Japanese Government.

There were in 1950 and 1951—there has been no change in the 2 years for the reason that I shall point out to you in a moment—893 boats, with a tonnage from 50 to under 200 tons. There are only four boats that have a tonnage in excess of 200 tons. They have a

total of 1,995 fishing boats of all kinds, with a gross tonnage of 108,692 tons.

And under the governmental regulations now existing and now in force there, shipbuilding is prohibited. Any additions to the fleet are prohibited except for the replacement of wrecked or aged, crippled boats.

Senator MILLIKIN. This country helped to rebuild that fleet, did it not?

Mr. BAAR. Yes, we did. That is the answer to it, we helped.

Coming back to our own picture here and the picture on the west coast as described by Professor Van Cleve, the practice arose of the boats going out in rotation.

There are additional factors present in 1951 that went beyond these normal things, the normal developments of the industry.

There was a strike in the beginning of 1951 that lasted for 3 months. In one instance there was an internal management strife of some kind which laid up 41 boats for a considerable length of time, while other boats were out fishing.

But other than the strike conditions, the situation that developed, this is as we see it, was not unusual for any expanding industry suffering from growing pains. This has happened in other industries in this country and will continue to do so, but these are not circumstances on which we believe we may predicate or resort to the protective umbrella of a tariff. If so, as has been said previously, we must visualize that the Government will be completely inundated with similar efforts by all manner of industries and all classes of minority groups therein, seeking special treatment.

Under these circumstances we suggest, might not the wiser course be to study the question as a whole problem, rather than make it a piecemeal, patchwork affair between the Tariff Commission and the several bills, at least two that are pending here in the Congress?

We pose the further question as to whether it is wise to provide a provisional remedy, when there is so much doubt as to what the remedy, if any, should be.

Should we not have a real good look before we leap, in view of the inherent intricacies of the industry itself with its many facets?

Is it not likely that the provisional remedy will become a permanent one, even though it should be ascertained ultimately to be unnecessary or proper or should be changed? Because, I think we know from our practical viewpoint that it is inevitable that rights once fixed, even though by temporary measure, are most difficult to dislodge.

So we say in conclusion, for the Japanese end of this problem, so far as they are concerned, they join with us in the desire to rebuild their economy, among other things through the fishing industry, their prime natural resource today, but what is most important from their viewpoint, they ask the opportunity to accomplish this by working for it rather than dependence on bounty. This should certainly commend itself to the consideration of this committee.

I want to conclude by thanking the committee again for this opportunity to present that viewpoint.

Senator MILLIKIN. You agree that the 3-cent tariff proposed would have an exclusionary effect, do you?

Mr. BAAR. Senator Millikin, from the information that I have received—and I made some inquiries even at the noon recess because of the questions that you asked this morning—I can tell you that from the best information that I have now—and I am going to check it further—it will be an exclusionary measure, sir. They will not fish for the albacore.

Senator MILLIKIN. If you have anything figured on that it would be a service to the committee to give it to us, I suggest.

Mr. BAAR. I think I will be able to submit a memorandum, sir, which will show that with the \$60 per ton mounted on the other costs it will make it unprofitable for the Japanese to fish for the albacore.

The CHAIRMAN. We will be very glad to have you furnish that, if you will.

Mr. BAAR. I think I can demonstrate that.

The CHAIRMAN. As I say, we will be very glad to have you furnish it for the record.

Mr. BAAR. Yes, sir.

(The information referred to follows:)

EXCLUSIONARY EFFECT OF 3 CENTS PER POUND DUTY ON FROZEN TUNA AS PROPOSED BY H. R. 5693

The following general facts with reference to the tuna fishing industry should be noted:

The albacore is a cold-water fish whose habitat is in waters of approximately 19° C. Skipjack abide in waters 21° to 22° C., and yellow fin in waters 27° to 31° C.

The American albacore catch is a one-season per annum (summer) operation, whereas the Japanese have two seasons, a summer and winter catch. The summer season ranges from May to July, the fishing grounds are close to the shores of Japan, and the catch consists of about 85 percent skipjack and yellowfin, and 15 percent albacore. The winter season is from November to March, when a different type of gear is used, to wit: long-line fishing; the fisheries are west of the Midway Islands area inside the 180° east longitude on a line running south from the 40° north latitude parallel to and ending at the 20° north latitude parallel. At this season, the catch is about 70 percent albacore as against the 15 percent catch of this type in the summer season.

The following industrial factors in Japanese tuna fishing (typical of the summer season) should be taken into consideration in order to ascertain the effect of a United States tariff levy:

| | |
|--|--|
| Size of vessel (best standard type)..... | 100 to 150 tons. |
| Average crew..... | 50. |
| Average voyage..... | 7 days. |
| Average number of voyages per month..... | 3. |
| Average cruising length of voyage..... | 1,000 miles. |
| Average catch per voyage, 15 tons..... | 2 tons albacore, 13 tons skipjack, etc. |

Price per ton ex vessel Japan:

| | |
|---|--------|
| Albacore, May, June and July 1951 average..... | \$165. |
| Skipjack, etc., May, June, July, and August 1951 average..... | \$152. |

Vessel operation as between owner and crew is somewhat similar to that of the west coast fishing fleet since the crew is dependent on the size of the catch and shares in its proceeds or monetary value. Under the standard arrangement, the crew takes 55 percent of the net avails, and the vessel owner 45 percent, after deducting from the gross receipts the following expenses in amounts approximately as indicated:

| | |
|-------------------------------|------------|
| Fuel and lubricating oil..... | Yen 40,000 |
| Ice..... | 10,000 |
| Bait..... | 400,000 |
| Food..... | 50,000 |
| Gear and miscellaneous..... | 10,000 |
| Total..... | 520,000 |

Taking the exchange value of the yen at 350 to the dollar, and the average deductible expense per voyage at 500,000 yen, the contract deductible expense would be about \$1,400 per voyage, or \$4,200 per month.

DUTY FREE EARNINGS

Using the foregoing as a basis for calculation on a per month basis, the gross receipts per month of the vessel's operations in the summer season would be:

| | |
|--|---------------|
| Skipjack, etc., 39 (tons) × \$152..... | \$5, 928 |
| Albacore, 6 (tons) × \$165..... | 990 |
| Total | 6, 918 |

Using the sum of \$7,000 as the total gross receipts per month and \$4,200 as the average contract deductions per month, there is left for division between the crew and the owner of the vessel \$2,800. Of this sum the crew's take is \$1,540 per month, and the owner's is the balance, to wit: \$1,260 per month.

Dividing the crew's share of \$1,540 by 50, the average number in the crew, each crew member earns approximately \$31 per month.

EFFECT OF DUTY

If the 3-cent-per-pound duty is imposed, all of the foregoing factors with reference to skipjack and deductions by agreement will remain the same. However, the net avails from the sale of the albacore ex vessel will be reduced by 6 times \$60 per ton, or \$360. The resulting figures will then be as follows:

| | |
|--|-------------------|
| Skipjack, etc., receipts, 39 tons times \$152..... | \$5, 928. 00 |
| Albacore receipts, 6 tons times \$105 (\$165 - \$60 duty)..... | 630. 00 |
| Total | 6, 558. 00 |
| Deductions | 4, 200. 00 |

| | |
|--|------------|
| Leaving for division between the crew and the vessel owner.. | 2, 350. 00 |
| 55 percent of \$2,350..... | 1, 292. 50 |

Dividing the \$1,292.50 among the 50 members of the crew, there is a net for each one of approximately \$26 per month.

It is to be noted that the earnings of the individual members of the crew are \$5 less per month, or a difference of about 20 percent.

It is to be noted further that the same factors of decreased earnings apply to the vessel's owner, as he must stand his share; to wit, 45 percent of the 3-cent-per-pound tariff, as well as pay for insurance, bonus to the captain of the vessel, depreciation, repairs, etc.

The conclusion is inevitable that the incentive to both the vessel owner and the fisherman is gone. The only reason that he seeks the albacore is because it commands a higher price and hence gives him increased earnings. For domestic purposes within Japan, the albacore does not have the same value; for although some albacore is sold, the predominating type used among the Japanese is skipjack and yellowfin, the light meat tuna. The fact of the matter is that within Japan, albacore, the white meat tuna, has a lesser value than skipjack, yellowfin, etc.

It will be readily seen, therefore, as already stated, that the Japanese fisherman and vessel owner will have no reason to enter into the more difficult, rigorous, and arduous task of a more elusive albacore catch at less wages to him. The matter of a duty is of prime importance to the Japanese vessel owner and fisherman. It is upon their operations only that the burden of the duty will fall in the natural sequence of commerce relating to merchandising frozen tuna.

The exclusionary effect of the 3-cent tariff is even more demonstrable when one considers the alternative of the Japanese fisherman to seeking an albacore catch. As stated above, he will then devote his attention and skill solely to skipjack and yellowfin. Under such circumstances, his earnings will then be:

| | |
|---|---------------|
| Receipts, 45 tons at \$152 per ton..... | \$6, 740 |
| Contract deductions..... | 4, 200 |
| Leaving for division between the crew and the vessel owner | 2, 540 |

| | |
|---|---------------|
| Crew's share, 55 percent of \$2,540 | 1, 400 |
| Which divided among the 50 members of the crew nets for each one of them | 28 |

¹ Per month.

Thus, it is evident that he will earn more by ignoring the dutiable albacore.

As stated previously, all of the foregoing calculations have been based on the summer season when the albacore is only about 15 percent of the catch. The situation would, of course, be ever so much worse in the winter season when the albacore is almost 70 percent of the catch.

Senator MILLIKIN. Where is your office?

Mr. BAAR. In New York, sir.

The CHAIRMAN. Are there any other questions? If not, we thank you, sir.

Mr. BAAR. Thank you, sir.

Senator MORSE. May I make a very brief statement, because I have a 4 o'clock meeting?

The CHAIRMAN. Yes, Senator Morse.

STATEMENT OF HON. WAYNE MORSE, UNITED STATES SENATOR FROM THE STATE OF OREGON

Senator MORSE. I would like to say, Mr. Chairman, that I propose to make a statement that I always like to have Members of the Senate make when they come before any committee of which I am a member, when they know as little about a complicated problem as I know about this one.

I always marvel at the advocacy of some of my Senate colleagues when they appear before committees of which I am a member when they do not have the job of the members of the committee in really coming forward with a final report on the merits of the issue.

When I was before you the other day you very kindly asked me if I had a statement to make. I told you I had come first to find out what the facts are about this tuna-fish problem.

I want to say very frankly to the committee that when representations were first made to me on this issue, I thought it was one of these issues that was either black or white, but I soon discovered that it represents a conflict of interests in my State. I am going to have something very briefly to say about that in a moment, but, first, I want the committee to know the general thesis from which, or, on the basis of which I seek to approach all problems such as this one and, that is, I think the time has come when we must place uppermost in the handling of congressional legislative issues the national self-interest of this country.

I think that is particularly true in the field of international economics. What is best for the economic interest of this country should be our guiding policy. If we do not protect that interest, I do not think we have much of a chance in the critical years ahead to do the job in the field of international policy that we need to do in order to win a permanent peace.

The committee may think that is a pretty remote premise from which to approach this problem, but I respectfully submit that to my thinking it is a very direct approach.

I follow it, for example, in connection with this whole problem of economic aid to which the Senator from Colorado is directing some of his penetrating questions this afternoon.

I think we should pay pretty close attention to national self-interest in the economic field, in connection with any foreign economic program of our country in the years ahead, if we are going to protect the best defense weapon which we have, which is our economy.

So I say very frankly, when this tuna-fish matter was first presented to me I thought it was a pretty clear case where we ought to proceed to protect the tuna fisherman. I may end up voting for that protection if that is the recommendation of this committee when you bring in your report, because I think you are entitled to the benefit of a strong presumption, so far as the burden of proof is concerned on the floor of the Senate, on this issue.

I told you a moment ago that there apparently is an economic conflict of interests in my State over this issue.

I am going to ask permission as I close in a moment to have placed in the record the representations that I have received, for example, from the fishermen, on the one hand, and the workers in the canneries in my State, on the other. It shows you the kind of economic conflict you have among the workers over this issue. You will find a similar conflict, I think, among economic groups outside of the field of the workers as represented by the canneries on the west coast.

As you know, some of the representatives of the canneries of my State seem to think that this bill would work a great hardship on the canneries.

I want to say to the members of the committee that to my way of thinking the most pertinent point that I have heard discussed in this hearing was discussed a few minutes ago in a colloquy with a witness and the Senator from Colorado, Mr. Millikin. It involves this matter of finding a balance between imports, on the one hand, and protecting our own domestic economic enterprises in a way that will best protect our national self-interest.

There is some material, I understand, already in the record that deals with this tuna problem by approaching it from the standpoint of considering some quota on imports, and then over and above the quota it is proposed to impose a tariff such, as is provided in the bill under discussion.

I am not expert enough to pass a value judgment on that, but I shall follow the transcript of this hearing which I have asked be sent to my office so that I can read it in its entirety. I shall follow your report on that proposal very carefully. If a quota plan can be shown to be a fair adjustment of this problem I shall support it.

I think my present attitude can be summarized as follows, Mr. Chairman and members of the committee, that what I want to support when I come to vote—and no one at this hour knows how I will vote because I do not know myself—is a program that will best protect the economic self-interest of this country.

If it means some sacrifice on the part of some canneries, even though they are in my State, then in the interests of the economic self-interest of our country, they will have to make the sacrifice.

If, on the other hand, the evidence shows that some sacrifice is going to have to be made by a group of workers, then they should be expected to make it. However, I should think it might be worked out in a manner that will not place any undue burden on either group.

I want to say to the committee that I am completely satisfied on the basis of the thoroughness of this hearing that I am going to have a record on which I can cast what I shall be satisfied will be an intelligent vote.

But I want the representatives of both sides in the room, each of which has importuned me to make a statement here this afternoon

to know that my final vote will be determined by what I think the evidence presented at this hearing will support. Once I found that a conflict of interests within my State existed on this issue I told both sides I was not going to go before this committee as an advocate of one side or another until I knew the merits of the issue. As a lawyer I never argue for a proposition until I know the evidence that supports it. I told them I would be willing to tell you what the major thesis is that I intend to follow in casting my final vote, and I think it is then up to those making the record to show this committee that the evidence supports their contentions. I am satisfied that the committee makes the same approach to these problems by voting for or against a bill on the evidence presented at a hearing such as this to the end of protecting the national economic self-interest of this country.

I ask your consent, Mr. Chairman, to insert in the record, because I want to be fair to those who have importuned me both ways on this issue, the representations that they have made to me as to why they think I should vote for, on the one hand, and against, on the other hand the proposed tariff on tuna.

The CHAIRMAN. You may place in the record, Senator Morse, such statements as you wish.

Senator MORSE. Thank you.

(The letters are as follows:)

COLUMBIA RIVER CANNERY & ALLIED WORKERS,
LOCAL INDUSTRIAL UNION 1747,
Astoria, Oreg., January 10, 1952.

HON. WAYNE MORSE,
Senate Office Building, Washington, D. C.

DEAR SENATOR MORSE: In view of the fact this present Congress may consider the imposition of a 3-cents-per-pound duty on fresh and frozen imports of tuna, this local would like to state briefly our ideas, for your information.

We can understand the action taken by the American fishermen in regard to the canned imports of tuna to this country. We are behind them 100 percent, in this respect.

However, we differ with them in regard to the imports of frozen tuna, such fish being processed by American labor at American wage rates. Should the duty be imposed, and should American canners consider the increase prohibitive, then that fish would stay in a foreign country, be processed by foreign labor at foreign wage rates, imported to this country as a finished product, and still be sold on the American market at a retail price lower than American processed tuna. This might possibly happen, even with the proposed tariff on canned tuna. It must also be remembered that the local catch of tuna is continually dwindling, in fact, the local catch of tuna, in 1951, would not have provided much more than 1 month's canning operation for the Astoria canneries.

We would appreciate it, if you would give careful consideration to the proceedings, as they are presented, for all interests concerned.

Astoria needs its canneries.

Very truly yours,

HARRY CHAMBERLIN, *Secretary.*

COLUMBIA RIVER FISHERMEN'S PROTECTIVE UNION,
Astoria, Oreg., January 25, 1952.

HON. WAYNE MORSE,
United States Senate, Washington, D. C.

DEAR SENATOR MORSE: We urge you to do everything possible to have the Senate Finance Committee act favorably on H. R. 5693, establishing an interim tariff on imports of fresh and frozen tuna until the effects of the imports on the American fishing industry can be made a subject of thorough study.

Our union, representing gill netters from Astoria to The Dalles, is unanimously on record in favor of such a tariff. We wish to point out that the Columbia River salmon industry is imperiled by these imports. Low tuna prices will force tuna

fishermen into the salmon troll, bringing more pressure on the salmon industry, in which we have already been forced to reduce fishing time on the Columbia by a period of 3 months plus an additional 2 weeks just imposed upon us by the State Fish Commission, as a conservation measure.

At the same time we wish to advise you that we are very interested—and for the same reason—in securing an equalization on ad valorem tariffs on processed tuna, in order to prevent evasion of the present 45 percent ad valorem on tuna packed in oil. As a step toward securing this, we understand an application of investigation has been made under section 7, trade agreements, Extension Act of 1951, and that a hearing on this is to begin in Washington this week or next. We trust you will support the application.

Some 78,547 cases of tuna packed in brine entered the United States during October of last year alone from Japan. This brought the grand total of such imports for the first 10 months of 1951 to 294,043 cases, as compared to only 18,139 cases for all 12 months of 1950. This reflects the seriousness of this problem.

Fraternally yours,

ROBERT J. HICKS, *Secretary.*

INTERNATIONAL LONGSHOREMEN'S AND
WAREHOUSEMEN'S UNION, LOCAL 8,
Portland, Oreg., January 30, 1952.

Senator WAYNE MORSE,
Senate Office Building, Washington, D. C.

DEAR SENATOR MORSE: We are writing you in reference to H. R. 5693. This bill, as you know, establishes an interim tariff pending a study of the United States tuna industry to be embodied in a report to Congress.

It is evident that during the past year heavy imports of cheap Japanese tuna have virtually halted the West Coast tuna industry. Many thousands of fishermen and cannery workers have been deprived of their livelihood.

This tuna is dumped in this country at a very cheap price due to the deplorable conditions that Japanese fishermen work under. Until the Japanese fishermen are able to create and maintain decent wages and conditions, their catches will destroy union conditions in this country.

Senator Morse, we know you as a man who has always fought for the rights of workers to organize for collective bargaining, thus maintaining decent conditions of wages, hours, etc. We are now asking for your support of H. R. 5693.

Yours truly,

INTERNATIONAL LONGSHOREMEN'S AND
WAREHOUSEMEN'S UNION, LOCAL 8,
R. S. SMITH, *Secretary.*

INTERNATIONAL ASSOCIATION OF MACHINISTS,
MOUNT HOOD LODGE NO. 1005, AUTO MECHANICS,
Portland, Oreg., January 21, 1952.

Hon. WAYNE MORSE,
United States Senate, Washington, D. C.

DEAR SIR: This lodge, assembled in regular meeting January 17, 1952, seriously considered the condition of the tuna industry on the west coast.

Due to the fact that Japanese imported tuna is evading tariffs through loopholes in the law, thus allowing tuna canned with cheap labor and cheap distribution costs to displace labor in the United States, we are asking that you support Mr. Camp's bill, H. R. 5693, to give temporary protection on frozen tuna imports.

This bill, having passed the House, is now pending before the Senate Finance Committee.

We are also asking that we have similar help on canned tuna in brine. It is things of this sort that are apt to upset our entire fishing economy on the west coast.

Hoping that you can see your way clear to help us in these matters, we remain

Very truly yours,

MOUNT HOOD LODGE NO. 1005 INTERNATIONAL ASSOCIATION
OF MACHINISTS,

By RALPH T. WHITLOCK, *Financial Secretary.*

The **CHAIRMAN**. Senator Millikin, do you have any questions?

Senator **MILLIKIN**. No.

Senator **MILLIKIN**. Our next witness is James T. Ota, of the Orica Trading Co., Los Angeles, Calif. You may have a seat, sir. And will you identify yourself for the record.

STATEMENT OF JAMES T. OTA, GENERAL MANAGER, ORICA TRADING CO., LOS ANGELES, CALIF.

Mr. **OTA**. Mr. Chairman and members of the committee; I wish to thank this committee for the opportunity to appear at this hearing. My name is James T. Ota, an American citizen, and I am connected with the Orica Trading Co., Los Angeles, Calif., as general manager. We are one of the largest brokers importing frozen tuna for the American canneries, from Japan. I have been in the fish business since 1938, with the exception of the war years when I was an instructor at the University of Colorado in the navy school of language, which was part of the naval intelligence program.

The proponents of this bill (H. R. 5693) have been informing the general public through the medium of various forms of publicity that the American tuna industry is on its way to ruination because of alleged cheap imports of frozen tuna from Japan. As a result of their action H. R. 5693 was passed on an erroneous assumption that frozen Japanese albacore was being sold at a lower price than the domestic product when the fact is to the contrary. Japanese frozen albacore has never been sold in the United States at a price lower than the domestic albacore with the exception of one time in 1948 during the period of about 1 month. Let me repeat that statement—Japanese frozen albacore has never been sold in the United States at a price lower than the domestic albacore with the exception of one time in 1948 during a period of about 1 month. The proponents of this bill have been quoting the price of Japanese frozen albacore at the f. o. b. Japan basis. They neglected to say that you must add from \$80 to \$85 per ton (this is due to overtime that you might have) to this price to get the price that the American canneries are paying for Japanese frozen albacore, to compare with the equivalent American price. The \$80 to \$85 per ton represents ocean freight, marine insurance, customs brokerage, and dock-to-plant transportation and other charges.

The price of frozen albacore f. o. b. Japan during 1951 varied from a high of \$340 to a low of \$260 or from \$425 to \$345 per ton delivered plant Pacific coast; while the domestic albacore ranged from a high of \$350 to a low of \$250 per ton delivered.

Senator **MILLIKIN**. Which is the chief port of entry on the Pacific, so far as Japanese albacore is concerned?

Mr. **OTA**. Well, I would say Los Angeles.

Senator **MILLIKIN**. Taking Los Angeles today, what is the price of domestic albacore?

Mr. **OTA**. You cannot make any comparison, because on our side here we only have one season that begins normally about the middle of June and starts off the coast of Lower California. And as the week progresses it proceeds northward.

Senator **MILLIKIN**. You do not have any imports at the present time?

Mr. OTA. No.

Senator MILLIKIN. Then take the last time that you did have imports, what was the domestic price as distinguished from the price for the Japanese article?

Mr. OTA. Senator Millikin, I would like to have you clarify that statement. Is that the last time I had negotiation or business or is it the start of the season?

Senator MILLIKIN. I am just trying to find out. I do not care what it is. I want a fair date, so that I can compare the two prices at Los Angeles.

Mr. OTA. About the time when the local domestic season started I would say that the imported, on the landed basis, a comparable basis, delivered plant, was about \$360, compared with the opening price of domestic albacore of \$350 per ton.

Senator MILLIKIN. Would that generally prevail throughout the season, that same relationship?

Mr. OTA. No. It widens, if anything, because after the first 2 weeks, after the opening of the season which was delayed, incidentally, for about 5 weeks off the coast of Lower California—well, perhaps for a period of about 10 days to 2 weeks, as I recall—it dropped from the opening, the domestic price, from the opening price of \$350—it dropped to \$325 for the domestic albacore. Then it dropped to \$300 as a few more weeks progressed. I do not recall just exactly how many days intervened there.

And it finally dropped to a low of \$250 per ton.

During that time the Japanese or the imported albacore dropped to a low of \$340 to \$345 as I explained in my third paragraph.

Senator MILLIKIN. Do you change the price on the Japanese product as the price on the American product changes, or do you contract the supply?

Mr. OTA. Sometimes we have contracts, and sometimes, you know, even after the domestic season starts we contract. Last year I would say, as far as I am concerned, I made most of my contracts as we went by, because after all, the canners were waiting to see just how their own domestic catch will proceed. Ordinarily they would not buy from any importer, from any country, whether Japan or anywhere.

Senator MILLIKIN. The point I understand is that you do not undersell the domestic albacore, and sometimes you charge more?

Mr. OTA. Yes; that is right.

Senator MILLIKIN. And is that just a phenomenon of the last year, 1951, or has that been the case?

Mr. OTA. It is a phenomenon of 1951. And it is very noticeable due to the fact that the season, as I said, was delayed for about 5 weeks.

As I go on, in the latter part of my testimony, you will understand, sir, why I make that statement.

Senator MILLIKIN. Go ahead, then.

Mr. OTA. Thank you.

These figures have heretofore been conveyed to this committee in my wire of October 16, 1951, in which I also requested that a hearing be granted so that a full and complete presentation of the facts could be made. I understand that many other firms and organizations also sent their requests to this committee for such a hearing. True

to the democratic principles of our Government, your committee has granted this hearing. Several factors prompted the proponents of this bill to urge its passage upon the House of Representatives. It is no secret that the main proponent of this bill is the American Tunaboat Association, whose members produce little or if any albacore.

The working capital of the American tuna canners were tied up because of high inventories, resulting in an unfortunate situation which at times may occur in any business. Due to the need of capital to meet their current operational costs, they were forced to turn some of this inventory into cash. The only way to do this was to quote a price lower than the prevailing market. This, in turn, caused other canners to meet this price, or even to quote lower prices to obtain business. This trend snowballed into a general price decline.

Albacore is one of the most unpredictable of all fish as far as catch is concerned. No one knows from season to season, let alone during a season, when it will appear or disappear, exactly. Albacore in commercial quantities is found in only two geographical localities in the world. One is along the North American Pacific coast between Mexico and Canada, and the other is in waters of the western Pacific.

During the Tariff Commission hearings one witness said that tuna is a very emotional and hysterical fish. I would not go so far as to say it is hysterical, but I would say that it is unpredictable, and that applies particularly to albacore.

The American canners certainly would not buy albacore from Japan if the domestic catch would fulfill their requirements. The American canners did not buy frozen albacore from Japan because of its price—they bought because they considered they had to have the fish at that particular time.

Following the last session of Congress, I approached the various segments of the American tuna industry and I pointed out to them that frozen Japanese albacore had never been sold below the domestic price at any time during the past season. They concurred in this statement. I also approached the American Tunaboat Association and a conference was arranged with their director of research, Dr. W. M. Chapman. At this conference I pointed out to Dr. Chapman, as well as to the various members of the board of directors of the American Tunaboat Association, that I could not understand why they claimed that the price of frozen albacore from Japan was lower than that of domestic albacore when this was not true. They admitted that the Japanese frozen albacore had never been sold at a lower price than the domestic.

I would like to add there that in the early stages of this publicity that the newspapers had on imported albacore, they mentioned the price of \$260. And that is why I believe that the general public believes that was the price landed, because nothing was mentioned about on what basis.

That is very low. I know I have many friends outside of the tuna industry who know that I am handling imports who questioned me, and I had to explain every time.

Throughout this discussion I have referred only to albacore and only to frozen albacore. About 80 to 85 percent of the imported frozen fish of the tuna family from Japan is albacore. Very little ton-

nage of yellowfin and skipjack is imported into the United States from Japan.

Here is another example of the inconsistency of the argument of the American tuna industry: I would like to point out the fact that one of the major canners has recently raised their price to the fishermen on yellowfin from \$310 to \$320 per ton. Only a short while ago, I understand that this same canner claimed they had to close their plant because of cheap competition from Japan on frozen tuna. It seems to me that they are contradicting themselves. If the industry was at such a low level and if they had to force down their price to the fishermen because, as they say, of cheap foreign competition, why is it that they are now raising the price on yellowfin to \$320?

In looking over the statement of Mr. Lewis S. Ballif, Chief of Technical Service, United States Tariff Commission, as well as the statistical tables, during the hearings before a subcommittee of the Committee on Ways and Means of the House of Representatives on October 8, 1951, I note no breakdown of the species is mentioned, either in his statement or in his tables.

I brought that out because it just mentioned frozen tuna and does not say albacore which comprises 80 to 85 percent of the imported tuna from Japan.

The CHAIRMAN. Are most of the fish taken in Japan in Japanese waters, that is, the albacore?

Mr. OTA. Well, it depends on the season, Mr. Chairman.

In Japan they have what they call the summer season and another season that they call the winter albacore season.

The CHAIRMAN. How does the albacore compare in size?

Mr. OTA. The winter albacore is quite large, that is, much larger than the summer albacore. I would say the average weight, probably, would be about 25 to 30 pounds and possibly higher, depending on the year.

As I understand, right now they are catching winter albacore. This year it is exceptionally small because they range from about 12 to 15 pounds and up, whereas last year it was based on about 16 to 18 pounds and up, that is, on the price basis, you know, the selling basis.

The ills of the American tuna-fishing industry cannot be attributed to the importation of frozen albacore, but rather to many other facts. A major one is the terrific expansion of the industry without respect to the catch of albacore and without the relative expansion of the development of the market.

Only a few months ago this industry, which has rapidly expanded, was clamoring that unless a tariff should be imposed on imported frozen albacore there was no relief in sight. In December 1951 the American canners requested my firm to purchase frozen albacore from Japan for their account because their stocks were being depleted. The stock of canned white-meat tuna held by the American canners is very small today. The American fishermen cannot supply this demand because they are not catching albacore, have none frozen in stock, and do not know where they can get any except to import it.

That refers to this time, of course.

The enactment of a tariff would prevent canners from importing frozen albacore. This would prevent the canners from having their

trade labels for this premium tuna maintained on the shelves of the American grocery store. It would curtail the production of the canners with the resultant loss of earnings to their employees and higher prices to the ultimate consumer. Stopping, or hindering, the natural flow of a product to the market creates additional ills. The steamship lines, longshoremen, truck driver and handlers all would suffer reduced incomes. But does the general American public benefit? It does not. The enactment of this tariff would make the supply even smaller than it is today. Past experience has shown that in normal years the combined American production, plus the imported frozen albacore from Japan, is not sufficient to supply the demand of the American canners for albacore.

Senator MILLIKIN. I understand, and if I am not correct in my understanding, please correct me, that our stocks of tuna in this country are very low at the present time. Is that correct?

Mr. OTA. Yes; both in frozen and canned on albacore.

Senator MILLIKIN. In view of the fact that there is no tariff at the present time, why is that?

Mr. OTA. Will you repeat the question again, please?

Senator MILLIKIN. In view of the fact that there is no tariff at the present time on the albacore——

Mr. OTA. Why is it short?

Senator MILLIKIN. Why are these stocks short.

Mr. OTA. Well, as I say, the summer albacore season normally starts in Japan from May to about, well, the latter part of May to about July, just about the same time that our own season starts here.

Of course, they would not hold it, if they could sell it, but last year they could not sell it. So as a result, as I think one of the earlier witnesses said, a lot of that went into the canned tuna in brine.

Now the orders are coming in, because the winter albacore season started in December, the second half of December. I understand the catch is very light, even in Japan, because even there the albacore seem to be unpredictable and hysterical.

Senator MILLIKIN. Let me see if I correctly understand something else.

There is not any question but that our domestic supply is insufficient to meet the demand, is that correct?

Mr. OTA. That is from past experience, I would definitely say that.

Senator MILLIKIN. Then I suppose that the domestic people would argue that if you take this much or a substantial part of the Japanese imports off of the market, it would have a tendency to raise the price of the domestic product. That is logical economics.

Mr. OTA. Yes; I am coming to that in my summarization.

Senator MILLIKIN. All right.

Mr. OTA. As an American citizen, I say that this bill is unfair to many nations now enjoying friendly relations with our country. The continued friendship of these nations is important to this country's plans for maintaining a free world. No step should be taken to hinder the free flow of trade with these nations or to do anything harmful to their economy unless it can be definitely determined that such action is absolutely necessary to protect our domestic industry from serious damage. I do not believe the claims of the proponents of this measure can be sustained. I sincerely believe that passage of this bill will damage our relations with these friendly nations and

will be harmful to their economy, and that it will not remedy the industrial ills stressed by those eager for its passage.

This bill must be approached fairly, unequivocally, and without prejudice to any party, and with such an approach reason will show the following:

1. Albacore is a very fickle fish and no one knows from year to year, not to mention day to day, when it will appear or disappear. No one, certainly, can blame the characteristics of the fish on any particular country.

2. The import of frozen albacore does not harm the American albacore fisherman, but on the contrary, on the end results, proves very helpful in stabilizing the market.

Does that answer it?

Senator MILLIKIN. That certainly bears on it. I am not advocating this—I am not pressing any opinion on whether it is wise or unwise—that is the content of our whole question here, but if you remove the Japanese portion of this fish that is coming in here, you have a constricted market, and assume the same consumption or a rising consumption, the tendency, naturally, would be to raise the price, I should think.

Mr. OTA. That would be true.

Senator MILLIKIN. Unless the domestic fisherman finds some new source.

Mr. OTA. That is correct, that would be about it, because by bringing in imports, especially when our domestic supply is short normally, in normal years, the supplementary import would tend to equalize the supply for the year, you might say.

Senator MILLIKIN. Those who are advocating this tariff take the position that they cannot live at the present prices which they are getting for their product. And I assume that they argue from that that if you had the tariff it would constrict competition and thus raise prices.

Mr. OTA. Well, that would be the normal thinking, but that is one thing I cannot understand, Senator Millikin, because as I said, during the opening price last year for domestic it was \$350 and at that time the imported was going for about \$360 to \$370, I would say, on the average.

Senator MILLIKIN. I get the picture here of a sort of erratic buying movement also. I mean, the canners are sitting back, wondering whether to buy now or to buy later, which is not a strange thing.

Mr. OTA. No; it is not.

Senator MILLIKIN. That occurs in all businesses, but I gather the picture that may have something to do with particular prices at particular times.

Mr. OTA. It did have something to do with it, because I mentioned the fact that the season was 5 weeks late in getting started and normally in its entirety the height of a season in any given area is probably 3 weeks, so that when the first 3 weeks passed, or the second 3 weeks passed, and no fish, why, they just bought. They had to buy to protect themselves. Of course, they would have been heroes, I guess, if there were no catch at all here, but there was some catch.

Senator MILLIKIN. If you have a catch and if the canneries are buying, ultimately the fellow who has the fish to sell has to sell, and he sells for whatever he can get, I suppose; is that not correct?

Mr. OTA. Well, yes; but the import price was higher at the time. And I think it was more or less public knowledge what we were selling at.

The CHAIRMAN. Do you agree with the witness, Mr. Sandoz' testimony this morning to the effect that the light tuna was available in increasing supply; increasing quantity?

Mr. OTA. Yes; I would say so about this time that this decline started, because the fact remains that during the first 4 months of 1951, until the first week in April, our local domestic fleet was tied up. So when they did go out in April I guess they all went out together and they came back all together; in other words, there was no orderly distribution of their catch. To my mind, I would say that is one of the contributing causes.

Senator MILLIKIN. Let me ask you your opinion on whether you think that the 3-cent tariff is one that the Japanese product could not get over?

Mr. OTA. In my opinion, from my own experience, Senator Millikin, the fact that all through the 3 years since Japan started and renewed her tuna exports to the United States. it has never been lower; in other words, it is higher than the American price under normal conditions and, if you should add \$60, I do not think she could compete with the domestic.

Senator MILLIKIN. If we do not produce enough domestically of albacore, do you call it the domestic albacore or albacore, so that we are talking about the same language?

Mr. OTA. Domestic albacore is albacore produced in the United States. American albacore is domestic.

Senator MILLIKIN. If we do not have sufficient domestic albacore to supply the market and it is necessary to supply the market, what would prevent the operation of the tariff? The buyer would pay the tariff and add it to his price.

Mr. OTA. Answering that I would say that fishing is something that is very unpredictable. No one knows, even when they almost have the fish in hand. We still make our terms subject to catch, because we tell our trade that we cannot vouch for anything still swimming in the ocean, because it is very unpredictable. That is the fluctuation of the catch.

Senator MILLIKIN. I do not believe I made myself clear. If there is always a shortage of this albacore type of tuna and if we have domestic suppliers who have a market to fill, they must necessarily buy the necessary amount of albacore to fill that market and pay whatever is necessary to fill it, bearing in mind maybe competitive conditions of albacore in brine and other competitive factors, but, considering it by itself, that would be the operation of the tariff; would it not?

Mr. OTA. If this fish was abundant?

Senator MILLIKIN. I realize that it is not as simple as that, because there are competitive factors of other types.

Mr. OTA. Very many competitive factors that might be correct.

Senator MILLIKIN. If we did not have that complication, then I think, as long as we have a shortage, so long as you have a market, so long as you have people to supply that market, the suppliers of the market will have to buy what they have to buy to fill the market, and that means they will pay the tariff.

Mr. OTA. Yes; that is quite true, Senator Millikin, but is not the tariff to protect the domestic industry? The very essence of the tariff is to protect the domestic industry, if foreign supplies were great.

Senator MILLIKIN. Another way of saying that is to raise the domestic price, so that the domestic producer can compete.

Mr. OTA. That is right.

Senator MILLIKIN. You can say it in a number of ways.

Mr. OTA. That is right.

Senator MILLIKIN. What do you think about the 3-cent tariff? Do you think it will keep the Japanese fish out or allow some in?

Mr. OTA. In my opinion I think just as you said, Senator Millikin, it would depend on the competitive situation at that time, but, again, I would say that ordinarily it would exclude or preclude the imports of albacore, because, as I said, during the past 3 years, since the resumption of trade with Japan which started in 1947, tuna albacore started in 1948, as I recall—why the Japanese albacore has never sold below the American price at any time. So I just cannot see that the enactment of the tariff would permit the flow of those goods into the United States. That is my opinion.

The CHAIRMAN. You may proceed.

Mr. OTA. It will, however, harm the American cannery workers, and all elements of the food-distributing trade as well as the housewife.

I wish to thank you for your courtesy in listening to my presentation and I would be glad to attempt to answer any questions that the committee may request.

The CHAIRMAN. The charts that you have will be inserted in the record at this point. Thank you very much for your appearance.

Mr. OTA. Thank you, sir.

(The tabulation is as follows:)

Frozen albacore export to the United States from Japan

| | <i>Short tons of 2,000 pounds</i> |
|-----------|---------------------------------------|
| 1937..... | 5, 387 |
| 1950..... | 6, 470. 3 |
| 1951..... | 14, 472. 906 |

NOTE.—1951: January to November, actual export result; December, estimated.

Prices received by Japanese exporters, f. o. b. Japan, in United States dollars per short tons of 2,000 pounds, for frozen albacore exported to the United States

| Month | 1950 | 1951 | Month | 1950 | 1951 |
|---------------|-----------|-----------|----------------|---------|---------|
| January..... | | \$286. 80 | July..... | 342. 40 | 274. 40 |
| February..... | \$289. 40 | 301. 00 | August..... | | 277. 70 |
| March..... | 287. 80 | 315. 00 | September..... | | |
| April..... | 282. 80 | 325. 70 | October..... | | |
| May..... | 319. 20 | 262. 50 | November..... | 330. 00 | 260. 00 |
| June..... | 330. 10 | 275. 20 | December..... | 332. 60 | |

Source: Compiled by Council of Tuna Export of Japan, based on statistics of Ministry of Commerce, Japanese Government.

In order to obtain the "Delivered United States Cannery" price, one must make the following calculation:

1. Ocean freight, Japan to the United States per short ton: 1950, \$50, 1951, \$65.
2. Marine insurance should be figured on the basis of 1 percent of f. o. b., Japan value.

3. Other charges: Consular fee, entry fee, custom brokerage, weighing, wharfage, terminal charges, trucking of freight charges from dock to plant: Total estimated to be about \$15 to \$20 per ton.

In other words, one must add \$65 to \$70 per ton in 1950, and \$80 to \$85 per ton in 1951 to the "f. o. b., Japan," in order to obtain the "Delivered United States Cannery" price.

NOTE.—Prices paid by United States packers for fresh or frozen domestic albacore may be found on table 5, page 20 of booklet, entitled, "Tuna Imports," which is the minutes of the hearing before a Subcommittee of the Committee on Ways and Means, House of Representatives, Eighty-second Congress, first session on H. R. 5429, October 8, 1951.

(The following letter was subsequently supplied for the record:)

ORICA TRADING Co.,
Los Angeles, Calif., February 20, 1952.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: Thank you very much for the opportunity to appear before your committee on February 6. I certainly enjoyed appearing before the committee and to observe the democratic processes of our form of government.

Regarding our stand on H. R. 5693, you are quite aware of our position, based on my statement presented before your committee, as well as my answers to the questions which were directed to me by Senator Millikin and yourself. The statement that I made at that time is based on actual facts. I am opposed to any tariff or quota on imported frozen albacore. You may be interested to know that the price of canned white meat tuna (albacore) packed by American canners has been raised to the level of the price that was in effect prior to the start of this controversy. Furthermore, practically the entire San Diego fishing fleet has gone back to sea. In other words, this substantiates my testimony at the hearing that the tuna industry was experiencing a temporary ill, and that the condition was not attributable to imported frozen albacore. As a matter of fact, since my return from Washington, I continue to receive so many inquiries from the American canners for offerings on imported frozen albacore that the supply cannot fulfill the requirements of the American canners. Also, I would like to add that the price on frozen imported albacore has already advanced from \$40 to \$50 per ton since January.

At this time, I appeal to you to consider all aspects of the issue involved, by making a further study, and to render a decision based on additional information of the status of the industry. This is all that I ask, as it is my firm conviction that your committee will render a fair decision, based solely on the true facts.

Yours sincerely,

JAMES T. OTA.

CC. Senator Eugene D. Millikin, Senate Finance Committee, Washington, D. C.

ORICA TRADING Co.,
Los Angeles, Calif., February 21, 1952.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: Supplementing my letter of February 20, may I add a few more comments.

The prices on American packed canned white meat tuna fancy solid pack 48 7-ounces have gone up: nationally advertised brands are now selling at from \$16 to \$17 per case and private labels are selling at from \$14.50 to \$15.50 per case. These prices are as high, if not higher in some instances, than the prices that prevailed in 1950. The canners' stocks are being depleted and the only way for them to keep up the continuity of supply is to import frozen albacore. The imported frozen albacore equalizes the supply for the 12 months of the year. Were it not for the imported frozen albacore, I can definitely say that there would be no canned white meat tuna on the grocery shelves throughout the year.

In 1950 the domestic albacore catch enjoyed one of its bumper years, approximating over 20,000 tons. Added to this total was some 8,000 tons of imported frozen albacore. Still, the fact remained that by February 1951 the American tuna industry was out of canned white meat tuna. The canners started buying winter albacore from Japan which fortunately was available at that time.

Despite all the clamor for a tariff since last summer by the proponents of H. R. 5693, the fact now remains that our American tuna industry is now again out of

canned white meat tuna, and the only way for the American canners to obtain supplies is to import frozen albacore.

The American canners have been making inquiries since last December, as I said in my testimony. Right now we are besieged with orders from canners right here in southern California, the Pacific Northwest, and from the eastern seaboard. Due to the supply and demand situation the price on frozen imported albacore moved up \$40 to \$50 a ton since January. Right now the price on a delivered plant basis Pacific coast ports is equivalent to \$380 to \$385 per ton, and there are signs of further advance.

Even in bumper years, let alone normal years, experience has conclusively shown that the total of the American production and the imported frozen albacore from Japan is not sufficient to supply the demand of the American canners for albacore. On this premise I vigorously object to any imposition of a tariff or quota on imported frozen albacore. The request of the proponents of H. R. 5693 just does not make any sense. Moreover, I would like to point out that I am acting as the purchasing agent for most of the American canners and I would not get any requests for orders if there was an abundance of albacore from the domestic production at any given time.

In other words, it seems to me that there is a discrepancy in the testimony by the witness who testified in behalf of the California Fish Cannery Association because the very members of this association are now buying imported frozen albacore.

In the light of the facts I have outlined, the imposition of a tariff or a quota on imported frozen albacore would not have a beneficial effect on anyone. As a matter of fact, it would have a detrimental effect on the canners, the various labor segments of the canning industry, and the housewife who would have to pay more for canned white meat tuna.

Very sincerely yours,

JAMES T. OTA.

CC, Senator Eugene D. Millikin, Washington, D. C.

The CHAIRMAN. We will next hear from Mr. Arnold Vogl.

You may be seated, sir. Please identify yourself for the record.

STATEMENT OF ARNOLD VOGL, PRESIDENT, RIVIERA PACKING CO., EASTPORT, MAINE

Mr. VOGL. Mr. Chairman and gentlemen, my name is Arnold Vogl. I am president of the Riviera Packing Co. of Eastport, Maine. I am also vice president of the Tuna Cannery Association which is comprised of tuna canners along the eastern seaboard.

My problem is somewhat different from any of the other witnesses who have testified before your committee. This position I would like to make very plain. The committee in its deliberations has overlooked one important factor, important at least insofar as my plant is concerned. My principal business is canning sardines. I have been engaged in packing them in Eastport for 11 years. The season for packing sardines in Maine is very short. There are no other large industries to absorb the help once the sardine packing is completed. For some years, I have been looking for other types of canning in order to supply employment to those people whom I normally employ in the sardine canneries. After I exhausted all other possibilities of obtaining other fish to can, I turned to tuna as the only possibility. Consequently I was quite interested in determining the extent of tuna in the Atlantic Ocean which I believed to be abundant. I attempted to have exploratory fishery work performed by the Federal Government for the benefit of Maine and other States along the eastern seaboard. Through the help of our Maine Senators and other legislators, the Congress the year before last appropriated funds to do this experimental fishing. The results

have been quite gratifying. We know now that there are bluefin tuna abundantly in the Atlantic, and that the run is on from June to October. The bluefish tuna, of which I speak, is produced mainly off the shores of Canada and the United States.

Senator MILLIKIN. Are these tuna mostly within the territorial waters or within the international waters?

Mr. VOGL. Around there you just find them swimming around in the high seas in our territory and in Canada, but Eastport is really surrounded by Canadian islands.

Senator MILLIKIN. Are they within the territorial waters of the United States or of Canada?

Mr. VOGL. All together.

Senator MILLIKIN. It is all together?

Mr. VOGL. That is right.

Senator MILLIKIN. How far out does Canada claim?

Mr. VOGL. The tuna schools come up along to Nova Scotia, I would say.

Senator MILLIKIN. I am trying to weigh this question of national waters.

Do you find tuna outside of the waters claimed by Canada and by the United States?

Mr. VOGL. Outside and inside the 3-mile limit, too. They are mostly caught inside the 3-mile limit, anyway.

One had only to look at a map of the Maine coastline as it relates to the Canadian-shore line, and he will notice that Eastport is practically surrounded by Canadian territorial waters. In these waters there is an abundance of bluefish which I have been canning in my plant. In previous years, more than 50 percent of my raw tuna for canning came from Canadian waters.

The extreme significance of our relationship with Canada should at this time be brought out. About 90 percent of all of the sardines and herring landed at my plant come from Canadian waters. These fish are all duty-free at the present time and have always been duty-free. The bluefin tuna which abounds in these same Canadian waters would now be subjected to a duty of 3 cents per pound if H. R. 5693 were to become law. It is quite apparent how this would upset our entire fishery relationship with our good friends to the North. Canada, like the United States, hopes to develop its bluefin fishery. As it progresses, it is only reasonable to assume that this fishery would become important to her. Therefore on the one hand we would have one species of fish which would carry a duty and possibly a quota as contrasted to the old herring fishery that has been duty-free all of these years. As a result, the very fine work that we have done over the years in creating employment for fishery and cannery workers in Maine would be jeopardized. It is quite apparent then that the good-neighbor relationship that we have with Canada is likely to be impaired if a duty is placed on tuna such as provided in H. R. 5693. Retaliatory steps which have been taken by Peru and Ecuador in my case would become insignificant to the retaliations that might come from Canada. To point this up, the licenses for shipments of raw sardines and herring from Canadian waters to our plants could be stopped over night. The net result would be that thousands of workers in the Maine sardine industry would be out of work. This is not only an idle threat but a possibility.

Beside the impact on the sardine and tuna fishery in Maine, this bill would cut off supplies that we need from other sources. It may take a few years before sufficient tuna supplies can be developed in the Atlantic to run our plants. Consequently we must import frozen tuna from South America and from Japan, the largest producers at the present time.

It must be remembered that tuna is a high-seas fishery. It is not only a California fishery. It belongs to all of the States in the Union. But only 5 to 10 percent of the tuna landed by United States vessels are caught in American territorial waters. Statistics have borne out that California has pretty much depleted her albacore fishery; that even the canneries there must depend on supplies from Japan. The yellowfin which is the predominant species of tuna is caught by the American tuna clippers off the coast of South America. It is too difficult under any stretch of imagination to call this a California fishery. We along the east coast feel that we have the same right to import fresh or frozen tuna duty-free from anywhere in the world and can it at our plants. After all, we are employing American labor. We are supplying employment for American labor in these canneries. If the Congress wants to afford protection to American labor, it should consider such matters as are now pending before the Tariff Commission.

Senator MILLIKIN. If you had fishing fleets as part of your operation you could continue to bring the fish in free, could you not?

Mr. VOGL. I would send them down to South America.

Senator MILLIKIN. I mean, if you found tuna off your own coast.

Mr. VOGL. The fishing is not developed as yet. It is still making. It is exploratory fishing that has been started only this last year.

Senator MILLIKIN. Assuming that you could find what you want to find—if you do that with American bottoms you would be able to bring it in free?

Mr. VOGL. If they are caught on the high seas or in our waters, but not if they are caught in Canadian waters.

Senator MILLIKIN. Canada at the present time permits fishing within her territorial waters?

Mr. VOGL. Yes, but I would say that fish caught in Canadian waters would be subject to a duty.

Senator MILLIKIN. They could prohibit it or collect a duty on it. It is my understanding at the present time that Canada does not prohibit American fishing in Canadian territorial waters. I may be wrong on that.

Mr. VOGL. That is something for the future to be discussed, because right now we do not even know what type of vessels could be used for this fishing.

Senator MILLIKIN. Until you do get your own source from the Atlantic you will have no alternative but to buy where you are buying now, to wit, from South America and, I suppose, from Japan?

Mr. VOGL. That is right, but still we are getting fish caught by local fishermen in Canada the same way, although not enough at the present time.

Senator MILLIKIN. Have you developed enough tuna off the shore in Canada and the United States to supply your needs?

Mr. VOGL. No, not yet. In other words, what might happen if the Senate should become hasty and place this 3-cents-a-pound duty

in effect would completely upset the tuna canning industry of the United States. This is true because the 12½ percent ad valorem duty on canned tuna in brine would cause an avalanche of canned tuna to be dumped on this market from Japan and Peru. We domestic canners would be absolutely helpless under such a situation. The new industry which is taking root in New England and along the eastern seaboard would be paralyzed as well as all other tuna-canning areas of the country, including California.

I have a very sincere belief that the proponents of this bill never expected it to pass the House on such short notice. Really the tuna canners of the west coast as well as along the east coast must realize what would happen if the Senate were to pass this bill on short notice.

Likewise a quota which has been suggested by the State Department and the Fish and Wildlife Service and which has been mentioned by other agencies of the Federal Government would be disastrous for us on the east coast. I was amazed at the reckless manner in which these figures on quotas were treated. The basis for these figures was taken from prewar years when there was enough tuna in American territorial waters to supply the needs of the entire United States tuna industry. Times have changed. Of the 400,000 tons of raw tuna needed by domestic canners, nearly 385,000 tons have to be produced from the territorial waters of other nations and on the high seas. A quota is even more harmful at the present time than the talk of a duty. We would have retaliation from practically all over the globe, because tuna is caught almost everywhere.

I want to add in this respect that I listened to the testimony of Mr. Linder, of the Department of State, wherein he advocated also a quota. I would say that such a quota would be impractical for Canada, because of several reasons.

Most of the tuna that we get from Canada is not frozen, it is fresh. It is impossible to ask for a license and hold the fresh tuna without knowing whether the license is going to be granted or whether the specific lot would fall under the quota or not.

Another reason is that a quota on fresh fish has never worked out. The best example is the quota business on ground fish whereby neither importer nor the Government ever knows who owes who and what happens to the quota.

Furthermore, the figures that were submitted in this report are not quite correct. It says here in the figures that a 25-million-pound figure would be equivalent to about 6 percent of the domestic consumption. According to my figuring it would not be quite 3 percent, because 25 million pounds—

Senator MILLIKIN. May I interrupt you? I want to get one part of this picture quite clear. The fish that you bring in from Canada comes in fresh?

Mr. VOGL. Mostly fresh; only in small amount frozen. Sometimes they are caught near Halifax whereby they are frozen, but all of the fish that come from the south shore of Nova Scotia are shipped fresh from the fishing grounds to our plant.

Senator MILLIKIN. With a quota system there would be some difficulty in applying it to fresh fish. If a man comes with a boatload of fish from up in Canada he has got to get them in, and if he finds that the quota is full, unless he can sell it under the tariff rate, he is in trouble, is he not, because his fish are spoiling on him?

Mr. VOGL. That is right.

Senator MILLIKIN. And spoiled fish are not pleasant?

Mr. VOGL. I would say so.

Senator MILLIKIN. Does fresh fish come in in any quantities in other parts of the United States so far as the tuna-fish business is concerned?

Mr. BARR. Imported, no, sir.

Mr. VOGL. That is the exception, because we are really practically in Canadian waters there.

Mr. CHAPMAN. In rather insignificant quantities there, actually.

Mr. VOGL. At the present time, at least.

I, as a canner, feel a great responsibility to the fishermen. They lead a difficult and risky life in their occupation. There was so much testimony about the needs of the fishermen of southern California. As is quite apparent, the southern California fishermen have had a heyday for the past 20 years. The overexpansion of the tuna fleet was brought about by the fact that the heavy investments in tuna clippers have been paid off within a very few years. This is not true in any other fishery. Enlarged profits have led to extensive building of a large and expensive fleet. I believe if your committee should look into the conditions which exist in southern California, you would find that two or three big companies own directly or indirectly substantial parts of the tuna fleet of San Diego and are able to dictate the policies of that fleet to a high degree. If I am properly informed, it is this part of the fleet that has caused considerable hardship to the balance of boat owners in southern California. When the application of the California interests was filed with the Tariff Commission and when the same interests sought help in Congress, it did appear that a precarious situation prevailed in southern California. It now appears since the fleet has sailed that the situation has been remedied. Everyone's market is better, and the fleet is no longer in jeopardy. The need for any emergency action has passed. If the Congress wishes to study a long-range program for the tuna industry, it should first use the Tariff Commission.

My own opinion is that the American tuna market can be expanded. There is no longer any alarm in California, and the eastern industry should be permitted to have a healthy and normal growth without interference from the California industry.

It is amazing that within 20 years, the California tuna industry has grown from nothing to its present height. It would be against the American tradition to take such drastic measures to impede the progress of the tuna industry in other sections of the country. This is exactly what the Senate would be doing if it adopts H. R. 5693 in its present form or in a form which has been suggested by agencies of the Federal Government.

The CHAIRMAN. Is the bluefin a large fish?

Mr. VOGL. The school fish is a pretty small fish. It goes up to about 60 pounds. Besides that there are very large bluefin that are mostly caught by sport fishermen. They go as large as 1,000 pounds. We are not after that kind of tuna, because they do not work out well.

The CHAIRMAN. You do not go in for that big type?

Mr. VOGL. No, we go for the smaller type that is equivalent to the yellowfin, caught in South American waters, of an excellent quality.

The CHAIRMAN. That is the fish that you say is within the territorial waters off of New England?

Mr. VOGL. Off of New England, yes.

The CHAIRMAN. And Canada?

Mr. VOGL. That is right.

The CHAIRMAN. Not the large type?

Mr. VOGL. The large type, too. Of course, the large bluefin does not school. The huge schools consist mostly of the middle-sized tuna that yield very nice light meat. As a matter of fact, I brought a few cans a few years ago to the west coast, and the canners there were amazed by the fine quality of this bluefin tuna.

The CHAIRMAN. Are there any further questions?

If not, we thank you very much for your appearance.

Mr. VOGL. Thank you.

The CHAIRMAN. Is there a representative here of the Ross Davis Co. of Albany, N. Y.?

(There was no response.)

The CHAIRMAN. I think that we had an indication that that concern would be represented here, but perhaps they are sending down a brief.

Mr. Heddock was listed as a witness and called, but did not respond. Is he present in the room now?

(There was no response.)

The CHAIRMAN. If not, that concludes the hearing, that is, of the witnesses for today.

There are some matters to go into the record which will be offered at this time.

Congressman Cecil R. King, of California, is offering a brief statement in behalf of the bill that will be incorporated in the record at this point.

(The letter and statement of Hon. Cecil R. King, is as follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 6, 1952.

HON. WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: Due to the fact that my subcommittee is presently holding hearings in San Francisco, I regret my inability to be personally present at the hearings before your committee on H. R. 5693, and am therefore respectfully requesting that the enclosed statement be made a part of the record.

Thanking you, I am
Very sincerely yours,

CECIL R. KING, M. C.

STATEMENT OF HON. CECIL R. KING, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF CALIFORNIA

Great United States industries are from time to time faced with problems which cannot and should not be brought to Government for solution. Some problems, however, are of such interest to the national welfare and are without solution unless government lends its assistance, that relief must necessarily be sought from and should be granted by Government. Such is the immediate and pressing problem facing the United States tuna industry at the moment. Already this industry has suffered heavily from the impact of unrestricted fresh and frozen tuna imports. The threat of further injury of an intensity sufficient to wipe out the industry is imminent.

This problem is of concern to every fishing community on the Pacific coast but I will address myself only to the effects of tuna imports on the economy of

the district which I represent. The economic welfare of this area is intimately geared to the prosperity of the fishing fleet based at San Pedro and Wilmington, Calif. Dependent on the activities of this fleet are approximately 5,000 fishermen and boat owners and approximately 10,000 cannery workers. The business produced by the income received by these people keeps the merchants' shops open and provides further employment for thousands more in the necessary supply trades on shore.

In 1950 the fishermen of this fleet produced \$51,000,000 in raw fish. After processing by the canneries in my district, this fish acquired a value of approximately \$88,650,000. The loss of such income to an area vitally dependent on it can be disastrous. Such a possibility is not exaggerated. The fishing fleet in my district operates in part for sardines and mackerel and in part for tuna. Since 1948 imports of bonito have driven this fleet out of the bonito business. That business was an important part of the annual income of that fleet. Today it is practically gone, since imports have taken nearly 85 percent of the United States market of that product. While bonito is not up for consideration in the pending bill, I cite this to show how in a few short years unrestricted or lightly restricted imports can monopolize the market.

The sardine and mackerel fishery cannot be subject to any further fishing effort. If these fishing vessels must forego their tuna activities and depend entirely upon sardines and mackerel, the end of that fishery through overexploitation is well within the realm of probability.

Rarely has the American fisherman gone to his Government for aid. He has no subsidies and he has no fear of fair competition. Our Government has seen fit to establish protective tariffs to preserve hundreds of American industries. The American fisherman is not asking that tuna imports be completely prohibited. He merely asks that in his present plight he be given the same consideration by Government that has been given to other industries.

Your favorable consideration of the bill before you is urged.

The CHAIRMAN. The Association of Food Distributors, Inc., of Washington, D. C., is filing a statement in opposition to the bill, which is signed by Mr. D. J. Ward, and that will go into the record at this point.

(The letter dated February 4, 1952, is as follows:)

ASSOCIATION OF FOOD DISTRIBUTORS, INC.,
Washington 6, D. C., February 4, 1952.

HON. WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: This statement is filed for the purpose of voicing our opposition to the provisions of the bill H. R. 5693, and we ask that it be included in the record of the hearings.

Our primary concern is based on these conclusions:

1. The domestic tuna fishing industry does not need the tariff protection it seeks. This point will be stressed in appropriate detail by others during the course of the hearing.

2. If an effective rate of duty is imposed on imported frozen tuna, the domestic canning industry in Oregon, Washington, Maine, Maryland, Massachusetts, and North Carolina will lose their chief source of supply of raw fish and will be forced to curtail production below established requirements of consumption. This is because the San Diego fishermen do not ship to these areas.

3. The imposition of a duty on frozen tuna will result in attempts to provide compensatory rates on canned tuna fish, which, in turn, will have serious effects on the economies of Japan, Peru, and Ecuador, the three leading producers.

4. The ultimate effect will mean higher prices to American consumers.

5. This legislation is predicated on fear rather than fact. Political pressures by one small group for protection should not succeed at the expense of the general industry, covering many States, and the public welfare.

6. This proposal to apply a duty first and investigate later is not in conformity with established legislative and administrative procedure.

7. The volume of imports and the customs treatment of tuna fish in various forms are not responsible for the imagined condition of the industry. The slight decline in production last year was due primarily to the overproduction and overbuying in 1950 occasioned by the Korean affair, and by the advance notice preceding the cancellation of the Mexican trade agreement. Inventories have now

been reduced to normal and the price trend is turning upward. Precipitous action is not warranted. The tuna fleet has been idle before and other industries have overcapacity and at times shut down to let demand catch up.

8. Passage of this bill could very well react to serious disadvantage of its proponents. The California tuna fleet is dependent for its bait on the willingness of the Governments of several Latin-American countries bordering the Pacific to license American boats to take bait from their territorial waters. Should we cut off or reduce the ability of these countries to market their own catch in the United States, it is reasonable to assume some retaliatory action, already openly threatened, might be expected.

For the reasons stated above, we respectfully urge that the committee postpone any action on H. R. 5693, at least until a complete investigation of all factors of the tuna problem can be conducted by appropriate administrative agencies and conclusion reached on facts rather than conjecture. There are international considerations; foreign countries have an interest in this problem, because of bait and the catching of tuna in their territorial waters, which makes unilateral action by United States inconclusive. Such investigation should include consideration of the modification of the rate of duty on canned tuna in oil. The increase in the rate of duty on this product from 22½ to 45 percent ad valorem through the termination of the trade agreement with Mexico was responsible to a large degree for the shift in the volume of imports of frozen tuna and tuna canned in brine. It is our considered judgment that the lowering of the rate of duty on canned tuna in oil to a more realistic figure would tend to level off the volume of imports of tuna and related fish in their various forms, by reestablishing proper relative values.

Respectfully yours,

D. J. WARD.

The CHAIRMAN. Also, we have a resolution from the city of Los Angeles Council in favor of the bill, and we will insert that in the record at this point.

(The resolution dated October 16, 1951, is as follows:)

RESOLUTION

Whereas, the city of Los Angeles now has located at its harbor, a fishing industry valued at \$100 million; and

Whereas, there is a \$50 million investment in canning plants in the Los Angeles harbor with employment for some 20,000 persons; and

Whereas, the tuna industry alone is valued at \$100 million with some 2,362 tuna clippers and purse seiners operating from the port of Los Angeles; and

Whereas, the welfare of the commercial fishing industry has already been adversely affected by the importation of tuna produced by foreign countries; and

Whereas, tuna imports have grown to the point that foreign-produced tuna has taken approximately 30 percent of the American tuna fishermen's market and has—as a result, caused tuna fishing vessels to remain idle in port; and

Whereas, this imported fresh and frozen tuna is imported into the United States without the payment of any duty whatsoever; and

Whereas, a reasonable protective tariff on tuna is necessary for the future welfare of our tuna industry: Now, therefore, be it

Resolved, That the Los Angeles City Council go on record as commending the action taken by the House of Representatives in passing H. R. 5963 which provides emergency legislation to halt the flood of imported tuna that is threatening the domestic fishing industry in San Pedro; and be it further

Resolved, That copies of this resolution be immediately forwarded to the Senate Finance Committee, Senators Knowland and Nixon, all California Congressmen, the United States Tariff Commission and the Fish and Wildlife Commission.

I hereby certify that the foregoing resolution was adopted by the council of the city of Los Angeles at its meeting of October 16, 1951.

WALTER C. PETERSON, *City Clerk*,
By A. M. MORRIS, *Assistant City Clerk*.

The CHAIRMAN. The committee will recess until 10 o'clock tomorrow morning.

(Whereupon, at 5 p. m., the committee recessed to reconvene at 10 a. m., on Thursday, February 7, 1952.)

TUNA IMPORTS

THURSDAY, FEBRUARY 7, 1952

COMMITTEE ON FINANCE,
UNITED STATES SENATE,
Washington, D. C.

The committee met, pursuant to adjournment, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding.

Present: Senators George (chairman), Frear, Millikin, and Martin.
Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will please come to order.

The first offer for the record this morning is a statement by the Grace Line, Inc., formally opposing the tariff on tuna, that is as in the present bill.

(The statement above referred to is as follows:)

GRACE LINE, INC.,
New York 5, N. Y., February 5, 1952.

Re: Opposition of Grace Line, Inc., to proposed tuna fish tariff.

HON. WALTER F. GEORGE,

*Chairman, Committee on Finance, United States Senate,
Washington, D. C.*

MY DEAR SENATOR GEORGE: Grace Line, Inc., respectfully submits this statement in opposition to the passage of H. R. 5693, which proposes the imposition of a tariff of \$60 per short ton on imported fresh or frozen tuna fish.

Grace Line is an American-flag ocean carrier which for almost a century has been engaged in the carriage of freight between United States ports and the west and north coasts of South America and Central America. This includes regular service to Chile, Peru, Bolivia, Ecuador, Colombia, Venezuela, Panama, Costa Rica, and the other Central American countries.

The position of the Grace Line on this matter arises first, from a natural aversion to any obstacles placed in the path of healthy, two-way free-flowing and reciprocal inter-American trade, and secondly, from the prospective loss of substantial freight earnings predicated on which a heavy investment in frozen cargo space has been made in steamers presently operating on these routes. The installation of this frozen cargo-space was made to support a growing Latin-American industry basic to the development of the economies of those countries which have undertaken the establishment of a fresh- and frozen-fish industry beneficial in many ways to the further economic development of these countries.

The committee, of course, is aware of the vast amount of North American "know how" and investment that have gone into the creation of a fishing industry in the Latin American countries, particularly Peru. The refrigerated space made available by Grace Line to accommodate fresh- and frozen-fish shipments has been a great contribution to the development of a new dollar producing industry in these countries, consistent with the Grace Line policy of assisting our good neighbors in every way possible in their constant endeavors to better their economy and dollar purchasing power.

It is the sincere conviction of Grace Line that establishment of the proposed tariff on tuna at this time could eliminate frozen tuna exports from these countries to the United States. Should this development materialize, Peru, for example, a country traditionally most friendly to the United States, would be not only adversely affected from the point of view of the employment of some 11,000 of her

people presently engaged in the fishing industry and supporting some 40,000 family members, but would also have her economy and purchasing power in the United States severely and adversely affected through the loss of dollar exchange.

Peru's fishing industry generates no small part of Peru's total foreign exchange receipts and is, in fact, the second industry of Peru as regards its trade with the United States. The prospective loss of dollar exchange by Peru at this time would of necessity force curtailment of needed purchases from the United States and this, in itself, would lead to still further unemployment and economic strain in directions other than the fish industry.

The committee, we are sure, will readily appreciate that the amount of fresh and frozen tuna imported into the United States from these Latin American countries is of very small consequence to the huge domestic market in the United States which has recently attained a total of 200,000 tons. In actual fact imports from Peru, the principal Latin American exporting country, were less than 7,000 tons in 1950 or 3½ percent of this total market. Nevertheless, these 7,000 tons are vital to the economy of a country such as Peru, from the point of view of her employment and dollar exchange.

It is difficult to understand the logic whereby fresh tuna caught in international waters off the coasts of these Latin American countries by their national flag fishing boats and then imported into the United States on an American Flag common carrier should be subject to tariff, whereas the same fish caught in the same waters by American Flag fishing boats can be imported duty free. Fair and equitable administration of such a discriminatory law would in itself appear most difficult.

Up to the present time the fish canning industry has been concentrated on the Pacific Coast of the United States but, based on the availability of steady supplies of fresh and frozen tuna from Latin American countries, made possible by the recent installation of frozen refrigeration facilities on American flag vessels, several new canneries have been established on the United States Atlantic seaboard, the first located in the area. The investments made in these canneries would no doubt be jeopardized by the proposed tariff and prospective loss of an economic supply.

The outstanding fallacy in this tariff controversy is, in the opinion of the Grace Line, the misunderstanding that a tariff on imported fresh and frozen tuna would represent a remedy to the ills of the United States domestic fishing industry which already has in its hands 90 percent of the entire United States market; that is to say, all imports, including those from Japan, represent only 10 percent of the total.

The proposed tariff of 3 cents per pound or \$60 per ton represents about one-fourth of the sales price on fresh tuna today. A levy on an imported article which is in such wide consumption in the United States would merely have the effect of reducing our two-way foreign trade and at the same time increasing domestic prices on a staple food of the American housewife.

The proposed legislation passed by the House of Representatives was, we believe, presented in considerable haste, indicating that full investigation of all factors which should precede the enactment of a tariff has not been made. We believe that the imposition of a tariff on imported tuna fish at this time is contrary to the interests of the United States, and contrary to our general trade policies with other friendly countries, particularly in Latin America. It is unnecessary and unjustified.

We urge, therefore, that the Senate Finance Committee abstain from imposing a tariff on imported fresh and frozen tuna fish from Latin-American countries and respectfully request that this statement be incorporated as a part of the official record.

Respectfully yours,

GRACE LINE, INC.
R. R. ADAMS, *President.*

The CHAIRMAN. Will you come around, please?

Mr. STRACKBEIN. Mr. Chairman, my name is Strackbein. I testified the other day.

The CHAIRMAN. Yes, I remember, Mr. Strackbein. You testified Monday, I believe.

Mr. STRACKBEIN. I think that is correct. I have a telegram here from Patrick McHugh who is secretary-treasurer of the Atlantic Fishermen's Union, and I would like to read this telegram into the record, if I may.

The CHAIRMAN. Yes; you may do so.

Mr. STRACKBEIN (reading):

Am advised Senators Brewster and Smith before Senate Finance Committee testified against bill seeking protection of American tuna industry by tariff on Japanese tuna. Senator Brewster has been active in securing sizable appropriations for Fish and Wildlife Service to investigate possibilities for advancing development of New England tuna fishing industry which is most commendable.

New England fishermen bewildered to learn of Senators' opposition to necessary tariff on Japanese tuna and are fearful of its countereffect on native fishing industry on both east and west coasts. Due to depletion of New England fishing grounds, our fishermen have been looking forward hopefully to local tuna industry to bolster our normal fishing, especially in view of forthcoming restrictions to be imposed shortly as conversion measure by Northwest Atlantic Commission. If New England fishermen are to compete with cheap Japanese tuna, we know that hope is dead. How can New England hope to start a new industry when the old-established west-coast industry finds itself being pushed to the wall?

Do you believe it is worth while to endanger the jobs of thousands of west-coast working men and women and at the same time to subsidize a Maine tuna fish cannery by permitting imports of cheap raw materials from Japan? Currently Maine wages average much less than \$1 per hour, whereas west-coast cannery wage averages approximately \$1.50 per hour. Clearly Maine canneries so subsidized can do a good job on American standards by this cheap labor and cheap foreign imports, but we submit New England and Maine in particular cannot build a healthy industry if based on such cheap standards.

The Senators must have testified because of bad misinformation as to the needs and requirements of sound American industry. To us it all does not add up how one can sponsor the development of a native New England tuna fishing operation and at the same time oppose the old and strong west-coast industry now threatened with destruction by cheap foreign competition.

We would like to obtain the formula by which a new industry can be started when both it and the old industry is being exposed to financial instability and ruin of the better American wage standard. We strongly support the position of the west-coast tuna fishing industry.

PATRICK McHUGH,
Secretary-Treasurer, Atlantic Fishermen's Union.

The CHAIRMAN. Thank you.

Mr. STRACKBEIN. Thank you very much.

The CHAIRMAN. That will be included in the record.

Senator Butler desires to be heard this morning.

STATEMENT OF HON. JOHN M. BUTLER, UNITED STATES SENATOR FROM THE STATE OF MARYLAND

Senator BUTLER. Mr. Chairman, I thank you for this opportunity of making a brief statement before the committee.

The CHAIRMAN. We shall be very glad to hear from you.

Senator BUTLER. If the chairman will recollect, when this bill was passed by the House last October, I asked that hearings be held, and I am very happy to see that they are now being held.

Mr. Chairman, Maryland has an infant tuna canning industry on its Eastern Shore. Two are already in operation. In comparison with the west coast tuna canneries, the Maryland firms are small. However, if given the proper incentive, the eastern industries should expand.

To make that possible, two things are necessary. First, the exploratory fishing for tuna being performed by the Fish and Wildlife Service in the Atlantic should be continued. Initial tests have proven that bluefin tuna is abundant enough along the east coast from Maine to Florida to warrant the establishment of the commercial fishery.

Second, because of the short period in which tuna can be caught on the east coast, imported tuna must be brought to our canneries duty-free to keep them operating.

I am told the tuna season extends from June to October in the Atlantic. Meanwhile supplies must be imported from Peru and Japan.

At this point I should like to remind the committee that Peru is closer to our Eastern Shore of Maryland than it is to San Diego. Maryland has a labor well which can be drawn upon; particularly I refer to the small villages in the tidewater areas which are engaged in the Chesapeake fishery. Tuna is particularly adaptable to our needs. It can be stored in refrigerated space and taken from inventory for canning in the slack season. Our employment situation is therefore bettered.

Furthermore, since our plants are in the big consuming markets, no transportation problem for the finished product exists. I am particularly interested in the outcome of H. R. 5693. In its present form it would penalize this relatively new industry in my State \$60 per ton for the raw product. Converted to the canned product, it means roughly 3 cents on the 7-ounce consumer can.

If the quota proposal is adopted, our people would be hurt even worse. Pacific coast canneries, I am informed, can store any quota of frozen tuna which has been proposed, and therefore our plants in Maryland would be without supplies. I know the powerful interests in California, mostly spearheaded by boat owners, have put on a spectacular show in Washington in order to put this bill through. However, I am informed the boats from San Diego are on the high seas again in quest of tuna.

The Tariff Commission is considering the tuna in brine which all canners, even the west coast ones, believe is the crux of the whole import tuna problem. Wouldn't it be wise to wait and see how this matter develops and what the findings of the Tariff Commission are before the Congress acts?

I most heartily urge your committee to take that course and have the report of the Tariff Commission before us before we take any steps on this bill in the Senate.

The CHAIRMAN. The Commission has concluded its hearings and it advised that it possibly will be 60 days before they have a report, but they do hope to make one within something like 60 days.

Senator BUTLER. Mr. Chairman, I think that makes it even stronger that we should wait and see what their recommendations are before we destroy this industry, because if this bill goes through, the \$60 a ton will destroy our east coast industry.

Senator FREAR. Where are those canneries on the Eastern Shore?

Senator BUTLER. Nanticoke and all around through the tributaries of the Shore, particularly in Wicomico and Somerset Counties.

Senator FREAR. I thought you mentioned two particular tuna canneries. I misunderstood that, I guess.

Senator BUTLER. We have the representatives of both of them here. They have already testified as to their location, Senator.

Senator FREAR. Thank you, Senator.

The CHAIRMAN. Senator O'Connor also desires to file for the record a statement, and later he will return for a brief personal statement, but his brief will be entered at this point in the record.

(The prepared statement submitted by Senator O'Connor is as follows:)

A STATEMENT OF HON. HERBERT R. O'CONNOR, A UNITED STATES SENATOR
FROM THE STATE OF MARYLAND

On behalf of the budding tuna industry in the State of Maryland, I wish to register opposition to H. R. 5693. Imposition of a \$60 per ton duty on fresh and frozen tuna, as is proposed in this bill, would cripple this new industry at this time. In addition to the two canneries presently packing tuna in my State, I am reliably informed that further moneys will be expended in Maryland, provided no deterrents such as this measure proposes are enacted into law.

Expansion of the tuna canning industry along the eastern seaboard is a logical industrial development. In many of the smaller communities such as dot the Eastern Shore of Maryland, there is available abundant labor to can tuna. In the absence of large defense industries, this is most important, in that it will furnish employment for many workers in small plants which have been unable to secure defense contracts and, because of the restrictions on the use of strategic materials, are unable to continue operations.

The market for the product in question likewise is here, almost at the very doors of the canning plants. It would be most unfortunate, and distinctly at variance with the foundational principles of our free enterprise system, if Congress were to choke off this developing industry by what would be nothing more nor less than a subsidy to the west coast tuna industry, at the expense of processors along the Atlantic seaboard.

Only yesterday the press carried reports of a new determination by Government authorities to see that defense contracts are distributed to a far greater extent than heretofore. It is being realized finally that the smaller communities which have no defense plants and areas where economic conditions have deteriorated because of the increasing swing from normal production to defense work must be given consideration.

The area where tuna packing would be undertaken in the East is almost wholly impracticable for heavy defense production and it is too far from any large operations even for warehousing of supplies or storage of finished products. I speak from experience, for I have been trying vainly to secure for some of our Eastern Shore communities any type of activity connected with defense.

Tuna packing will afford our people their long-sought opportunity to participate in an activity that is important to the defense effort, and one that can be undertaken without any great dislocation to the normal life of the area. There will be no labor or housing troubles involved. Experienced workers are at hand, ready and anxious to go to work. To deny them this opportunity would be to condemn many of them to idleness, for in these smaller towns, when boat-building or other plants are shut down for lack of materials, as is happening now and will continue progressively as restrictions become more stringent, the opportunities for securing a new job are practically nil. The only recourse is for those affected to leave home and family and depart for one of the larger industrial areas.

Tuna packing is a "natural" for workers in our Maryland tidewater areas. If this bill should unfortunately be enacted into law, they would be unjustly deprived of opportunities to which they have just as much right as any other citizens in any other areas, North, South, or West. I ask, and am confident, that members of this committee will look at this question in its broader aspects, and recognize that its implications go far beyond the economy of any one region.

Two final points appear to me to be worthy of mention. One is that while it has been part of our tariff policy for many years to impose duties on products from abroad, application of such levies to raw materials being brought here to be processed seems somewhat unusual and restrictive.

Also, the suggestion injected by several of the Government agencies that there be a quota set, limiting the amount of tuna that can be imported for canning, also would appear to be entirely out of order in that it could easily serve to strengthen the monopoly the west coast has in this phase of fish processing, instead of affording the east coast packers a chance to broaden their lines and stabilize their operations.

The tuna packing industry on the west coast is an established industry, with plenty of money behind it. It would be a relatively simple technique, therefore, under such conditions, for any quota that might be set to be gobbled up by the more firmly established west coast industry, at fancy prices if need be, so that

there would be little or none left for processing in Maryland or elsewhere along the Atlantic coast.

The bill as introduced mentioned nothing whatsoever about quotas. Let's keep quotas out of it and decide the matter simply on the basis of whether Americans in this section of the country are to be given the same opportunity to earn a living that is now afforded to Americans in other sections.

The CHAIRMAN. Also there is offered for the record the following telegram:

HON. WALTER F. GEORGE,
United States Senate Office Building:

The I. A. of M. respectfully requests your support of H. R. 5693 now pending decision by the Senate Finance Committee. Enactment of this legislation will relieve present unemployment and economic distress of our members in tuna industry.

A. J. HAYES, *International President.*

The first witness this morning who is a regularly scheduled witness is Mr. F. D. Wyatt. Mr. Wyatt, will you please come around? Mr. Wyatt, will you please identify yourself for the record and give us your connections here and your residence.

STATEMENT OF F. D. WYATT, WILBUR-ELLIS CO., SAN FRANCISCO, CALIF.

MR. WYATT. My name is F. D. Wyatt. I represent Wilbur-Ellis Co. with principal offices in San Francisco, Calif.

The American tuna industry, as you have heard from the witnesses before this committee, is a highly complex industry subject to all of the usual economic problems connected with manufacturing, in addition to problems peculiar to the fishing business. The raw material, most of which is transported from fishing banks thousands of miles from the United States, is subject to all the vagaries of nature. What may appear to be sound judgment in January may look foolish in June. For example, the industry generally agrees today that the restoration of a 45-percent duty on tuna in oil, while of long-range benefit, helped create the problems which beset the industry in 1951. Happily, that problem is now behind us and the glut of imported canned tuna in oil has disappeared. The domestic tuna industry today has a lower inventory than existed a year ago, and, in addition, an estimated 1 million cases of imported tuna in oil has moved into consumption. The industry estimates average monthly turn-over at 700,000 cases. On this basis, there is about a 90-day supply in the country today. This is a healthy position. Last October, when the House passed this bill, a large part of the San Diego fleet was idle. Today, a substantial number of these vessels are at sea and the rest are expected to sail shortly. I mention this because the impression is current that these vessels are not now operating.

I understand that of the approximately 225 vessels in the fleet, that there are 136 now at sea, there are about 89 in port and of those 89, about 35 are tied up in a management policy dispute, which leaves about 55 vessels in port including vessels just returned from the banks and others loading sea stores for future voyages.

The demand for tuna canned in oil by the American industry continues to grow at an estimated rate of 10 percent annually. Action to increase the tariff on tuna in brine seems assured. If this product is eliminated, the domestic industry gains another 5 or 10 percent of

the American market. The imports of tuna in oil have been decimated as a result of increasing the tariff to 45 percent. In short, the American tuna industry in 1952 is facing a totally different picture than was the case a year ago or even 6 months ago. These bright prospects are fully appreciated by the canners and, as I have said, the fleet is now for the most part at sea.

Yesterday, Mr. Sandoz outlined the situation concerning imports of frozen albacore and their relationship to American boats fishing for albacore. My statement is addressed to the remaining principal commercial species of tuna. I refer to yellowfin and skipjack tuna. Our interest derives from substantial capital investments made by associated companies in the fishing industry of Peru, which is a direct outgrowth of suggestions made by the United States Government, and which we carried out, during World War II. The investment was made to increase food supplies for the United States and its allies.

Senator MILLIKIN. Mr. Chairman, I am not making any suggestion about your motive in doing this or your propriety in doing it or your wisdom in doing it, but you did it also to make money, did you not?

Mr. WYATT. That is correct; yes, sir.

Senator MILLIKIN. That is a very excellent motive.

Mr. WYATT. Thank you, sir.

The fishing vessels employed, fish the identical banks often within sight of the San Diego boats. One of the principal fishing grounds for the American fleet, as well as our interests, are the banks off Ecuador and Peru.

As regards marketing, the practice in the California industry is for the canneries to negotiate so-called posted prices at the beginning of each year with the boat owners very similar to the method in which the major oil companies post prices on crude oil. This year the price of yellowfin advanced \$10 per ton to \$320, and the price of skipjack was reduced by \$30 per ton, to \$260. In other words, the fisherman has his catch sold on contract before he sails. In the case of imported frozen tuna, the custom is to sell prior to shipment from abroad at the posted price, which is the same price received by the California fishermen. As a practical matter, no importer willingly introduces foreign tuna into the American market without a sale prior to shipment. The reason is simple. Margins of profit are low and costs of storage are high. I should like to emphasize that fish are not brought in here unsold and hawked around the market for whatever they will bring.

The dominant fact about the San Diego fleet is not its overbuilt size or its replacement cost or its recent idleness.

Senator MILLIKIN. Do the canners in the last analysis determine the price of the fish?

Mr. WYATT. Yes, Senator.

Senator MILLIKIN. Don't they have some difficulty in setting that price so far in advance? Can they anticipate the catch at the time of making these contracts?

Mr. WYATT. There has been no difficulty, no great difficulty. The prices have been extraordinarily stable. The prices are normally fixed in December or January and have ruled for as long as a year at a time.

Senator MILLIKIN. I am just wondering what were the practical difficulties of that. The end point is that is the way it is.

Mr. WYATT. That is correct, yes, sir.

Senator MILLIKIN. My inquiry is rather idle, I think.

Mr. WYATT. The most important fact here is that the San Diego and San Pedro fleet bases solely in San Pedro, Calif.

As the statistics show, until lately it has been virtually the only source of yellowfin and skipjack tuna for the American canner.

Its catch has been canned exclusively by plants in San Diego and San Pedro. The fleet does not deliver to canneries located in other areas of the United States. The hauling charges on frozen fish make it commercially impossible to transport it to distantly located canneries, and still permit those canners to compete with San Diego or San Pedro canneries. This fleet has grown large because of the constantly expanding United States market for tuna. If the southern California fleet was dispersed in 5 or 10 ports on both coasts, there would be no import problem here for consideration. Unfortunately, the entire catch of this fleet is delivered to southern California canners. The southern California fleet has an unrivaled access to the only market it is willing to serve. Historically, as long as there were no canners in other areas of the United States who used tuna, almost the entire American market was enjoyed largely by the San Diego fleet.

Senator MILLIKIN. I would like to quote a passage there, "The San Diego has an unrivaled access to the only market it is willing to serve."

What limitations on its market does it place? Let me put it another way. Don't the San Diego products get pretty well all over the whole country?

Mr. WYATT. Yes, but what I had in mind, Senator Millikin, was that the boats themselves do not choose to discharge their fish at ports other than San Diego or San Pedro. In other words, they do not, for example, go north to Monterey, north to Astoria or to the east coast.

Senator MILLIKIN. You are speaking of the market for the raw fish and not for the canned product?

Mr. WYATT. That is correct, yes, sir.

The CHAIRMAN. I suppose the cost of transporting it to Astoria, for instance, becomes prohibitive and destroys competitive balance picture of the canners in that area as compared with the canners in the Southern California area, is that correct?

Mr. WYATT. That is correct, yes, Senator.

The CHAIRMAN. Those boats never come around the east coast, do they?

Mr. WYATT. I think there has been one occasion when one of the tuna clippers has come to the east coast or to the Gulf coast.

The CHAIRMAN. To the Gulf coast. All right.

Senator MILLIKIN. Would they not go anywhere where they can market the fish if the canners elsewhere would buy the product?

Mr. WYATT. Historically the fact is, Senator Millikin, that they have not done so.

Senator MILLIKIN. Have the canners historically offered to take their fish?

Mr. WYATT. I believe in one case that there has been some negotiation toward bringing a tuna clipper to the east coast. In other words what happened this last season was that the boats tied up in San Diego and did not seek other markets in other parts of the country.

Senator MILLIKIN. I am taking the reverse. Do the canners in other parts of the country try to get fish from them?

Mr. WYATT. I believe in one instance that I mentioned, that an effort was made in that regard; yes, sir.

Senator MILLIKIN. Except for that one instance you are not prepared to say?

Mr. WYATT. That is correct; yes, sir.

Senator MILLIKIN. I am trying to clear up my own mind on this. They are in the business of catching fish and selling them. I am wondering why they are not willing to sell, if they are not willing to sell, in ports other than San Diego and their home ports.

Mr. WYATT. I think the possible explanation of that might be the fact that their homes are in San Diego. When they are out to sea they are gone for maybe a month, 2 months, 3 months at a time, and when they return to port with their catch, they are interested in going to their home port and not to, shall we say, Eastport, Maine.

Senator MILLIKIN. I concede that is a human reason for a part of the whole policy, but after all, I repeat they are in the business of selling fish, and if you folks in Maine will buy fish from them, I can't understand why they wouldn't sell it to you.

Mr. WYATT. Well, there may be some other explanations too, Senator Millikin. I think, as I mention here a little later, the canners have substantial interests in these boats, and they also in many cases make loans or guarantee bank loans, so that they exercise a certain amount of control as to where the vessel disposes of its catch.

Senator MILLIKIN. Would you say what percentage of California's industry is affected by canner control?

Mr. WYATT. I have been told by a source which I consider reliable that if you assume the replacement cost of the San Diego bait boat fleet is \$60 million, that the canners directly or indirectly as individuals have about \$20 million of that, possibly up to \$20 million.

Senator MILLIKIN. So there is a large investment there even as to these larger boats that we might assume is independent, is that correct?

Mr. WYATT. That is my understanding; yes, sir.

This helps to explain why tuna, fresh and frozen, appeared on the free list in the tariff of 1922 and the tariff of 1930 with no complaint from any source. During the past 30 years the American tuna canning industry has grown and expanded in almost every year except during World War II.

As the demand for tuna by the American public doubled and tripled, canners in other parts of the United States began to process one or more species of tuna. Maine, Massachusetts, Maryland, South Carolina as well as Oregon and Washington entered the business. These new canneries could not economically transport frozen tuna from San Diego by refrigerated public carriers and the tuna fleet delivered its catch nowhere else. They, therefore, turned to imported tuna as the sole available source of supply. Canners in the East and projected canneries on the Gulf coast have no other practicable supply. The so-called basing point formulas, as in cement, or the Pittsburgh plus formula for steel, have never been adopted by the San Diego fleet for tuna. Consequently, these new canners have resorted to imports in order to obtain their raw material at the same price as paid by the San Diego canners to their fishermen.

The increase in imports, as you will readily see, reflects in part the raw material requirements of a decentralizing industry. In a small way, the canning has moved from the southern California area closer to the large consuming areas in the Eastern States. Closer proximity to principal market is a normal pattern and is sound economically. To impose a quota would be to place a congressional limitation on the growth of these existing canneries and a prohibition against new canneries coming into the field. A tariff would likewise increase the cost of the young decentralized industry and make it noncompetitive with the old established southern California canners.

The question is not totally unlike the freight differentials which for so long impeded the economic development of the South and Southeast. As I said a moment ago, if the San Diego tuna clippers were based near, or would deliver to, canners located outside the San Diego-San Pedro area, there would be no problem of imports. So long as they persist in making their catch available only to the southern California canners, then those in the industry elsewhere must find raw material at prices comparable to those paid by the California canners. No one will maintain that canners in Maine can transport frozen tuna from San Diego across the continent and still compete.

Senator MILLIKIN. Mr. Chairman, I would like to suggest that the California fishing people file a memorandum, if there is not going to be any testimony on it, with direct attention to this particular matter, to wit, that the California fishing fleet will not deliver except in California. I think that is a very important element in the case.

The CHAIRMAN. You can file a reply to this. All right, you may proceed.

(The information referred to follows:)

SUPPLEMENTARY INFORMATION SUBMITTED BY F. D. WYATT, WILBUR-ELLIS CO.,
ON H. R. 5693, TUNA FISH TARIFF

This memorandum and the exhibits thereto are filed for the record, with the permission of the committee, in support of certain statements made in my prepared testimony.

These statements were, in effect:

1. That this is not a tariff problem nor is H. R. 5693 designed for tariff protection;
2. That the clipper fleet, the principal source of tuna (skipjack and yellowfin) restricts its sales to southern California canneries because of long-term contracts with those canneries, which contracts preclude the sale of the catch to any other purchaser;
3. That as a result of the inability of the tuna fleet to sell elsewhere than in southern California, canneries in other parts of the United States must depend on imported tuna for their raw material;
4. That under these restrictive contracts, the canneries cause the fleet to be tied up periodically whenever they have an inventory surplus; and that such periods of enforced idleness are the result of an overcapacity of the fleet and are not caused by cut-rate imports of fresh or frozen fish;
5. That if the tuna fleet were decentralized as to its bases, it could make deliveries to canneries in the various States and thereby supply the market now dependent on imports;
6. That because of the tremendous increase in tuna consumption in the United States, the tuna industry, historically concentrated in southern California, is beginning to decentralize, and that the tariff would serve solely to increase the cost of the raw material to these regional canneries by \$60 a ton and hence make them noncompetitive with the southern California canneries which control the fleet;
7. That the small duty-free quota, recommended by the State Department, would, in effect, constitute a congressional determination of the extent of competition to which the southern California canneries could be subjected; and that either a quota or a tariff will only result in killing the present decentralization

movement to other States and thereby keep the industry permanently localized in southern California;

8. That imported tuna has not been sold at cut-rate prices but is sold both in California and on the east coast at prices competitive with those paid to the tuna fleet fishermen;

9. That the study provided by the bill should be made by some Government agency interested in the free interplay of commercial competition, such as the Federal Trade Commission.

These contentions (with the possible exception of No. 9) were all traversed by Dr. Chapman, speaking for the proponents of the tariff.

Substantiating first my statements on the captive position of the fleet and its inability to sell to anyone other than the contracting southern California canneries, let me turn to the record:

"Senator MILLIKIN. Let me ask you the same question I asked this witness a while ago. Is there any influence operating out there than tends to confine the selling of the California fishermen to west coast packers?"

"Mr. CHAPMAN. No, there is not.

"Senator MILLIKIN. No canner interests?"

"Mr. CHAPMAN. No. The canners' interest in the fleet is very small * * *"
(record, p. 477).

The proprietary interest of the canners in the fleet, the nature of the contractual tie-in between the two, the portion of the fleets controlled by the three major canneries, and the ability of the canners to keep the fleet in port, are described in exhibit 1. This exhibit is an excerpt from a special report dated August 31, 1951, made by William R. Staats Co., Inc., leading Pacific coast investment bankers. The report was designed as an over-all study of the industry for the purpose of interesting investors, and a careful reading of this exhibit will conclusively demonstrate the accuracy of my statements. In addition to showing that 156 boats (out of a total fleet of some 225 boats) are controlled by the three major canneries, the report explains:

"FISHING FLEETS AND SUPPLY OF RAW FISH

"Fishing fleets have been of vital importance to the packers in order to assure the production of fish in sufficient amounts for efficient operation of canneries and production of the packs to fill the demands of customers. Because of this the canneries built up fleets of vessels which if not owned in whole or in part by the canneries would be covered by contracts for a term of years" (p. 4).

After reciting that the Westgate-Sun Harbor Co. fleet is composed of 42 of the most modern clippers in the business, the report, in referring to the entire industry fleet, states:

"* * * the present fleet can produce more tuna than can be sold by the canneries."

Describing the contracts between the canners and the boats, the report further states:

"About 80 percent of the boats fishing for the company are under contract. These contracts usually are set up on a 5-year basis and basically state that the canner agrees to buy the production from the vessels at the current market price, with the right to refuse to accept fish under certain conditions. A sample of the general contracts used is attached as exhibit 1. (This paragraph was inadvertently omitted in transcribing the complete text of exhibit 1.)"

The typical contract referred to in the above quotation, together with contracts used by French Sardine Co., Westgate Sea Products Co. (now merged with Westgate-Sun Harbor Co.), and Van Camp Sea Food Co., Inc., are set forth in exhibit 2 hereof. These contracts provide that the boat shall fish for tuna and will deliver its entire catch to the canner in San Diego, and will not deliver any fish caught to any other purchaser.

"1. The fishermen agree that they will employ the tuna boat owned and operated by them exclusively in fishing for the period hereinafter provided for, and that until such date they will deliver the entire catch of said tuna boat to the canner, and that they will not deliver any fish caught by them or by said tuna boat (other than fresh market fish) to any other purchaser. Unless otherwise agreed upon for any individual voyage, delivery shall be made at San Diego, Calif. (French Sardine Co. contract, exhibit 2)."

A similar provision appears in the Westgate-Sun Harbor contract:

"1. For the period commencing September 16, 1947, and ending September 16, 1948, the Second Parties agree to fish the boat 'PATRIA' for albacore, skipjack,

yellowfin tuna, bluefin tuna, and other canning fishes, and subject to the terms and provisions hereof to sell the same exclusively to the First Party during the aforesaid period. However, in the event Second Parties sell the boat 'PATRIA' prior to September 16, 1948, Second Parties guarantee that as a consideration of such sale that the buyers thereof will be obligated to deliver all said fish as specified above to the First Parties up to September 16, 1948" (exhibit 2).

The "typical contract" set forth in the Staats report is of similar language, while the Van Camp contract varies as to wording but is of similar import:

"3. Party of the first part shall have, and is hereby given, authority to sell all fish which may be caught by the said vessel or by the parties of the second part, for delivery by it or them at San Pedro or San Diego, California. Party of the first part may purchase all or any part of the fish caught by said vessel or by the parties of the second part, it being presently contemplated that said party of the first part shall purchase all of the fish."

The duration of the contracts vary from 1 year, as in the French Sardine Co. contract, to 5 years, as in the Westgate Sea Products Co. contract. In the typical contract" in the Staats report, which contemplates a financial obligation to either the canner or a bank, the duration of the contract is coextensive with the debt. This provides:

"8. This agreement shall remain in effect as long as the fishing boat ----- owes money to the ----- Bank of ----- on a preferred mortgage on said vessel -----, or so long as the co-owners of the fishing boat ----- shall owe any money to the ----- Packing Company for the account of the vessel" (exhibit 2).

The contracts further provide that the canners, under abnormal conditions (meaning when their inventories are high or their working capital inadequate), can require the fishermen to lay up their boats provided the lay-up is general in the southern California tuna-fishing industry. That the canners employ this provision, and its importance to them is illustrated by a statement in the annual report for the year ending May 31, 1951, of the Van Camp Sea Food Co., Inc., dated August 14, 1951.

"Relief, however, is in sight * * *. In addition, the tuna clippers of all the important canneries are now being held in port or are operating on a rotation plan which will curtail production substantially and in this manner reduce the inventories of the industry to normal proportions."

The practice of laying up the fleet in order to curtail production of fish not wanted by the contracting canneries is confirmed in the Staats report. After referring to the fact that the fleet can produce more tuna than can be sold by the canneries, and to the increase in available tuna from foreign sources, the report states:

"The result has been that for the past two seasons boat-fishing operations have been curtailed several times and that at present there are ample boats available to supply the industry's needs. The curtailment has taken the form of either lay-up plans by packers or a refusal by packers to send their fleets to sea for periods of time to adjust inventory levels" (p. 5).

Periodic tie-ups of the fleet will continue so long as the boats, by exclusive contracts, obligate themselves to deliver all their fish to one cannery but with no obligation on the part of the cannery to take all the fish that continuous fishing would produce. The inexorable truth of this statement is illustrated in the Staats report:

"The capacity of Westgate-Sun's fleet as noted is roughly 10,000 tons per trip; the boats will average when operating without restrictions about 4½ trips per year. This means that the total production per year of the fleet for the company is in the neighborhood of 50,000 tons. In view of the fact that about 40 cases on an average is the yield from a ton of tuna, the company's total production on an annual basis would be about 2 million cases. Experience has shown in the past year and a half that the company's sales fall into the 1-million to 1½-million-case bracket" (p. 5).

Admittedly, therefore, the capacity of the Westgate-Sun Harbor fleet, under contract, is from 25 to 50 percent in excess of the ability of the company, based on sales experience, to sell.

Despite Dr. Chapman's denials to the previous question, Senator Millikin tightened his grip on the jugular vein of the entire problem:

"Senator MILLIKIN. Let me repeat the question. Is there any influence by the banks or the canners or by anybody else, pressure of any kind that operates to keep the sale of the fish caught by California fishermen, confine that sale to the California canners or Pacific-coast canners?"

"Mr. CHAPMAN. The answer is categorically 'No.' * * *" (record, 479).

Whatever latitude of omission Dr. Chapman felt was permitted by the phrasing of the Senator's first question was effectively eliminated by the second question. If disclosure of the foregoing facts was not mandatory up to then, certainly some disclosure appeared now in order. But Dr. Chapman's flight from the subject on this second occasion was even more reckless. He omitted any reference to a general condition, illustrated in the published annual reports of Van Camp Sea Food Co., Inc., the only major cannery, with a publicly held minority interest. Those reports for the years ended May 31, 1949, 1950, and 1951, show:

| | | |
|--|--|---------------|
| May 31, 1949: | | |
| Loans to fishermen | | \$2, 659, 520 |
| Investments in wholly owned boats | | 211, 589 |
| Investments in jointly owned boats | | 930, 141 |
| May 31, 1950: | | |
| Loans to fishermen | | 1, 904, 502 |
| Investments in jointly owned boats | | 791, 903 |
| May 31, 1951: | | |
| Loans to fishermen (in part secured by mortgages and maritime liens) | | 1, 950, 987 |
| Investments in jointly owned fishing boats | | 674, 808 |

These investments, totaling \$2,625,000 on May 31, 1951, appear sizable in comparison to the total assets of the company of \$16,597,691.

In exhibit 3, the financial assistance to boat owners is discussed in the Staats report (pp. 25, 26):

"The packing companies with established sales programs and ample production capacity require an adequate and reasonably dependable supply of fish which can only be secured by having their own boats or exclusive contracts with other boat owners. It has, therefore, been necessary for most of the companies to finance boat owners in various manners.

"A boat owner or prospective boat owner may not have sufficient funds to pay the full price for a boat, but with his funds or the funds of himself and associates he can pay a portion of the price and borrow a reasonable amount from the bank. The balance of the price may then be provided by a packing company which takes an unsecured note or contract receivable payable over a term of years, probably not exceeding 5 years.

"The companies also make advances to boat owners for supplies necessary to stock vessels for extended voyages and for other expenses such as taxes, licenses, fuel, equipment, repairs, and replacements.

"Loans of a boat owner may also be guaranteed in instances where he is unable to make sufficient down-payment on a purchase.

"The companies may also have ownership interests in boats representing investment of their own funds.

"The experience of the companies has shown that it is necessary to have substantial funds invested in boats and in loans to boat owners and fishermen and to provide adequate reserves for contingencies."

The degree of control over the fleet, concentrated in the three major canneries, has increased since August 1951, when it was:

| | Van Camp | West Gate | French Sardine | Total |
|---------------|----------|-----------|----------------|---------|
| Boats | 73 | 42 | 41 | 156 |
| Tonnage | 13, 702 | 9, 955 | 9, 675 | 33, 332 |

In February 1952 the comparable figures are:

| | Van Camp | California Tuna Co. ¹ | French Sardine | Total |
|---------------|----------|----------------------------------|----------------|---------|
| Boats | 82 | 56 | 41 | 179 |
| Tonnage | 14, 952 | 9, 745 | 9, 675 | 34, 372 |

¹ In February 1952, California Tuna Packing Co. merged with Westgate-Sun Harbor.

It is generally agreed that the fleet contains about 225 boats in all, with an aggregate carrying capacity of approximately 45,000 tons of tuna. The three major canneries above account for 179 of the vessels with a capacity of 34,372 tons.

There is submitted, not for inclusion in the record but solely for the information of the committee, photostatic copies of abstracts of title of all tuna vessels over 50 net tons documented in the port of San Diego since 1946. The list is not selective but all-inclusive and was forwarded by the collector of customs of San Diego. Both the ownership of the boats and recorded liens or financial interests are set forth. A quick survey, based upon limited knowledge of the names of officers and their relatives and the corporate affiliates of the principal canneries, shows such interests in 52 out of the 85 title abstracts. This is exclusive of fishing contracts.

The Tariff Commission states:

"The fishing and canning industries, particularly of California, are thus closely allied; some of the canneries have an invested interest in some of the tuna-fishing vessels, and some of the vessel owners and operators own stock in the canneries." (Summary of Tariff Information on Tuna Fish, Fresh or Frozen. Revised, January 1952.)

At the hearings I maintained that the canneries located outside the southern California area (both in northern California and the east coast) were dependent on imports because they could not obtain frozen tuna from the San Diego fleet. My statement was vigorously denied by Dr. Chapman with the assertion that the San Diego clippers would deliver frozen tuna to any port city in the United States where the boats could get to the dock (record, 474, 476).

Let the experience of some outside canneries, which have attempted unsuccessfully to obtain tuna from the San Diego fleet, answer (exhibit 4):

This exhibit shows:

1. Paragon Packing Co., Portland, Oreg., states that it has tried repeatedly for 3 years to obtain tuna from the clippers, without success. In addition, Paragon states:

"We have been informed that the independent boats (and by 'independent' we mean boats that are not controlled financially by canneries) practically all must submit to a long-term contract before the cannery will take them on and guarantee to buy their fish.

"These independent boats are fearful, so they tell us, to make a trip for Northwest canneries unless they obtain consent from the canneries under which they are contracted before leaving on the trip to catch the fish.

"As you can perhaps well realize, a situation of this type does not permit a Northwest packer to lay any kind of packing program, and they have found that in order to supply their markets they have had to rely upon foreign importations to accomplish this and to keep their plants going."

2. H. B. Kennerly & Son, Inc., Nanticoke, Md., inquired about purchasing tuna and received from San Diego a letter containing the following:

"As you probably know, the tuna clippers are presently tied up in San Diego because, the canners claim, of an oversupply of fish.

"We have had inquiries from three canners on the east coast who are anxious to get into the tuna business and would like to have some fish.

"Of course, we are not too anxious to put any canners in the tuna business, thus giving us competition. [Italics supplied.]

This letter, together with Mr. Kennerly's letter of February 9, 1952, stating why tuna was never delivered, should be read together.

3. The President of Riviera Packing Co., Eastport, Maine, states that on two trips to San Diego he attempted unsuccessfully to obtain a supply of tuna from the clipper fleet. The reasons given were that all clippers were under contract to the canneries, which could easily absorb the entire catch locally.

4. The Oxnard Cannery, Inc., and Peninsula Packing Co., both of Monterey, Calif. (approximately 400 miles north of San Diego), state:

" * * * domestic tuna fleet over the years have refused to deliver tuna Monterey except at premium or in times of bad markets when they could not sell fish to southern California packers. * * *"

5. Monterey Peninsula Chamber of Commerce, in a statement dated January 30, 1952, and filed with this committee, states:

"These investments were made with the thought that at last they had found a permanent source of supply (imported frozen tuna) good over the years no matter what the market conditions. These investments had been impossible before as the domestic tuna fleet has only made fish available to them when it was unwanted elsewhere or at a premium."

6. This same chamber of commerce, in a telegram dated January 12, 1952, to Senators Knowland and Nixon and to Governor Warren, states in part:

" * * * Monterey fishing industry, once largest in Nation, in imminent danger complete financial collapse. Importation tuna almost only chance for partial survival industry and staving off consequent further economic distress entire community."

The appearance before this committee of the proponents of the tariff was proceeded by a highly organized national letter-writing campaign to the Congress (exhibit 5). The goal was 25,000 letters or post cards directed to stress that cheap imports of tuna were wiping out the domestic San Diego industry. In fairness to the Senators who were being asked to vote in reliance on the truth of such statements, they should have been supplied with at least one single instance of a sale at a cut-rate price. Such evidence should have been readily available if the imports were as large as alleged and causing the withering competition claimed. Yet, among the elaborate quantity of statistics presented by the proponents, there is not one scintilla of such evidence. Perhaps it was hoped that the phrase "cheap foreign imports" when reiterated to the Congress by 25,000 people would succeed in diverting attention so that the absence of such evidence would go unnoticed. But it was finally admitted in the closing minutes of the Senate hearings by Dr. Chapman, spokesman for the tuna fleet, that imported tuna did not undersell domestic tuna in the California market.

"Senator MILLIKIN. So that the foreign exporters to this country are going along with the domestic price on the west coast, but they are cutting that price on the Gulf coast and Atlantic coast, is that correct?"

"Mr. CHAPMAN. Yes. * * *" (record, p. 475).

Dr. Chapman, after testifying that in a "slam-bang competition" with cut-rate imports the American fishermen would lose the market on the Atlantic coast and Gulf coast, stated:

"Senator MILLIKIN. So far as the Gulf coast and Atlantic coast companies are concerned, you would lose.

"Mr. CHAPMAN. Yes.

"Senator MILLIKIN. Would that not be true on the west coast?"

"Mr. CHAPMAN. Yes. On the west coast, yes.

"Senator MILLIKIN. If the importers so far had not respected the established price?"

"Mr. CHAPMAN. Right * * *" (record, p. 476).

With respect to price cutting on the east coast (there are currently only projected canneries on the Gulf coast), the evidence is equally illusory. Yet, in view of the admission that imports respected the domestic price on the west coast, it would seem that price cutting on the east coast would be a vital point to prove. But here is the testimony:

"Senator MILLIKIN. Would you mind developing the price factor, what competition you would be up against in the Gulf of Mexico country and the Atlantic coast country as respects foreign-supplied fish?"

"Mr. CHAPMAN. Of course, we do not know the actual business of our competitors. We can't give you with any accurate detail what prices are.

"We can only give you what we hear are the prices, and we hear that tuna is offered, skipjack, for as low as \$200 from Peru, yellowfin for as low as \$275.

"Senator MILLIKIN. Are you talking about the Gulf coast area?"

"Mr. CHAPMAN. Delivered, and southern California also" (record, pp. 474 and 475).

It is entirely probable that Dr. Chapman did in fact hear that imported tuna was selling at the very low prices he mentioned. The practice of circulating such reports is not entirely unknown in the San Diego area, for they serve to beat down prices to independent boat owners who return to port with unsold fish.

The most readily available documentary evidence of imported tuna prices on the east coast appears in invoices to the Kennerly Co. (exhibit 6). These show prices paid as follows: February 14, 1951, Peruvian yellowfin \$300 per ton; April 13, 1951, Peruvian yellowfin \$295 per ton; March 1, 1951, Japanese albacore \$390 per ton; March 5, 1951, Japanese albacore \$409 per ton; March 22, 1951, Japanese albacore \$367.01 per ton, (c. i. f., New York).

These prices are f. o. b. New York and should be increased by approximately \$10.50 per ton for transportation from New York to the cannery. The posted prices in southern California include delivery to the cannery door.

During the testimony the impression was conveyed that present prospects for the future activity of the fleet, showed little improvement over the August tie-up. The true facts are that on February 6, 1952, out of the total fleet of 225 boats of

30 tons or over, 136 were at sea—of the remaining 89, 35 were tied up awaiting the previously mentioned merger between Westgate-Sun Harbor and California Tuna Packing Co. The remaining 59 includes boats that have recently returned from fishing and some small obsolete boats that will never tuna fish again.

Since the close of the hearings on February 7, an additional 23 vessels have received sailing orders and currently are putting to sea. In short, the sailing schedules have returned to normal and no condition of emergency can be validly alleged. This is confirmed by the San Diego press (exhibit 7).

Why the southern California canneries want the tariff

Canners stagger sailings in their fleets so that the returned catch will correspond as nearly as possible with the estimates of their own needs. When confronted with a sudden and unexpected demand for the product, canners meet this situation by resorting to imports, which can be made available in exactly the required quantity within approximately 30 days.

The southern California canneries, as proponents of the tariff designed to stop cheap imports, could certainly have proved, from their own records, evidence of cut-rate purchases. But on this subject they were silent. As purchasers of a large part of the imports, their position in advocating the tariff which would increase their cost in the use of imports, might, at first blush, appear anomalous. It might be thought that, as a pledge of good faith to their own fishermen, they wanted to be galvanized by law from yielding to the temptation of cheap tuna. Another explanation could be that they wanted to preclude the recurrence of a situation such as reflected in exhibit 8. This exhibit reports that a clipper, under a 5-year contract with a cannery providing for continuous fishing, had been held in port for 5 months. The overstocked condition of the cannery is the reported reason. The clipper owner upon learning that while so tied up, his cannery purchased imported tuna, ordered his boat to sea. However, the cannery is reported as having no intention of purchasing the clipper tuna cargoes for the present at least. The union stopped the sailing (exhibit 8).

However, a brief analysis of the incidence of the tariff will demonstrate that the position of the southern California canneries is neither anomalous nor based on a desire to have the temptation of imports removed, for the benefit of their boats. The tariff on the small quantity of imports they use, in relation to their total consumption from the fleet, would cause only a negligible increase in their overall average costs. But to the competitive canneries, outside of southern California, which are dependent exclusively on imports, the tariff would fall on their entire raw material and place them at a serious competitive disadvantage. This is confirmed by exhibit 9.

Even Van Camp Sea Foods Co., Inc., recognized that the absence of a tariff on frozen tuna did not cause the August tie-up of the fleet. In its annual report, dated August 21, 1951, Van Camp says:

"The major cause for the disturbed conditions in the industry was the very substantial imports of canned tuna from Japan during the calendar year 1950. It now appears that the problem created by this flood of imports has been partially solved by an increase from 22½ to 45 percent in the ad valorem duty on foreign tuna packed in oil which became effective on January 1, 1951."

F. D. WYATT.

The following excerpt is from a special report dated August 31, 1951, made by William R. Staats Co., Inc., generally regarded as the leading investment bankers in southern California. This report was designed as an over-all study of the industry for the purpose of interesting investors. The excerpt is addressed solely to the relationship of the clippers to Westgate-Sun Harbor and its chief competitors, Van Camp Sea Food Co., Inc., and French Sardine Co., Inc. It is a candid statement showing 156 of the clippers are owned, in whole or in part, or controlled by the three largest southern California tuna canners.

"FISHING FLEETS AND SUPPLY OF RAW FISH

"Fishing fleets have been of vital importance to the packers in order to assure the production of fish in sufficient amounts for efficient operation of canneries and production of the packs to fill the demands of customers. Because of this the canneries built up fleets of vessels which if not owned in whole or in part by the canneries would be covered by contracts for a term of years. The tuna-boat fleet of the Westgate-Sun Harbor Co. is formed from the two fleets that prior to the merger of the two parent companies, i. e., the Westgate Sea Products Co. and the Sun Harbor Packing Co., on January 1, 1950, fished for each company.

At the advent of the merger, part of the agreement between the two companies stated: 'Each of the parties hereto shall, in regard to fishing vessels controlled through ownership, enter into fishing contracts for such vessels with Westgate-Sun, such fishing contracts to be for a term of five (5) years and shall contain the usual provisions customarily contained in fishing contracts heretofore used by the parties hereto. Provided, however, in the event either party desires to dispose of any vessel or interest therein free of the fishing contract, Westgate-Sun shall be given fifteen (15) days within which to meet any bona fide offer which has been submitted in writing. In regard to fishing vessels under contract to the parties hereto, each of the parties will assign to Westgate-Sun their rights under said contracts and Westgate-Sun will assume and agree to be bound by all of the obligations contained in said contracts.'

"At the present writing the fleet fishing for Westgate-Sun Harbor Company is composed of 42 tuna clippers of various sizes and is as modern as any competitive fleet in the business.

"A summary of the vessels (all brine), and their tonnage capacity, by fleets, is shown by the following tabulation:

| | December 1949—Sun Harbor Packing Co. | | December 1949—Westgate Sea Products | | August 1951—Westgate-Sun Harbor | |
|-------------------------|--------------------------------------|--------------|-------------------------------------|--------------|---------------------------------|--------------|
| | Number of boats | Tonnage | Number of boats | Tonnage | Number of boats | Tonnage |
| Under 100 tons | 4 | 320 | 3 | 160 | 3 | 230 |
| 100 to 200 tons | 9 | 1,345 | 7 | 900 | 13 | 1,970 |
| 200 to 300 tons | 14 | 3,478 | 5 | 1,170 | 15 | 3,795 |
| 300 tons and over | 8 | 2,855 | 3 | 1,120 | 11 | 3,960 |
| Total | 35 | 7,998 | 18 | 3,410 | 42 | 9,955 |

"Because of the present size of the industry fleet, which has been materially augmented by new tonnage since the end of World War II, the present fleet can produce more tuna than can be sold by the canners. This condition has been accentuated by increased foreign production, principally from Japan and Peru, which has been imported into this country.

"The result has been that for the past two seasons boat fishing operations have been curtailed several times and that at present there are ample boats available to supply the industry's needs. The curtailment has taken the form of either lay-up plans by packers or a refusal by packers to send their fleets to sea for periods of time to adjust inventory levels.

"The capacity of Westgate-Sun's fleet as noted is roughly 10,000 tons per trip; the boats will average when operating without restrictions about 4½ trips per year. This means that the total production per year of the fleet for the Company is in the neighborhood of 50,000 tons. In view of the fact that about 40 cases on an average is the yield from a ton of tuna, the Company's total production on an annual basis would be about 2 million cases. Experience has shown in the past year and a half that the Company's sales fall into the one million to one and a half million case bracket.

"Listed below is a table showing the positions of these contracts with the Company:

| Year | Number of boats | Option to renew for 1 year | Year | Number of boats | Option to renew for 1 year |
|------------|-----------------|----------------------------|--|-----------------|----------------------------|
| 1951 | 5 | <i>Boats</i> 4 | 1956 | <i>Boats</i> 3 | |
| 1952 | 6 | 1 | As long as company has interest | 2 | |
| 1953 | 7 | | As long as any indebtedness to bank or company | 1 | |
| 1954 | 5 | | | | |
| 1955 | 3 | | | | |

"Following is a comparison of the company's fleet with those of its two largest competitors, Van Camp Sea Food Company, Inc., and French Sardine Company, Inc., with its subsidiary High Seas Tuna Packing Company.

| Tonnage capacity | Tuna fleets—August 1951 | | | | | |
|------------------------|-------------------------|---------|-----------------|---------|--------------------------|---------|
| | Westgate-Sun Harbor | | Van Camp | | French Sardine-High Seas | |
| | Number of boats | Tonnage | Number of boats | Tonnage | Number of boats | Tonnage |
| Under 100 tons..... | 3 | 230 | 18 | 1,162 | 3 | 185 |
| 100 to 200 tons..... | 13 | 1,970 | 25 | 3,650 | 12 | 1,905 |
| 200 to 300 tons..... | 15 | 3,795 | 17 | 4,170 | 16 | 3,840 |
| 300 tons and over..... | 11 | 3,960 | 13 | 4,720 | 10 | 3,755 |
| Total..... | 42 | 9,955 | 73 | 13,702 | 41 | 9,675 |

"The predecessor companies in the past while enlarging their fleets gave financial assistance in various forms to boat owners under contract to deliver fish to them. The assistance now given by the company is limited to advances to boat owners for supplies, and guaranties of loans on tuna boats. In the first instance the company may advance funds, to be repaid at the end of a voyage, for taxes, licenses, supplies, fuel, equipment, etc. The amount so advanced as of May 31, 1951, is shown on the balance sheet as 'Accounts receivable—fishermen' in the amount of \$110,888. In the second instance any such guaranties would be of nominal amount only, probably not exceeding \$25,000."

EXHIBIT 1

TYPICAL FISHING CONTRACT

(Special report by William R. Staats Co., Inc.)

THIS AGREEMENT, made and entered into this _____ day of _____, 19____, by and between _____ a corporation, hereinafter for convenience designated as "canner," and the owners of the tuna boat _____, hereinafter for convenience designated as "fisherman";

WHEREAS the Canner, in its business of packing and selling tuna fish, requires a continuous supply of fish, and in order to obtain the same is desirous of entering into an agreement with boat owners in advance of the actual delivery of such fish; and

WHEREAS the Fishermen are desirous of being assured of a market for their catch upon arrival in port;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions hereinafter contained, it is agreed by and between the parties hereto as follows:

1. The Fisherman agree that they will employ the tuna boat owned and operated by them exclusively in fishing for the period hereinafter provided for, and that until such date they will deliver the entire catch of said tuna boat to the Canner, and that they will not deliver any fish caught by them or by said tuna boat (other than fresh market fish) to any other purchaser.

2. The Canner agrees to pay to the Fishermen the prevailing market price for all fish delivered to the Canner and which has been inspected and accepted by the California State Board of Health Inspectors.

3. In the event of abnormal conditions the Canner is authorized from time to time to require the Fisherman to lay up their tuna boat for such period or periods of time as may be necessary under the circumstances, providing the lay-up is general in the Southern California tuna fishing industry.

4. The Canner may limit the quantity of fish which it will accept from any single voyage of said tuna boat, provided the Canner shall give notice to the Fishermen of any such limitations or restrictions prior to the Fishermen's departure on any fishing voyage where limitation is to be exercised, and provided further that similar limitations are exercised with respect to other tuna vessels

throughout the industry as a whole. The Canner agrees to accept and pay for, except as otherwise herein provided, all tuna fish within the minimum and maximum size limits established by the law of the State of California; provided, however, that should the majority of tuna canners in the Southern California area find it necessary to place a limitation upon the size of tuna fish which they will accept, then the Canner herein shall be privileged to exercise the same limitations with regard to the Fishermen herein, it being understood that notice of any such limitations shall be given to the Fishermen prior to the Fishermen's departure on any fishing voyage where said limitations are to be exercised.

5. In the event the Canner is unable to accept delivery of fish by reason of strikes, fire, labor difficulties, breakdowns, or any cause beyond the control of the Canner, the Canner has the privilege of refusing to accept said deliveries provided Canner shall immediately use due diligence in finding another Canner or Cannerns who can and will accept immediate delivery; otherwise, the Fishermen, at their option, may make delivery of fish to such other canner or cannerns as they desire, until such time as the Canner notifies the Fishermen that he is ready and able to accept further deliveries.

6. All deliveries of fish hereunder shall be subject to inspection and rejection by the California State Board of Health, or by any other governmental authority, and the Canner shall not be deemed to have accepted any fish until the same shall have passed such inspection, at which time payment therefor shall be made upon demand by the Fishermen.

7. The words "catch" and "fish" when used herein shall mean tuna fish and include all species thereof.

8. This agreement shall remain in effect as long as the fishing boat _____ owes money to the _____ Bank of _____ on a preferred mortgage on said vessel _____, or so long as the co-owners of the fishing boat _____ shall owe any money to the _____ Packing Company for the account of the vessel.

9. It is understood and agreed by and between the parties hereto that all deliveries of fish shall be made at the Canner's plant in San Diego, Calif., except as herein otherwise provided for.

10. The Fishermen agree that all settlements for the catch of the vessel _____ throughout the life of this contract may be made by the Canner with the Managing Owner of the vessel, and shall be considered final when so made.

11. It is understood and agreed upon by all parties hereto that this agreement shall be binding upon the heirs, executors, administrators, and assigns of all parties hereto.

By _____ PACKING COMPANY,
_____, President,
Canner.

_____, Owners.
_____, Fishermen.

FISHING CONTRACT

THIS AGREEMENT, made and entered into this _____ day of _____ 1946, by and between FRENCH SARDINE COMPANY OF CALIFORNIA, INC., a California Corporation, hereinafter for convenience designated as "Canner," and the owners of the steel fishing vessel to be known as the _____ or to be known by such other name as the Owners shall hereafter select, building of which is about to commence by _____ said owners being hereinafter for convenience designated as "Fishermen."

WHEREAS the Canner, in its business of packing and selling tuna fish, requires a continuous supply of fish, and in order to obtain the same is desirous of entering into an agreement with boat owners in advance of the actual delivery of such fish; and

WHEREAS the Fishermen are desirous of being assured of a market for their catch upon arrival in port;

Now, THEREFORE, in consideration of the premises and the mutual covenants and conditions hereinafter contained, it is agreed by and between the parties hereto as follows:

1. The Fishermen agree that they will employ the tuna boat owned and operated by them exclusively in fishing for the period hereinafter provided for, and that until such date they will deliver the entire catch of said tuna boat to the

Canner, and that they will not deliver any fish caught by them or by said tuna boat (other than fresh market fish) to any other purchaser. Unless otherwise agree upon for any individual voyage, delivery shall be made at San Diego, California.

2. The Canner agrees to pay to the Fishermen the prevailing market price for all fish delivered to the Canner and which has been inspected and accepted by the California State Board of Health inspectors.

3. In the event of abnormal conditions the Canner is authorized from time to time to require the Fishermen to lay up their tuna boat for such period or periods of time as may be necessary under the circumstances, providing the lay-up is general in the Southern California tuna fishing industry.

4. The Canner may limit the quantity of fish which it will accept from any single voyage of said tuna boat, provided the Canner shall give notice to the Fishermen of any such limitations or restrictions prior to the Fishermen's departure on any fishing voyage where limitation is to be exercised, and provided further that similar limitations are exercised with respect to other tuna vessels throughout the industry as a whole. The Canner agrees to accept and pay for, except as otherwise herein provided, all tuna fish within the minimum and maximum size limits established by the law of the State of California; provided, however, that should the majority of tuna canners in the Southern California area find it necessary to place a limitation upon the size of tuna fish which they will accept, then the Canner herein shall be privileged to exercise the same limitations with regard to the Fishermen herein, it being understood that notice of any such limitations shall be given to the Fishermen prior to the Fishermen's departure on any fishing voyage where said limitations are to be exercised.

5. In the event the Canner is unable to accept delivery of fish by reason of strikes, fire, labor difficulties, breakdowns, or any cause beyond the control of the Canner, the Canner has the privilege of refusing to accept said deliveries provided Canner shall immediately use due diligence in finding another Canner or Cannerns who can and will accept immediate delivery; otherwise, the Fishermen, at their option, may make delivery of fish to such other Canner or Cannerns as they desire, until such time as the Canner notifies the Fishermen that he is ready and able to accept further deliveries.

6. All deliveries of fish hereunder shall be subject to inspection and rejection by the California State Board of Health, or by any other governmental authority, and the Canner shall not be deemed to have accepted any fish until the same shall have passed such inspection, at which time payment therefore shall be made upon demand by the Fishermen.

7. The words "catch" and "fish" when used herein shall mean tuna fish and include all species thereof.

8. This agreement shall remain in effect for five (5) years from and after date of delivery of the fishing boat to the owners named below.

9. The Fishermen agree that all settlements for the catch of the vessel throughout the life of this contract may be made by the Canner with the Managing Owner of the vessel, and shall be considered final when so made.

10. It is understood and agreed upon by all parties hereto that this agreement shall be binding upon the heirs, executors, administrators, and assigns of all parties hereto.

THE FRENCH SARDINE COMPANY OF
CALIFORNIA, INC., A CORPORATION,
By _____, Canner.

_____, Owners.

FISHING AGREEMENT FOR O/S VESSEL "PATRIA"

THIS AGREEMENT, entered into this 16th day of September 1947, between WESTGATE SEA PRODUCTS Co., a corporation, organized under the laws of the State of California, with its principal place of business in the City of San Diego, in said State, hereinafter referred to as "First Party" and Manuel M. Medina, Frank Medina, and Fernando Medina hereinafter referred to as "Second Parties," coowners of the American O/S Vessel "PATRIA," Official No. 227-930, of the home port of San Diego, California.

WITNESSETH:

WHEREAS the First Party is engaged in the business of packing fish and operates a plant for such purpose on San Diego Bay, in the said City of San Diego, California, and depends for its supply of raw fish from purchases thereof from fisher-

men and other parties engaged in the catching of fish, and incidental to such activities the First Party assists in the financing of the fishermen and the building and/or purchasing of boats and/or equipment therefor and the operation of such boats; and

WHEREAS the Second Parties are now the owners of a fishing vessel named "PATRIA" which is equipped for the purpose of catching fish for the commercial canning market and other kindred purposes, and the home port of the vessel is the City of San Diego, California, and

WHEREAS the First Party has agreed to purchase a certain Fifty Percent (50%) interest in the American Diesel Vessel "MAHAMA" Official No. 249839, owned by Manuel M. Medina, one of the parties of the Second Part, and at the latter's request to purchase also the other Fifty Percent (50%) interest in said vessel "MAHAMA" owned by one Manuel S. Monise, the total consideration for the entire vessel being \$25,000.00.

NOW, THEREFORE, in consideration of the matters contained in the foregoing recitals and in consideration of the mutual promises and covenants contained hereinafter, and in further consideration of advances which may be made by the First Party to the Second Parties in the future, it is agreed between the parties hereto as follows:

1. For the period commencing September 16, 1947 and ending September 16, 1950, the Second Parties agree to fish the boat "PATRIA" for albacore, skipjack, yellowfin tuna, bluefin tuna, and other canning fishes, and subject to the terms and provisions hereof to sell the same exclusively to the First Party during the aforesaid period. However, in the event Second Parties sell the boat "PATRIA" prior to September 16, 1948, Second Parties guarantee that as a consideration of such sale that the buyers thereof will be obligated to deliver all said fish as specified above to the First Parties up to September 16, 1948.

2. The Second Parties agree that during the whole of said term they will devote their best energy and efforts to the management of said boat and the fulfillment of this contract, and that all fish caught by the Second Parties during said term shall be delivered exclusively to the First Party, either at its cannery, barge or tender, designated by the First Party, at Second Parties' expense.

3. The Second Parties agree to deliver the fish to the First Party in good condition, sweet, sound and cold, and to keep the same at all times well protected from heat and sun. Delivery of said fish shall be made promptly so that the same shall be in good condition and acceptable to the First Party. In the event that the First Party accepts delivery at some other place than the First Party's plant, delivery shall be made soon enough to permit the transportation and arrival of said fish at the plant in good condition and acceptable to the First Party.

4. All fish accepted by the First Party hereunder are to be measured and weighed in accordance with the regulations of the Fish and Game Commission and/or the Sealer of Weights and Measures of the State of California. Upon acceptance of the fish, First Party agrees to issue to the Second Parties, or their agents, a memorandum or receipt evidencing the weight of the fish received by the First Party and the name of the vessel from which delivery is made. The acceptance and receipt by the Second Parties, or their agent, shall make the same final and binding between the parties as to the quantity of fish to be paid for by the First Party; provided, however, that such fish as shall be rejected by the First Party and/or the California State Board of Health or any other governmental authority, shall be charged back against said receipt.

5. First Party agrees to pay to the Second Parties as and for the purchase price of such fish accepted by the First Party and for the catching, drawing, caring for and delivery of the same, and for all of the Second Parties' acts respecting the same hereunder, the prevailing market price paid by commercial canners of fish at the port where delivery is made, it being expressly understood that said price is the total price and compensation to be paid by the First Party hereunder, provided, however, that should said market price be excessive in the opinion of the First Party (it to be the sole judge thereof), then the First Party may, at its election, give notice to the Second Parties that it will no longer accept any proffered deliveries of fish hereunder, and in that event the Second Parties shall then be at liberty to dispose of the same elsewhere until notified by the First Party that the First Party is willing to pay the then market price of fish, in which event the Second Parties shall immediately resume deliveries of fish caught by them and their vessel to the First Party.

6. The Second Parties declare and warrant to the First Party that they have no other fishing contract, and will not make any other fishing contract covering any part of the term of this contract, and that the Second Parties are not, and will not

become, indebted to any other packer or any other person on account of a fishing contract.

7. In case of fire or breakdown in the plant of the First Party, or the shortage of cans or other necessary materials, which First Party, by the exercise of reasonable diligence could not have prevented, or in the event of strikes interfering with the operation of First Party's plant, or if from any cause beyond the reasonable control of the First Party, it is unable at any time to accept or pack the fish so caught by the Second Parties, then in any such event the Second Parties may sell and deliver fish to other parties during such period or periods, but upon receiving notice from the First Party of its ability and desire to resume the acceptance of fish hereunder, the Second Parties shall immediately resume the delivery of fish to the First Party under the terms of this agreement.

8. Should the Second Parties fail or neglect to perform any of the terms and/or provisions of this contract, then, or at any time thereafter, the First Party may, at its option, declare any amounts then owing to it by the Second Parties on account of loans or advances, or otherwise, to be immediately due and payable, and in such event or events the First Party may, upon its option, then or at any time thereafter exercised, terminate this contract, but shall not be obligated so to do; this provision being alternative and/or cumulative of any other legal or equitable right or remedy prescribed by law for its benefit.

9. Should any portion of this contract be declared null and void or fail for lack of consideration or want of mutuality, it shall not affect any other portion of said contract and the remaining of said contract shall be considered in full force and effect and valid for all purposes.

10. In the event of any dispute arising between the parties of this contract the dispute shall be referred to three arbitrators, whose decision shall be binding and final on all parties concerned. One arbitrator is to be appointed by the First Party, one arbitrator is to be appointed by the Second Parties, and the third arbitrator shall be appointed by the presiding judge of the Superior Court of San Diego, California.

11. Time is of the essence of this agreement in all particulars.

12. This contract shall be binding upon their heirs, executors, administrators, successors and assigns of the parties hereto.

13. If during the life of this contract the vessel "PATRIA" should be sold to new owners, the sale of said vessel shall terminate this contract upon the filing of the Bill of Sale in the office of the Collector of Customs of the Port of said vessel, with the exception of that provision set forth in Section 1, Page 2, of this agreement obligating the new owners to continue to deliver fish to the First Parties until September 16, 1948.

IN WITNESS WHEREOF, the parties hereto have executed this instrument in duplicate the day and year first above written.

WESTGATE SEA PRODUCTS Co.,
By W. WADE AMBROSE, *President*,
By C. A. EDWARDS, *Secretary*,
First Party.

MANUEL M. MEDINA, *Operating Mgr.*,
FRANK MEDINA,
FERNANDO MEDINA,
Second Parties.

OPERATING AGREEMENT

THIS AGREEMENT, made and entered into this 25th day of April 1944, by and between VAN CAMP SEA FOOD COMPANY, INC., a corporation, hereinafter referred to as Party of the First Part, and FRANCIS W. DESILVA, MANUEL F. SERPA, RALPH F. SILVA, ANTHONY S. CHIAPPE, ANGELO J. CHIAPPE, J. J. CAMILLO and JOAQUIN PEDRO, all of San Diego, California, hereinafter referred to as Parties of the Second Part;

WITNESSETH:

WHEREAS the parties hereto entered into a contract on the 30th day of March, 1944, with Al Larson Boat Shop wherein the parties hereto were named as owners of a 105 foot tuna clipper to be built by Al Larson Boat Shop, party of the first part to own an undivided 1/5 interest in said vessel, Joaquin Pedro to own an undivided 1/5 interest in said vessel and the other parties of the second part to own an undivided 1/10 interest each in said vessel; and

WHEREAS the party of the first part is engaged in the canning and processing of tuna and other classes and varieties of fish and is making this contract for the purpose of obtaining for itself a supply of fish as its raw material in its packing operations; and

WHEREAS Joaquin Pedro is and has been for many years last past engaged in the fishing business and is an experienced fisherman and expects to operate and fish on said vessel and to have full charge of the fishing operations thereof during the time the said vessel is at sea; and

WHEREAS it is the desire of the parties hereto to operate said vessel to their mutual profit and advantage;

Now, THEREFORE, it is agreed:

1. The ownership of said vessel shall be between the parties hereto as tenants in common; that they are not nor shall they ever be partners nor joint adventurers; that their rights and liabilities between each other and otherwise shall be as tenants in common and not as copartners or joint adventurers.

2. Parties of the second part agree that they will repay to the party of the first part any money which party of the first part may advance for the operation of the vessel or to make payments upon obligations owed by either of the parties hereto, to the extent of $\frac{4}{5}$ of said advancements which may be made by party of the first part; that said repayments will be made upon demand by the first party and said advancements will bear interest at the rate of 6 percent per annum.

3. Party of the first part shall have, and is hereby given, authority to sell all fish which may be caught by the said vessel or by the parties of the second part, for delivery by it or them at San Pedro or San Diego, California. Party of the first part may purchase all or any part of the fish caught by said vessel or by the parties of the second part, it being presently contemplated that said party of the first part shall purchase all of the fish. Party of the first part shall pay for all fish which it purchases from the said vessel or the parties of the second part and which are accepted by it as suitable for canning after inspection as hereinafter set forth, the price agreed upon between the canners and the boat owners of San Diego or San Pedro, California, for the kind and variety caught and sold, or in the event there is no such agreement, or in the event for any other reason it is impossible to fix the price to be paid by the party of the first part for fish, then the party of the first part shall pay the reasonable market price for the kind and variety of fish delivered to it; sales of fish to the party of the first part shall be subject to pack: that is to say, shall not be accepted or paid for by the party of the first part until and unless it shall have been packed in cans and inspected and approved as fit for canning and shipment as canned food by the Department of Health of the State of California, or by such other governmental authority as may be charged with the duty of inspecting raw or canned fish; it is understood and agreed that the boat shall not depart upon a fishing voyage unless and until arrangements have been made for the sale of any catch which may be taken upon such voyage, either to the party of the first part or to some other person or corporation.

4. It is contemplated that Joaquin Pedro, one of the parties of the second part, shall fish on the vessel and act as master thereof. So long as he fishes on said vessel and acts as master thereof he shall receive in full for his services in connection with the operation of said vessel a share in the catch based upon the division of shares customary in the port of San Diego and shall receive no other or further compensation in connection with his services rendered and to be rendered to the vessel or to the parties hereto, in connection with the management, operation or control of said vessel. During such time as he may not be serving as master or member of the crew he shall receive no compensation, except by the express agreement of the parties hereto, other than his share of the earnings of the vessel derived from his ownership of a $\frac{2}{5}$ interest therein. The party of the first part shall receive no compensation for any services which it shall render to the vessel or to the parties hereto.

5. The party of the first part shall at all times keep true and accurate books of account in which shall be entered all of the transactions concerning the said boat, and said party of the first part shall render to the parties of the second part at stated intervals, which shall be approximately at the end of each fishing voyage, a true and correct statement of said account showing the earnings and expenses of the said vessel. The party of the first part shall have general direction and supervision of the kind, variety, type and size of fish to be caught by and through the use of the said vessel, but shall have no control over the actual fishing operations or the catching or taking of fish. The parties of the second part shall have full control over the employment and management of the crew of the vessel, including all officers thereof.

6. It is understood and agreed that each party shall bear and pay the expenses in connection with the operation of said vessel in proportion to their ownership, and the net earnings thereof, after payment of all expenses, shall be divided in proportion to the ownership. The party of the first part shall be and act as agent for the vessel and owners and is hereby given full power and authority to act as such agent, and in that connection to make such contracts, arrangements, agreements or otherwise for and on behalf of the parties hereto, and said vessel, with any and all persons, for the repair, operation or maintenance of the said vessel, or for any other purpose in connection with the ownership and operation thereof, except as herein otherwise agreed. Party of the first part shall, so far as it is able, endeavor to keep said vessel insured by a marine insurance policy against loss by perils of the sea and shall endeavor to obtain for the owners and the said vessel insurance coverage by protection and indemnity policy, if such a policy is reasonably obtainable. In the event of a partial loss, then the insurance received shall be applied to the repair of the vessel. In the event of a total loss the insurance received, after the payment of the indebtedness and bills against the said vessel, shall be divided between the parties as their interest may appear.

7. Neither of the parties of the second part shall sell all or any part of his interest in and to said vessel until he shall have complied with the following provision:

Such person desiring to sell shall first make an offer to each of the other parties of the second part and to the party of the first part to sell his interest or some designated part thereof in and to said vessel at a price to be named for such interest in said written offer. Each of the other parties of the second part shall have the option to purchase the interest so offered at the price so named for a period of ten (10) days after the service of said written offer. The party of the first part shall, in the event none of the other parties of the second part shall have accepted said offer within said 10-day period, have the option to purchase the interest so offered at the price so named for a period of 10 days thereafter, provided that a copy of said written offer shall have been served upon the party of the first part at the same time it is served on the other parties of the second part, otherwise 10 days after service upon it of said written offer. The party desiring to accept said offer shall indicate his or its intention so to do by written acceptance mail to the offerer by United States mail, postage prepaid, directed to the offerer at the address set forth in said written offer. Said acceptance must be mailed within said 10 days. In the event more than one party of the second part shall accept said offer, then the part offered shall be divided equally between those accepting said offer. In the event none of the parties accept said offer in the manner and within the time herein specified, then the party making the offer may sell the interest designated therein at the price therein stated at any time within three (3) months after the expiration of the period for acceptance.

In the event the party of the first part desires to sell its interest or any part thereof, it shall first offer to sell such interest or part thereof to the parties of the second part by a written offer naming the price at which and the terms upon which it desires to sell, and the parties of the second part shall have thirty (30) days within which to accept or reject said offer and evidence of the acceptance by parties of the second part shall be by written acceptance mailed to the party of the first part at its office. In the event the party of the first part does not receive such written acceptance mailed to it by United States mail, postage prepaid, within said 30 days after it has been made, and addressed to it at its offices in Terminal Island, California, then party of the first part shall be free to sell its interest in said vessel to any person at the price and upon the terms set forth in the written offer herein referred to, for the term of three (3) months after the expiration of said 30 days. In the event said party of the first part does not dispose of its interest in said vessel within said 3 months it shall, if it still desires to sell its interest, again make the written offer as though no previous offer had been made. This provision shall apply so long as any of the parties hereto have any interest in or to the said vessel. Any sale made or attempted to be made without compliance with the provisions of this paragraph shall be void and convey no title.

In witness whereof, the parties hereto have hereunto set their hands this 25th day of April 1944.

VAN CAMP SEA FOOD COMPANY, INC.,
By HENRY OLSEN.
JOAQUIN PEDRO.
RALPH F. SILVA
MANUEL F. SERPA.
FRANCIS W. DESILVA.
JOSEPH J. CAMILLO.
ANTHONY S. CHIOPE.
ANGELO J. CHIOPE.

EXCERPTS FROM SPECIAL REPORT BY WILLIAM R. STAATS CO., INC.

The high-seas bait-boat fleet in December 1941 was comprised of approximately 100 vessels, with a total carrying capacity of 15,500 tons. It is estimated that the high-seas bait-boat fleet now numbers more than 225 vessels, with a total carrying capacity of approximately 45,000 tons. The fleet, therefore, has more than doubled in number of vessels and has nearly tripled in carrying capacity during the past decade (p. 10).

• CONTRACTS WITH BOAT OWNERS

The tuna boats are generally owned by independent contractors, although a tuna canner sometimes will advance a portion of the cost of the boat, which may be in the form of a loan or for which it will obtain an interest in the boat. Some cannery also guarantee repayment of a bank loan on the boat. It is probable that the larger portion of the fleet has been financed through bank loans underwritten by packers rather than by direct loans from packers. A canner may have a contract with the boat owners which extends for a 5-year period during which the vessel will be employed exclusively in catching fish and delivering the catch to the canner. The canner agrees to pay the owner the market price prevailing at the port for the kinds and varieties of fish that shall be delivered to and accepted by the canner.

In California all fish delivered under the contract are inspected, measured, and weighed in accordance with regulations of the Division of Fish and Game of the State of California, to make certain of compliance with the State laws and regulations. The prices paid for raw fish are established by direct negotiations between the canner individually and his boat owners, with approval of such prices by the union controlling the crews. If for any reason a canner is unwilling to pay the prevailing price for raw fish to boat owners under contract or regularly supplying fish to him, the boat owner is free to sell elsewhere. Some contracts have a provisional arrangement whereby vessels may be released for the period of time that the canner is unwilling or unable to pay the prevailing prices; which in effect means that the vessel is required to resume deliveries of fish to its contract canner at such time as he is willing to pay the prevailing prices (p. 12).

FINANCIAL

This industry has rarely sought funds from the public, its necessary financing having been handled largely by the commercial banks and insurance companies. Expansion and growth have been rapid, paid for from the earnings of the business, with several companies having assets of millions of dollars.

The packing companies with established sales programs and ample production capacity require an adequate and reasonably dependable supply of fish which can only be secured by having their own boats or exclusive contracts with other boat owners. It has, therefore, been necessary for most of the companies to finance boat owners in various manners.

A boat owner or prospective boat owner may not have sufficient funds to pay the full price for a boat but with his funds or the funds of himself and associates he can pay a portion of the price and borrow a reasonable amount from the bank. The balance of the price may then be provided by a packing company which takes an unsecured note or contract receivable payable over a term of years, probably not exceeding 5 years.

The companies also make advances to boat owners for supplies necessary to stock vessels for extended voyages and for other expenses, such as taxes, licenses, fuel, equipment, repairs, and replacements.

Loans of a boat owner may also be guaranteed in instances where he is unable to make sufficient down payment on a purchase.

The companies may also have ownership interests in boats representing investment of their own funds.

The experience of the companies has shown that it is necessary to have substantial funds invested in boats and in loans to boat owners and fishermen and to provide adequate reserves for contingencies (pp. 25, 26).

PARAGON PACKING Co.,
Portland, Oreg., February 8, 1952.

MR. F. D. WYATT,
Washington, D. C.

DEAR MR. WYATT: It has come to our attention that in the hearings before the Senate Finance Committee on House bill 5693, testimony has been given to the effect that the American Tuna Boat Association stands ready and willing to deliver on the west coast at any time, at any port.

We have tried repeatedly for the past 3 years to obtain tuna from the clippers operating out of the California area and we have found that the only time that we were able to accomplish this was when the California canneries were not receiving fish and then it was only from an occasional independent boat that first required a release from the cannery for whom they had been fishing before they could deliver a trip to the Pacific Northwest.

We have been informed that the independent boats (and by "independent" we mean boats that are not controlled financially by canneries) practically all must submit to a long-term contract before the cannery will take them on and guarantee to buy their fish.

These independent boats are fearful, so they tell us, to make a trip for Northwest canneries unless they obtain consent from the canneries under which they are contracted before leaving on the trip to catch the fish.

As you can perhaps well realize, a situation of this type does not permit a Northwest packer to lay any kind of a packing program and they have found that in order to supply their markets they have had to rely upon foreign importations to accomplish this and to keep their plants going.

I am sorry that I was unable to attend these hearings; however, I believe for the sale of the record that the whole story should be told.

Kindest regards,
Yours very truly,

PARAGON PACKING Co.,
W. F. HENNINGSEN, Jr.,
President.

BIRCHFIELD BOILER, INC.,
San Diego, Calif., October 23, 1949.

MR. HAROLD KENNERLY,
H. B. Kennerly & Sons,
Nanticoke, Md.

DEAR HAROLD: As you probably know the tuna clippers are presently tied up in San Diego because, the canners claim, of an oversupply of fish.

We have had inquiries from three canners on the east coast who are anxious to get into the tuna business and would like to have some fish.

Of course we are not too anxious to put any canners in the tuna business, thus giving us competition.

When you were out here some time ago you saw first hand how you must handle a tuna clipper. Al was wondering if you put in a second line if you could handle one or two loads of about 250 tons each. With a second line how many tons could you can in 1 day? Also how much could you unload from our clipper in 1 day?

We could begin a trip in about 2 weeks and make delivery to you some time in January. Please give this serious thought and let us know as soon as possible if you could handle it.

Contact us here at 3663 Strandway, San Diego, Calif.; telephone Humboldt 8-6783. We will be here until this coming Friday. After that we will be in San Pedro for a week, so we should hear from you before we leave.

Yours very truly,

ELMER NORTHSTROM.

[Handwritten:] 12-15 tons per day.

H. B. KENNERLY & SON, INC.,
Nanticoke, Md., February 9, 1952.

Mr. F. D. WYATT,
Washington, D. C.

DEAR MR. WYATT: Enclosed you will find correspondence which our firm had in regards to a tuna clipper coming to the east coast.

Our answer to the Birchfield Boiler (Alvin T. Davies) offer was "Yes." This can be attested to by our wire advising the amount of tuna we could unload daily and copies of our letters to a ship broker in Baltimore in which we made arrangements for the handling of customs, etc.

This proposed tuna clipper shipment did not materialize. It was very suddenly dropped. We understand that the only reason an offer was originally made was because of a threatened strike in San Diego which would have tied up all tuna clippers that came into that port.

Very truly yours,

HAROLD B. KENNERLY, JR.

RIVIERA PACKING Co.,
Eastport, Maine, February 8, 1952.

Hon. Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: Regarding the proposed tariff on frozen and fresh tuna fish as proposed in H. R. 5693, I wish to refute certain statements made in the hearing to the effect that the California tuna clippers were willing to supply the east coast market with frozen tuna.

On two occasions, during the years 1948 to 1950, when I visited southern California, I personally approached officials of the American Tuna Boat Association in San Diego. I stressed my needs for a supply of frozen tuna and asked them whether it was possible to get a supply of frozen tuna by California tuna clippers. The officials told me that this would be quite difficult, because practically all California tuna clippers are under contract with California tuna canneries, and that the California tuna canneries absorb easily the whole supply caught by the San Diego tuna clipper fleet. Nevertheless, the officials introduced me to various owners of tuna clippers. In my talks with these owners I couldn't get anywhere because no tuna clipper was willing to take trips to the east coast. Everybody in San Diego emphasized that they have enough market for their tuna in southern California and that they'd rather land their tuna in their home port instead of taking trips to the east coast.

I also supplement my statement at the hearing to the effect that I have private cold-storage facilities in Eastport, Maine, to store about 2,000,000 pounds of frozen tuna. I constructed this cold-storage warehouse for the express purpose of storing frozen tuna. This warehouse enables me to store full loads of California tuna clippers.

I was gratified to hear statements by officials of the American Tuna Boat Association at the hearing that they are now willing to supply me with frozen tuna by their clippers. I do hope that the present willingness will not cease as soon as the situation in southern California improves. I have already invited offerings from tuna-boat owners to supply me with boatloads at the prevailing prices in San Diego.

It will take some time, probably a few years, before tuna fishing on the Atlantic coast will be developed to such an extent as to supply my needs. Until that time, I am forced to get supplies of frozen tuna elsewhere to keep my plant in operation.

Respectfully,

RIVIERA PACKING Co.,
ARNOLD VOGL, President.

JANUARY 30, 1952.

Gov. EARL WARREN, Senator RICHARD M. NIXON, and Senator WILLIAM F. KNOWLAND:

Local paper reports you endorsing frozen tuna tariff as proposed in H. R. 5693. We greatly distressed as Monterey tuna packers that our own Governor and Senators would take position directly contrary our interests. Monterey fishing industry in danger financial collapse due to failure sardine fishery; entire Monterey

Peninsula communities greatly dependent on fish industry for economic well-being. Several Monterey packers have during last year spent large sums installing modern tuna-packing plants predicated on reliable source of imported tuna, this necessary as domestic tuna fleet over the years have refused to deliver tuna Monterey except at premium or in times of bad markets when they could not sell fish to southern California packers. We presumed presentation our statement next week at hearing sufficient to protect our interests. Prehearing statements by our own representatives certain to weaken our case. We sincerely believe tariff on frozen tuna will preclude our remaining in business, if your statement as reported your action tantamount to helping push us to bankruptcy.

OXNARD CANNERS, INC.
PENINSULA PACKING CO.

MONTEREY, CALIF., *January 1952.*

HON. WILLIAM F. KNOWLAND,
HON. RICHARD NIXON,
Senate Office Building, Washington, D. C.

GOV. EARL WARREN,
State Capitol, Sacramento Calif.:

Cannot understand your reported endorsement H. R. 5693 for benefit southern California, detriment Monterey fish industry. This chamber forwarding statement fully endorsing position Monterey canners in opposition proposed tariff.

Monterey fishing industry which once largest in Nation, in imminent danger complete financial collapse. Importation tuna almost only chance for partial survival industry and staving off consequent further economic distress entire community.

MONTEREY PENINSULA CHAMBER OF COMMERCE.

[From the San Pedro News Pilot, December 18, 1951]

1,800 LETTERS OPEN TUNA TARIFF DRIVE

The harbor's tuna industry emergency committee started off its letters-to-Washington campaign yesterday with a total of 1,800 names which had been turned into headquarters by harbor residents.

The flood of names included both leaders and post cards from harbor residents to Senators William Knowland and Richard Nixon and lists of out-of-State residents who will write Washington backing the fishing industry. The goal is 25,000 names.

The committee asks that letters be sent both locally and throughout the United States urging:

"We want you to support passage of the bill calling for a 3-cents-a-pound tariff on tuna imports."

Mrs. Helen Xitco, a committee representative, stated that response from the residential areas has been fine to date but that only a few businessmen have responded.

It is essential, she stated, that the businessmen of the harbor write their Washington representatives on business and firm letterheads to augment the appeal of other harbor residents.

The letter campaign has been launched to speed up Government action on a tariff on Japanese and other tuna imports which are threatening to wipe out the harbor's tuna fishing industry. Harbor fishermen and canners say they cannot hope to compete with the low-priced imports.

Anyone who has addresses of friends or relatives outside the State who will send a letter to Washington urging establishment of the tariff are asked to send the information to campaign headquarters at 1144 Pacific Avenue.

4,000 LETTERS READIED FOR TUNA FIGHT

The harbor's tuna industry emergency committee today was ready to place 4,000 more letters in the mail to out-of-State residents asking that they write Senators William Knowland and Richard Nixon in behalf of the port industry.

All that is needed, Helen Xitco, committee chairman reported, is for out-of-State friends of harbor residents to send a post card or note asking:

"We want you to support passage of the bill calling for a 3-cents-a-pound tariff on tuna imports."

WANT 25,000

Goal of the committee is 25,000 post cards and letters.

Response to date is 7,000.

"We realize," Mrs. Xitco said, "that the Christmas season has cut into the potential harbor response—but now that shopping worries are over—we are appealing to port residents to supply headquarters, 1144 Pacific Avenue, with the names and addresses of out-of-State people sympathetic with our problems."

The fishing industry, the life's blood of the harbor's economy, she said, is being drained away through foreign competition. Unless harbor residents rally to the aid of the industry, the greatest fishing fleet in the world faces crippling.

MERCHANT SUPPORT SOUGHT

She stressed that American fishermen and cannery workers on American wage scales cannot reduce the price of fish to that possible through inexpensive foreign labor.

Mrs. Xitco also urged businessmen to write on business letterheads to augment the appeal of other harbor residents. One merchant, she said, despite the press of Christmas business, has provided the committee with 150 letters.

She added that it is essential that harbor residents act now to safeguard the industry.

[Accompanying photograph not reproducible]

Letters, to Congressmen, Senators, assembly line style—wives of fishermen help mates with messages demanding tariffs, quota

[From the San Diego Evening Tribune, September 27, 1951]

WOMAN HEADS SAN DIEGO DRIVE FOR TUNA TARIFF, QUOTA—GROUP PENS LETTERS TO CONGRESSMEN

While legislation is considered in Washington on protective tariffs and quotas on imported tuna, a San Diego organization continues to flood the Nation with appeals for support of the congressional proposals.

The group is the tuna industry emergency committee, headed by Mrs. Mary Rogers, of 1020 Evergreen Street. Her husband, Joe; father, two brothers and two brothers-in-law are fishermen.

40,000 SIGNATURES

The committee has obtained more than 40,000 signatures on petitions directed to Congressmen and Senators of nearly every State.

In addition the group has written or inspired more than 20,000 letters to legislators and national figures in support of the legislation.

Through friends of fishermen in the Armed Forces, the 300 women comprising the committee have sparked petitions which have been mailed to Washington from the war zone.

VOLUNTEERS SOUGHT

Mrs. Rogers urged San Diegans to volunteer to expand the committee's operation.

"We need more women who can give a few hours each week to help write letters to bring pressure on Congress," Mrs. Rogers said today.

Each letter explains how the frozen-tuna imports have brought stagnation to the tuna fleet and urges support of the Federal measures, she said. Further, each letter is signed by the wife of a boat owner or crewman from an idle tuna boat.

COUNCIL AID ASKED

Mrs. Rogers took the lead in organizing the committee less than a month ago when she headed a group before city council asking help in solving the import problem. At the suggestion of Assemblyman Frank Luckel, the letter-writing and petition-circulating campaign was adopted.

At the start the women, none of whom is paid, taxed themselves to pay for postage, stationery, envelopes and supplies. Later ship repair yards, boat-builders, grocers and other suppliers of the tuna fleet joined in financing the operation.

"We feel we've done a lot," Mrs. Rogers said, "but there is much more to do. We must mail a thousand more letters. We need the help of everyone who can spare a few hours"

TUNA IMPORTS

SOUTH AMERICAN FISH DISTRIBUTORS, INC.

321-A GREENWICH STREET

Invoice No. 1041

New York 13, N. Y.

FEBRUARY 14, 1951.

Sold to: H. B. KENNERLY & SON, INC.,
Nanticoke, Maryland.

| | |
|--|------------|
| Lot #338, 1,769 pieces yellow fin tuna, 42,815 pounds, at \$300 per ton. | \$6,422.25 |
| | 107.04 |
| | <hr/> |
| | 6,529.29 |

Paid, SN 2423, February 24, 1951.
ex SS. *Santa Luisa*.

SOUTH AMERICAN FISH DISTRIBUTORS, INC.

120 WALL STREET

Invoice No. 1088

New York 5, N. Y.

FEBRUARY 27, 1951.

Sold to: H. B. KENNERLY & SON, INC.,
Nanticoke, Maryland.

| | |
|--|------------|
| Lot 342, 3,045 pieces frozen yellow fin tuna, 45,680 pounds, at \$300 per ton. | \$6,852.00 |
| | 114.20 |
| | <hr/> |
| | 6,966.20 |

Paid, SN #2444, February 3, 1951.
ex SS. *Santa Maria*.

WILBUR-ELLIS COMPANY

334 California Street

SAN FRANCISCO 4, CALIFORNIA

*Corrected invoice*Sold to: H. B. KENNERLY & SON,
Nanticoke, Maryland.Date: April 13, 1951.
Inv. No.: FF-NY-624.
Shipped ex: See below.

Terms: Net 10 days.

Round frozen tuna fish, weighing 45,020 pounds ex. *Santa Barbara* 2/22—22.51 short tons—*Ultramar*—*Peru Pac*.

Price: \$295.00 per short ton.

Amount: \$6,640.45.

Total: \$6,640.45.

| | |
|-----------------------|---------------|
| | <i>Pounds</i> |
| <i>Peru Pac</i> | 21,380 |
| <i>Ultramar</i> | 23,640 |
| | <hr/> |
| Total..... | 45,020 |

H. B. K.: We owe.
Paid April 30, 1951. Check No. 2566.

TUNA IMPORTS

371

Form 1-12A 9-50-20M CP

H. B. KENNERLY & SON, INC.
Nanticoke, Md.

67 WALL STREET,
New York 5, March 1, 1951.

Inv. No.: JM-2462

DRS. TO BALFOUR, GUTHRIE & CO., LIMITED

Terms: Net cash after release by F. S. A., documents to be released to buyers.
Due date: Under trust receipt for the purpose of effecting customs entry.
Payable in New York City Funds.

Japanese frozen albacore ex: S. S. "Grete Marrsk"

Frozen tuna Sky export standard product of occupied Japan:
2,709 pieces of Japanese frozen albacore weighing 50,000 pounds = 25
s/tons, at \$390.00 per ton, C. I. F., New York..... \$9,750.00

Att: Ocean B/L No. N9, 3/3 dated Shimisu, Japan, February 13, 1951.
Consular Invoice
Inspection Certificate
Packing List

E. & O. E.

Contract No. and date: gn-SS-122, January 12, 1951.
Lot No. Amount S-5179.
Rate

Form 1-12A 9-50-20M CP

67 WALL STREET,
New York 5, March 5th, 1951.

Inv. No. JM-2464

H. B. KENNERLY & SON, INC.,
Nanticoke, Md.

DRS. TO BALFOUR, GUTHRIE & CO., LIMITED

Terms: Net cash after passing documents to be released under trust receipt.
Payable in New York City funds.

Japanese frozen albacore per: M. S. "Texas"

3,130 pieces of Japanese frozen albacore, net weight: 60,000 pounds = 30 s/tons,
at \$409.00 per ton, C. I. F., New York..... \$12,270.00

Att: Ocean B/L # N-10, 3/3 dated Shimizu, Japan, 2/13/51
Consular Invoice
Inspection Certificate
Packing List

E. & O. E.

Contract No. and date: gn-SS-231—January 25, 1951 as of January 29, 1951.
Lot No. Amount S-5180.

INTERNATIONAL FISHERIES CORPORATION,
March 22, 1951.

H. B. KENNERLY & SON, INC.,
Nanticoke, Md.

Preliminary cost sheet

Shipment per S. S. Texas, 1,406 pieces frozen albacore, 28,000 pounds net:

| | |
|--|-------------------|
| Freight..... | \$1,023.00 |
| Cost of Fish: 14 tons at \$290.00 ton..... | 4,060.00 |
| Consular invoice..... | 2.50 |
| Custom Brokerage..... | 10.50 |
| Bank charges..... | 16.29 |
| | <u>\$5,112.29</u> |
| 1/2 cost due to I. F. C..... | \$2,556.14 |

[From the San Diego Union, Thursday morning, January 31, 1952]

PORT ONCE AGAIN ACTIVE; CLIPPERS PREPARE TO SAIL

(By Howard Morin)

Events in the San Diego tuna industry have moved so swiftly in the last few days that cannery executives, boat owners and fishermen are wondering what is going to happen next. The port once again is bristling with activity.

The unusual spectacle of tuna clippers being yanked out of repair yards and rushed to the docks and Embarcadero to load fuel and sea stores and then sail for the fishing banks was one of yesterday's developments.

Indicative of the changing trend in the fortunes of the industry was the reopening yesterday of the California Tuna Canning Co.'s cannery here. The plant has been shut down since last November. Cannery workers were called to the plant to process 275 tons of fish from the clipper *Sea Farer*.

Three fundamental reasons are given for the rapid change in the seafood-canning picture. They are:

(1) Canneries have had to take drastic steps to replenish their inventories because of the terrific amount of canned tuna that has been flowing into the markets since the holidays. Four local canneries are still inoperative.

(2) Skippers of tuna clippers operating in Latin-American and Mexican waters are frantic over their inability to obtain good catches. Some of the local tuna boats have been at sea 2 months and have only caught 10 tons of fish.

(3) Japan and Peruvian fish imports have dropped to a new low with the obvious object of impressing Congress that a stiff tariff duty is not necessary to protect the California fishing fleet.

Eight more clippers were authorized to sail yesterday bringing the total number since Tuesday to join the active fleet to 30. They include the *Cape Beverly*, *Sun Jason*, *Mariner*, *Corsair*, *Trojan*, *Sunset*, *Sea Lion*, and *Northern Light*.

Negotiations for the purchase of Westgate-Sun Harbor Co.'s San Diego and Monterey canneries are rapidly approaching a climax, it was learned yesterday.

[January 1, 1952]

TUNABOATS SAIL TO BEAT PRICE TIEUP

(By Howard Morin)

A stream of tuna clippers sailed out of the harbor late Sunday and yesterday to avoid any possible tieup as a result of indecision over prices for yellowfin and other species of tuna.

Among the clippers leaving port were the *Ecuador*, starting on its maiden voyage with Eugene Cabral as skipper. Other vessels heading south for the fishing banks included the *Antoinette B*, *Mary S*, *Sea Buoy*, *Crusader*, *Miss California*, *Mary Lou*, *Olympic*, *Judy S*, *Mauritania*, and the *American Lady*. The *Joan of Arc* was scheduled to sail and may get away today.

Homeward bound are the clippers *Leona C.*, which probably will arrive to spend New Year's in port; *Anna M*, *Virginia*, *North American* and *Trojan*.

All canneries were closed yesterday, as were virtually all the shipping and customs brokers offices along the waterfront.

MEETING SET THURSDAY ON PRICE ACCORD PLAN

The AFL Cannery Workers and Fishermen's Union has scheduled a meeting for Thursday to consider a proposed price agreement on prices of fish between the canneries and boat owners.

Under terms of the fishermen's contract with boat owners, the union has the right to review the fish-price contract and cancel its own contract with boat owners if it does not approve of the price agreement. The fishermen share in the proceeds of the catch.

[From the News-Pilot, San Pedro, Calif., Wednesday, December 19, 1951]

CLIPPER TO TEST NO-FISHING RULE

SAN DIEGO.—Joe Medina, owner of the tuna clipper *Queen Mary*, disclosed he is sending the vessel fishing to test a contract with a San Diego cannery.

Medina said he has a 5-year contract with the Westgate-Sun Harbor Co., which he contends calls for continuous fishing by the clipper.

The *Queen Mary* has been tied up for 5 months due to slowdown of canning operations by plants here, on the ground they were overstocked.

Medina said he had accepted the cannery's explanation until he found it was buying Japanese tuna.

BOAT OWNER MAY FIGHT IN COURT ON TUNA SALES

(By Howard Morin)

Joe Medina owner of the big tuna clipper *Queen Mary*, yesterday declared he will go to court, if necessary, to force the Westgate-Sun Harbor Co. to buy every pound of tuna brought to port by the clipper at the prevailing price until his contract with the company expires next September.

Obviously angered over the purchase of Japanese albacore and tuna by the cannery, Medina ordered the *Queen Mary* to leave port Saturday after being idle for 5 months. It has a capacity of 400 tons.

CLASHES OVER PACT

The boat owner clashed with Jack Crivello, Westgate-Sun Harbor executive over interpretation of the 5-year contract covering operations of the clipper.

"The contract governing operations of the *Queen Mary* specifically provided for continuous operation for 5 years exclusively for Westgate-Sun Harbor," said Medina. "I contend that the company has violated this contract. At the time the *Queen Mary* was laid up 5 months ago I took no action because I felt that conditions at that time justified following the policies of the other canneries and boat owners.

FISHING RESUMED

"However, when I discovered that the Westgate-Sun Harbor Co. was purchasing Japanese tuna and intended to continue to do so the *Queen Mary* was ordered to resume fishing."

Medina stressed that Capt. Fernando Medina was instructed not to bring any skipjack because none of the canneries are buying this species of seafood.

ALBACORE QUESTION

Indications that the courts eventually may have to determine the issue were seen in a statement by Crivello that Medina's contract is void because "there is no market price locally in existence today for yellowfin tuna." Crivello declared that Medina will have to prove that such a price exists.

Crivello acknowledged that Westgate-Sun Harbor purchased albacore from Japan and that "albacore is not mentioned in the Medina contract." Furthermore Crivello asserts that Medina "is not producing albacore with the *Queen Mary*, which further nullifies the contract." None of the big clippers engage in albacore fishing.

AWAITS PRICES

Declaring that Medina "has the sole responsibility for sailing the *Queen Mary* under an open ticket," Crivello intimated that Westgate-Sun Harbor has no intention of purchasing the clipper's tuna cargoes for the present at least.

Crivello further revealed that the local cannery, which has been shut down for some time and with its entire fishing fleet idle, will not discuss 1952 sailing plans with the boat owners until tuna prices have been determined, following completion of negotiations now under way between boat owners and the canneries. This means that Westgate-Sun Harbor cannot possibly resume operations on a normal scale until March. Meanwhile the company's Monterey plant is canning sardines.

[From the San Diego Union, January 10, 1952]

FISH UNION HALTS SAILING OF CLIPPER—TROUBLE STARTS WHEN MAY QUEEN TRIES TO LEAVE

(By Howard Morin)

Presaging a bitter clash between the Cannery Workers and Fishermen's Union (AFL), San Diego's five canneries and boat owners, the union yesterday preemptorily stopped the sailings of the tuna clipper *May Queen*. Virtually the entire San Diego clipper fleet may be affected by the union's stand.

The trouble started when Capt. Carl Medina, of the *May Queen*, endeavored to leave port to fish exclusively for skipjack at the new price of \$260 a ton for the French Sardine Co., of San Pedro.

"STARVE TO DEATH"

Lester Balinger, secretary of the fishermen's union, stopped Medina.

"No boats are going to sail any more from San Diego exclusively for one species of tuna," said Balinger. "We have had the experience of having tuna boats fishing for more than 100 days for just one tuna species because the canneries refuse to purchase any other kind. If this condition continues, the fishermen will starve to death."

Asked if he would take drastic steps to prevent union fishermen from going to sea on the *May Queen*, Balinger replied: "We sure will."

"DICTATION" BLASTED

Don Loker, president of the High Seas Tuna Co., of Roseville, and general manager of French Sardine, informed of Balinger's action at his Terminal Island office, declared:

"The French Sardine Co. will send any of its boats to sea to fish for anything it wishes and no union is going to dictate whether we fish for one or a dozen species. This is a critical time to begin tying up the fleet, just when we are sending a big delegation to Washington to plead for protection from foreign tuna imports."

Loker joined with Westgate-Sun Harbor Co. in criticizing the recent action of the Van Camp Sea Food Co. in establishing a 1952 price of \$320 a ton for yellowfin and \$260 for skipjack. "The condition of the tuna industry does not warrant increasing the price of yellowfin from \$310 to \$320," said Loker.

SAIL UNDER AGREEMENT

Wade Ambrose, president of Westgate-Sun Harbor, expressed similar views. "We have no intention of paying any such price to our fishing boats," said Ambrose.

This means that neither the California Tuna Canning Co. or the West Coast Packing Co.'s local canneries will follow Van Camp, as officials of these plants asserted they would await a decision by French Sardine.

Difficulties arose in mid-December when the canneries restricted to yellowfin catches the clippers released to resume fishing after months of idleness. No skipjack was to be accepted. All clippers given clearance and sailing for the fishing banks sailed under an agreement that 1951 prices would prevail for their catches—\$310 a ton for yellowfin. The fishermen's union deemed the restrictions unreasonable although both this union and the machinist lodge of tuna-boat engineers approved the tonnage scale of the Van Camp Co. for yellowfin and skipjack.

WORKING ON SHIP

Medina and his 14-man crew were working yesterday on the *May Queen* at the National Steel & Shipbuilding Co.'s yards. "I would like to go to sea to fish for skipjack but I certainly can't handle the vessel alone," said Medina. "We will take aboard sea stores only when we are assured we will have no trouble with the fishermen's union."

Sam Crivello, president of the American Tunaboat Association, apprised of the *May Queen* incident, said: "If it isn't one thing in the tuna industry it's another. There is nothing we can do but discuss it with the canneries." Jerry Driscoll, legal representative of the association, said he heard of the incident only yesterday and was not prepared to announce what legal action, if any, could be taken to restrain the fishermen's union.

Dr. W. M. Chapman, research director of the tunaboat association, declared that the *May Queen* affair is a direct outcome "of the jitters that affect every phase of the local tuna industry."

"We are experiencing tough times right now but if Congress fails to enact tariff legislation restricting tuna imports the industry is headed for serious trouble," said Chapman.

PERU INVITED TO TALKS ON TUNA TARIFF PLAN

(Copley Press Leased Wire)

WASHINGTON, January 9 (Special)—Peru has been invited by the State Department to discuss international fisheries including the proposal for a 3-cents-a-pound tariff on imported fresh and frozen tuna under a protest submitted by the Peruvian Government.

But William C. Herrington, special State Department assistant for fisheries, said the conversations would have no bearing on suggestions that United States representatives meet with Latin-American representatives to work out an import quota system.

A conference has been arranged for tomorrow on the touchy fisheries situation between Herrington, Harold Cary, manager-secretary of the American Tunaboat Association, of San Diego, and Representative Clinton D. McKinnon.

[From the Seattle Times, January 27, 1952]

WORLD TRADE CLUB OPPOSES DUTY ON TUNA

The World Trade Club, an organization of about 200 businessmen engaged in importing, exporting and allied activities, has adopted a resolution urging defeat of a bill to place a duty on fresh and frozen tuna, the club announced yesterday.

The measure, which has been passed by the House and is before the Senate, would impose a duty of 3 cents a pound on fresh and frozen tuna.

MONOPOLY FORESEEN

"The bill would result in high consumer prices and place in the hands of the American Tunaboat Association (representing the owners of the 230 vessels in the American tuna fleet, and the principal supporter of the bill) virtually complete control of raw-fish supplies to American canners," the club said in an explanatory statement. "The association already controls 75 percent of all tuna landed in the United States."

The proposed tariff also would have a damaging effect on the economy of Japan "and invite additional demands on American taxes for more economic assistance to this country which is vitally needed as a strong ally at this time," the statement said.

Overexpansion of the American tuna fleet, and not imports from foreign countries, is responsible for the tuna-fishing industry's present problems, the statement added.

Pointing out that the American fleet had expanded from 61 vessels in 1941 to 191 vessels in 1951, the statement said:

"The average capacity of these vessels has increased from less than 100 tons of fish 10 years ago to an average of 250 tons and the larger crafts of 500 to 600 tons."

EXPANSION UNWARRANTED

In 1946 the domestic fleet landed 110,000 tons of tuna, and in 1950 the expanded fleet landed 200,000 tons. This is a growth of 80 percent in 4 years. The United States market for tuna did not warrant this type of expansion.

"It seems obvious that imports did not create the present problem, and even total elimination of these imports would not solve it."

Mr. WYATT. A growing part of the imports go to canners in other parts of the country and the balance goes entirely to the members of the California Fish Cannery Association who are here asking for a tariff. This apparent anomaly is explained by their desire to place their competitors under handicaps by either a quota or a tariff.

They, themselves, would remain untouched since they, and they alone, have access to the catch from the southern California fleet. The southern California canners through individual personal interests have part ownership in a great many of the vessels in the San Diego fleet. Loans or guaranties of bank loans convert another portion of the fleet into vessels which are subject to their control.

This problem is not novel in American history. Other industries exist which, for some historic reason or accident, were originally centralized in a specific locality. When the economic, climatic or labor conditions were more favorable in other parts of the country, these industries have also migrated and decentralized. This, of course, arouses the concern of the original community. The appeal of community or regional patriotism, buttressed by freight-rate differentials artificially maintained, has been insufficient in many cases to long prevent either the migration of the industry or its foundation competitively elsewhere, for example, the textile industry of New England and its southward migration.

The issue is clear—whether to impose a tariff or quota in order to keep the industry localized in southern California or to permit the movement toward decentralization already well under way. This may answer the question posed by Senator Millikin as to whether a tariff at this time would create a vested interest for a few, and thereby prevent, or render meaningless, the removal of the tariff at a later date.

The imports do not necessarily deprive the southern California fleet of their market—they merely supply American canneries in competition with those local canners who absorb the catch of the southern California fleet. As this United States tuna industry expands, the question is whether, by a tariff or quota, to build the southern California canneries bigger and bigger as the sole source of American canned tuna, or to permit the industry to decentralize and be competitive.

This problem seems to us to require not so much a statistical study by the Tariff Commission, but rather as study by those Government agencies interested in the free interplay of commercial competition, such as the Federal Trade Commission.

It should be apparent now why the conflict as to the size of the quota between the various departments. Each is trying to estimate how much decentralized competition the southern California fish industry should be subjected to. That is the reason persons not in the fish business are alert to reassure this committee that the tariff will not exclude all imports—because there has always been a small percentage come in and possibly always will.

Senator MILLIKIN. Might I put this to you, please. Mr. Strackbein read into the record a strong telegram from the Maine fishing industry supporting the proposed duty on tuna and expressing great surprise at the stand of the Maine Senators. They want to develop their own east coast fleet. What have you to say about that?

Mr. WYATT. The history of tuna fishing on the Atlantic coast goes back over many years. There have been many attempts to can tuna on the east coast. I believe particularly at Gloucester before the war one company there tried unsuccessfully to can the large bluefin tuna. It is an enormous fish. It weighs up to maybe 900 or 1,000 pounds. The texture of the meat is not suitable to canning.

The Fish and Wildlife Service last year undertook some experimental fishing to determine if a sufficient quantity of small bluefin tuna could be taken to support an industry. The preliminary results appear to be rather encouraging. That, however, is not the answer to the problem of an east coast canner.

The season in the first place is very short. It runs June to October, or that is the present understanding.

Secondly, the tonnages which have been taken are not sufficient to keep a cannery running for even a 2-week period. There may be some development of that, and of course that would find a ready welcome from the east coast cannerymen who are not in the business.

It, however, does not answer the problem of working around the year or obtaining a sufficient quantity of raw material to make it a business.

Senator MILLIKIN. If the California fleet, taking it as you have stated it, were willing to deliver tuna to the east coast, what objection would remain?

Mr. WYATT. If the conditions were competitive, the prices were competitive with the west coast and the tonnages were sufficient, frankly I can think of no good reason.

Senator MILLIKIN. The end point is you have to get it out of the boat. If it comes from a boat based at San Diego, I do not see why that fish, assuming the factors which you have mentioned, would not be just as good a fish as if it came from some other boat.

Mr. WYATT. That is correct. That is my understanding.

The CHAIRMAN. It costs more to deliver to the east coast, does it not?

Mr. WYATT. Actually, Senator George, I think the distances from the fishing banks off the northern part of South America are less, for example, to New Orleans or say Pascagoula, Miss., than they are to San Diego.

The CHAIRMAN. Well, they are less even to Baltimore, as far up the coast as Baltimore, perhaps. The distance from Peru, the Grace Line does deliver tuna from Peru now—

Mr. WYATT. That is correct.

The CHAIRMAN. To the cannerymen. The canning industry has developed to some extent on the east coast as far down as South Carolina, not as a complete canning operation, but supplementing the canning of other sea food.

I myself have fished for tuna off the New England coast, but generally for the large bluefin variety. I think it is a mistake to say that even the large bluefin cannot be canned successfully, because I have a very good friend up at Falmouth, Mass., Capt. John Peterson, with whom I fished and who has been canning his own fish for the Cape Codder and other hotels which he operates through the year, but the canneries are depending upon the smaller type fish, which are largely all the way down from the Canadian coast, New England waters, down perhaps to Florida, and maybe in the Gulf. I don't know. I have never seen them taken in the Gulf.

Mr. WYATT. I think there is an opportunity there for future exploitation.

The CHAIRMAN. There may be a tunalike fish in the Gulf, but I have never seen a tuna taken, off Mexico, I mean.

Mr. WYATT. I think the Fish and Wildlife is making some investigations in the Gulf of Mexico too.

The CHAIRMAN. I wanted to ask you specifically what is the volume of the supply of the light fish, light tuna in the San Diego or southern California markets, skipjack and the bluefin? How much of that comes into southern California?

Mr. WYATT. In recent years, Senator George, the catch of bluefin has diminished.

The CHAIRMAN. It has diminished?

Mr. WYATT. It is no longer commercially very important. It is more or less insignificant. I think in 1951 there was something less than 2,000 tons of bluefin landed. The other tunalike fishes, bonito and yellowtail, the landings of that type of fish have decreased.

The CHAIRMAN. So the main type of fish that comes into the southern California ports is what?

Mr. WYATT. Yellowfin and skipjack. Yellowfin is the commercially desirable species and is really the backbone of the so-called light meat. As Mr. Sandoz said yesterday, five-sixths of the tuna canned in oil in this country is the light-meat tuna, and the one-sixth is the albacore or white meat.

Mr. CHAIRMAN. Yes; that is what I wanted to get.

Senator MILLIKIN. The supply for those on the east coast would come from roughly the same water as those that supply the San Diego fleet, is that correct?

Mr. WYATT. The identical water, Senator Millikin.

Actually, what will happen is that the present migratory or decentralization movement if this bill becomes law will have been killed and the historic grip of the southern California industry will have congressional protection against any renewal of the present competitive challenge.

In conclusion, it is our feeling that there is room for all in this rapidly growing industry. Proponents have stated that they regard imports from Latin America as negligible. Competition from Latin America will not destroy the California fleet and is not responsible for the difficulties encountered in 1951. No one seriously suggests that any one or any group of Central or South American countries can or will build a long-range tuna fleet. Fishing is conducted only off their own shores by small boats of limited capacity.

We, therefore, respectfully urge this committee to refer H. R. 5693 to an appropriate agency for a complete study and finding of the facts before any legislation is adopted.

The CHAIRMAN. Thank you very much, Mr. Wyatt. Any further questions?

Senator MILLIKIN. No questions. Thank you very much.

The CHAIRMAN. Mr. Ward A. Miller.

Mr. Miller, you may be seated. Please identify yourself for the record.

STATEMENT OF WARD A. MILLER, PRESIDENT, PERUVIAN-AMERICAN ASSOCIATION, INC., NEW YORK CITY

Mr. MILLER. My name is Ward A. Miller. I appear before your committee in my capacity as president of the Peruvian-American Association, Inc., with headquarters at 11 Broadway, New York,

N. Y. I am vice president and a member of the board of directors of Vanadium Corp. of America, 420 Lexington Avenue, New York, N. Y., which is a member of the Peruvian-American Association, but I am not appearing here today on behalf of that corporation except insofar as it is a member of that association.

The Peruvian-American Association is opposed to the proposed tariff on imported tuna fish.

The association is made up of firms and individuals who have an interest in maintaining and improving trade and cultural relations between the United States and the Republic of Peru. Since the greater part of the membership is represented by persons engaged in business between the two countries it is fair to say that the interest in trade relations predominates, although the cultural aspects are not overlooked. A list of the officers, directors, and members of this association is attached to this prepared statement.

The Peruvian-American Association has noted with great satisfaction the accomplishments of the Republic of Peru in the past 3 years in the direction of improving the climate for foreign investment in that country. Peru was the first nation in the Western Hemisphere, and the second in the world, to abolish exchange controls after World War II. Peru operates on the basis of free exchange. Peru virtually has completed the adjustment of its foreign debt to the satisfaction of all parties concerned. The President of Peru recently has submitted to the Congress a petroleum code which, if adopted, will be one under which that industry can operate satisfactorily, and which offers to United States investors facilities to enter that country with the full assurance that their right to operate under their concessions and to remit their profits will not be abridged.

Peru has earned fairly a reputation for giving a square deal to American enterprises which have come to her shores to invest capital and exercise their special skills. An officer of one of our member corporations which does business in Peru recently had occasion to declare that his organization during almost a century of life in Peru had never lost a cent of money or a square foot of land through expropriations or illegal government actions of any character.

Peruvian capital, Peruvian labor, and the Peruvian Government have striven earnestly in these postwar years to bring about a balance in the country's foreign exchange requirements. They have worked hard to increase production of all possible exportable materials. They have given every possible encouragement to measures which would increase exports to compensate for the ever-growing demand for United States goods, brought about by the remarkably rising standard of living of the Peruvian worker. They have explored all possible new sources of dollar exchange.

In doing so they achieved perhaps their most significant success in the creation of an entirely new export industry—the fishing industry. This was brought about by a combination of Peruvian and United States risk capital and Peruvian labor plus American technical know-how. Peruvians imported canning machinery, fishing craft and equipment, and freezing installations from the United States. The principal American flag steamship carrier invested substantial amounts in the installation of refrigerated compartments to carry the frozen fish to United States markets. United States marketing firms, collaborating with the Peruvian fishing industry, have spent

\$500,000 during the past 3 years in advertising the Peruvian product in the United States and in educating the American housewife in its use.

Today, only 8 years after the beginning of what I like to call a practical point 4 program, the fishing industry is the fifth in all of Peru in the earning of foreign exchange and is now second to minerals in relation to exports to the United States. It is a monument to old-fashioned risk-taking, hard work, and mutual trust. It was supported by the good American principle of two-way reciprocal trade.

Now gentlemen, I regret to say that the new Peruvian industry stands in danger of receiving a blow from this Congress which may be mortal. The repercussions are enough to cause concern to all American firms operating in the friendly land of Peru.

This association cannot help but view with concern the tremendous resentment which this tariff proposal has touched off in Peru. The newspapers are commenting critically and making open suggestions of retaliation. This is natural because the sudden loss of an important source of export earnings to a country causes cumulative trade restrictions with their adverse economic and social consequences. Such national resentment engenders retaliatory measures which cannot be localized against the one industry causing the loss but are spread quickly to and directed against other fields of American investment in that country.

More than 200,000 tons of tuna fish were marketed in the United States during 1950, of which less than 10 percent were represented by imports. Only 7,000 tons, or 3½ percent, were imported from Peru. This association does not believe that the imposition of a tariff on the relatively small percentage of foreign-caught tuna will have the effect desired by the proponents of a tariff, but will simply unnecessarily injure good neighbor relations with friendly countries. The association therefore urges that no tariff be placed upon frozen tuna.

The CHAIRMAN. Any questions, Senator?

Senator MILLIKIN. I am delighted to know that the gentleman is interested not only in Peru but also in Colorado.

Mr. MILLER. We certainly are. Colorado, Utah, Arizona—

Senator MILLIKIN. Now don't go too far.

Mr. MILLER. We will stick to Colorado, Senator Millikin. Thank you very much.

Senator MILLIKIN. I would like to ask one question before you leave. Has the Peruvian fleet expanded since World War II?

Mr. MILLER. I think so. I don't know how large that fleet is as such, but there has been some expansion I understand, and most of it since World War II has come into real being. Their biggest progress I believe has been made in the last 5 or 6 years.

Senator MILLIKIN. Do you think that the expansion has been comparably the same as our southern California fleet?

Mr. MILLER. I would imagine the growth, being a new industry, starting from more or less scratch, is probably a larger percentage from the basic fleet.

Senator MILLIKIN. Thank you.

(List of members of the Peruvian-American Association, Inc., submitted by Mr. Miller, is as follows:)

MEMBERS OF THE PERUVIAN-AMERICAN ASSOCIATION, INC.

- Mr. E. J. Van der Leur, vice president, Louis Watjen, Inc., 60 Beaver St., New York 4, N. Y.
- Mr. J. F. Cannon, Jr., assistant vice president, The National City Bank of New York, 55 Wall Street, New York 5, N. Y.
- Mr. A. B. Shea, first vice president, W. R. Grace & Co., 7 Hanover Square, New York, N. Y.
- Mr. James S. Carson, vice chairman of board, Colonial Trust Co., 1230 Avenue of the Americas, New York 20, N. Y.
- Mr. Otto T. Kreuser, vice president, Chase National Bank, 18 Pine Street, New York, N. Y.
- Mr. Ralph E. Kimpel, second vice president, Guaranty Trust Co. of New York, 140 Broadway, New York 7, N. Y.
- Mr. J. T. Kirby, vice president, W. R. Grace & Co., 7 Hanover Square, New York, N. Y.
- Mr. Harry O. Ware, secretary and treasurer, Frederick Snare Corp., 233 Broadway, New York, N. Y.
- Mr. Robert D. Merrill, vice president, All America Cables & Radio Inc., 67 Broad Street, New York, N. Y.
- Mr. P. F. Shannon, executive development division director, Standard Oil Co. (N. J.), 30 Rockefeller Plaza, New York 20, N. Y.
- Mr. C. R. Dewey, president, Grace National Bank of New York, Hanover Square, New York, N. Y.
- Mr. J. T. Wilson, chairman, executive committee, IBM World Trade Corp., 20 East Fifty-seventh Street, New York 22, N. Y.
- Mr. George P. Harrington, General Motors Overseas Operations, 1775 Broadway, New York 19, N. Y.
- Mr. Frank F. Russell, chairman of board, Cerro De Pasco Copper Corp., 40 Wall Street, New York 5, N. Y.
- Mr. John T. Shannon, vice president, Pan American-Grace Airways, Inc., 135 East Forty-second Street, New York, N. Y.
- Mr. R. F. Goodwin vice president, American Smelting & Refining Co., 120 Broadway, New York 5, N. Y.
- Mr. George A. Meckes, United States Steel Export Co., 30 Church Street New York, N. Y.
- Mr. John E. Lockwood, Curtis, Mallet-Prevost, Colt & Mosle, Room 5136, 30 Rockefeller Plaza, New York 20, N. Y.
- Mr. William S. Swingle, president, National Foreign Trade Council, Inc., 111 Broadway, New York, N. Y.
- Mr. Ward A. Miller, vice president, Vanadium Corp. of America, 420 Lexington Avenue, New York, N. Y.
- Mr. C. F. Storms, assistant manager, New York division, International General Electric, 570 Lexington Avenue, New York 22, N. Y.
- Mr. Godfrey Macdonald, vice president, Grace Line, Inc., 10 Hanover Square, New York 5, N. Y.
- Mr. Wendel R. Swint, director, foreign relations department, E. I. du Pont de Nemours & Co., Wilmington, Del.
- Mr. Leonard B. Hough, export sales manager, The Collins Co., Collinsville, Conn.
- Mr. D. A. Del Rio, vice president, Central Hanover Bank & Trust Co., 70 Broadway, New York 4, N. Y.
- Mr. R. F. Straub, president, Bunge Corp., 42 Broadway, New York 4, N. Y.
- Mr. Merton G. Kennedy, vice president, Morrison Knudsen Co., Inc., 122 East Forty-second Street, New York 17, N. Y.
- Mr. Frank Luria, Luria Steel & Trading Corp., 500 Fifth Avenue, New York, N. Y.
- Mr. W. S. Reid, director, International Petroleum Co., Ltd., 434 University Avenue, Toronto, Ont., Canada.
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- Mr. Jack Estes, The Estes Co., 175 Fifth Avenue, New York, N. Y.
- Mr. J. A. Wollheim, export division, Combustion Engineering-Superheater, Inc., 200 Madison Avenue, New York 16, N. Y.

- Mr. James A. Farley, The Coca-Cola Export Sales Co., 515 Madison Avenue, New York, N. Y.
- Mr. Harry Burros, president, Burros Bag Co., Inc., 135 Plymouth Street, Brooklyn 1, N. Y.
- Mr. C. W. McCann Asiatic Petroleum Corp., 50 West Fiftieth Street, New York 20, N. Y.
- Mr. Albert J. Turner, treasurer, Maywood Chemical Works, Maywood, N. J.
- Mr. Thomas J. Watson, chairman of board, IBM Corp., 590 Madison Avenue, New York 22, N. Y.
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- Mr. George P. Seeley, president, Frederick Snare Corp., 233 Broadway New York, N. Y.
- Mr. Walter Niklaus, agent, Credit Suisse New York Agency, 25 Pine Street, New York 5, N. Y.
- Mr. Ward Van Alstyne, president, Aluminum Import Corp., 630 Fifth Avenue, New York 20, N. Y.
- Mr. Brayton Wilbur, Wilbur-Ellis Co., 334 California Street, San Francisco 4, Calif.
- Mr. John D. J. Moore, Jr., assistant vice president, W. R. Grace & Co., 914 Fifteenth Street NW., Washington, D. C.
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- Mr. W. V. Harloe, general manager, freight and passenger departments, United Fruit Co., Pier 3, North River, New York, N. Y.
- Mr. H. I. Fry, manager South American operations, Socony-Vacuum Oil Co., 26 Broadway New York 4, N. Y.
- Mr. Orrie John Mills, assistant to the president, The Sandy Hill Iron & Brass Works, 27 Allen Street, Hudson Falls, N. Y.
- Mr. A. P. L. Prest, Price, Waterhouse & Co., 56 Pine Street, New York 5, N. Y.
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- Mr. L. R. Deutekom, general manager, Royal Netherlands Steamship Co., 25 Broadway New York 4, N. Y.
- Mr. A. G. Cameron, vice president, The Goodyear Tire & Rubber Export Co., 1144 East Market Street, Akron, Ohio
- Mr. Oscar Von Kohorn, president, Oscar Kohorn & Co. Ltd., 501 Fifth Avenue, New York 17, N. Y.
- Mr. Guy D. Johnson, president, National Paper & Type Co., 120 Wall Street, New York 5, N. Y.
- Mr. Eugene Leytess, vice president, Mercantile Metal & Ore Corp., 60 Wall Street, New York 5, N. Y.
- Mr. A. E. Rebollo, vice president, Johnson & Johnson International, New Brunswick, N. J.
- Mr. L. P. Maier, International Petroleum Co. Inc., 396 Alhambra Circle, Coral Gables, Fla.
- Mr. C. B. Thomas, president, export division, Chrysler Corp., Detroit, Mich.
- Mr. Albert L. Schomp, president, American Bank Note Co., 70 Broad Street, New York, N. Y.
- Mr. M. J. Pasch, chairman, Associated Latin American Freight Conference 11 Broadway, New York 4, N. Y.

- Mr. F. L. McClure, manager, E. I. du Pont de Nemours & Co., room 5450, Nemours Building, Wilmington 98, Del.
- Mr. R. M. Hummel, president, Lone Star Cement Corp. 100 Park Avenue, New York 17, N. Y.
- Mr. Douglas H. Allen, president, Astoria Pan-Americana, Inc., 222 Eleventh Avenue, New York, N. Y.
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- Mr. Lincoln Johnson, vice president, Manufacturers Trust Co., 55 Broad Street New York, N. Y.
- Mr. G. A. Ogilvie, International Telephone & Telegraph Corp., 67 Broad Street, New York, N. Y.
- Mr. J. L. Camp, director general, Latin American operations, International Harvester Co., 180 North Michigan Avenue, Chicago 1, Ill.
- Mr. Arthur Hays Sulzberger, publisher, The New York Times, 229 West Forty-third Street, New York, N. Y.
- Mr. Otto Schoenrich, Curtis, Mallet-Prevost, Colt & Mosle, 63 Wall Street, New York, N. Y.
- Mr. Joshua B. Powers, president, Joshua B. Powers, Inc., 345 Madison Avenue, New York, N. Y.
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- Mr. Emilio A. Godoy, president, E. A. Godoy & Co., Inc., 25 Broadway, New York 4, N. Y.
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- Mr. Alfred H. Anderson, president, James Motley & Co., Inc., 114 Liberty Street, New York, N. Y.
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- Mr. L. Aguirre Edwards, vice president, Grace National Bank of New York, Hanover Square, New York, N. Y.
- Mr. Ricardo Madueno, Avenida Arequipa 1396, Lima, Peru
- Mr. William T. Genth, Amsinck, Sonne & Co., 96 Wall Street, New York, N. Y.
- Mr. Dudley B. Bonsal, Curtis, Mallet-Prevost, Colt & Mosle, 63 Wall Street, New York 5, N. Y.
- Mr. Manuel Arias, H. A. Astlett & Co., 27 William Street, New York 5, N. Y.
- Mr. R. W. Straus, chairman of the board, American Smelting & Refining Co., 120 Broadway, New York, N. Y.
- Mr. William S. Morrison, vice president, United States Steel Export Co., 30 Church Street, New York, N. Y.
- Mr. J. Peter Grace, Jr., president, W. R. Grace & Co., 7 Hanover Square, New York, N. Y.
- Mr. G. H. Caffrey, secretary and treasurer, Pedro Martinto, Inc., 90 West Street, New York, N. Y.
- Mr. Arthur C. Ness, president, Duncan, Fox & Co., Inc., 60 Beaver Street, New York, N. Y.
- Mr. Aurelio Garcia Sayan, Banco Wiese Ltda., Edificio San Pedro 220, Lima, Peru
- Mr. Hernando de Lavalle, Azangaro 430-301, Lima, Peru
- Gildemeister & Co., Casilla Correo 678, Lima Peru
- Mr. German Aguirre U., c/o A. y F. Wiese S. A., Lima, Peru
- Mr. Abel Carriquiry, A. y F. Wiese, Carabaya 501, Lima, Peru
- Mr. Eduardo Dibos, Cia. Goodyear del Peru, Av. Wilson 1870, Lima, Peru
- Mr. Rafael de Obregozo, Gerente del Banco Wiese Ltd., Nunez 250, Lima, Peru
- Mr. Carlos A. Vidal, Ocona 160, Lima, Peru
- Empresa Agricola Chicama, Ltda., Casilla Correo 678, Lima, Peru

Messrs. F. H. de Chopitea e Hijos, Negociacion Azucarera Laredo Ltda., Casilla de Correo 678, Lima, Peru

Mr. Alberto Alexander Rosenthal, Av. Nicolas de Pierola No. 525, Lima, Peru

Mr. Gustavo Berckemeyer, manager, G. Berckemeyer & Co., Villalta 264-266, Lima, Peru

Mr. Enrique Montero Muelle, Intl. Petroleum Co., Ltd., Carabaya 831, Lima, Peru

Mr. Carlos Velarde C., W. R. Grace & Co., Liron Lampa, Lima, Peru

Mr. Elmer J. Faucett, managing director, Cia. de Aviacion "Faucett" S. A., Casilla 1429, Lima, Peru

The CHAIRMAN. Mr. Roth.

Mr. Roth, please identify yourself for the record.

STATEMENT OF ISIDOR ROTH, SOUTH AMERICAN FISH DISTRIBUTORS, INC., NEW YORK, N. Y.

Mr. ROTH. My name is Isidor Roth. My permanent residence and place of business is in New York City. I am the president of South American Fish Distributors, Inc., which is engaged in the importation of frozen fish from Peru. The bulk of our tonnage consists of frozen yellowfin tuna.

The fish we handle is caught by Peruvian fishermen in Peruvian boats. The fish are brought to mother ships where they are frozen and exported to the west coast and east coast canneries in the United States. The fishing boats are not the clipper type, such as comprise the southern California tuna fleet. They are small seiners and operate in inshore waters, without live bait and pole. They are not strong enough, large enough, or so equipped as to go out far from shore where the California clippers fish.

Senator MILLIKIN. May I interrupt, Mr. Chairman. As I understand the testimony, we have some very small operators who are citizens of this country. Have you made any comparison between the cost of their operations and the costs of the Peruvian small operation of the type you describe?

Mr. ROTH. No, I haven't.

Senator MILLIKIN. Would you say that the Peruvian costs would be less?

Mr. ROTH. Probably their costs might be less.

Senator MILLIKIN. Has anybody made a study of that?

(There was no response.)

Senator MILLIKIN. Thank you.

Mr. ROTH. I have recently returned from Peru where I spent several months. It was during my stay in Peru that news came of the hasty passage of H. R. 5693 by our House of Representatives. It caused quite a furor.

During the past year, large numbers of California clippers fished off the coast of Peru, within 25 or 30 miles of shore. It is estimated in Peru that fully 40,000 tons of tuna were captured by the United States clippers toward the latter part of 1951. There were times when there were as many as 40 clippers fishing there at one time. The information as to their tonnage was obtained from the clippers themselves who were in constant communication with each other, exchanging information as to fishing conditions, their daily catch, et cetera, by radio telephone, which information was also picked up by the Peruvian fishing interests as well as the local authorities.

Senator MILLIKIN. How far does Peru claim her offshore land?

Mr. ROTH. They claim the same as we do, as I understand, about 200 miles.

Senator MILLIKIN. So that this fishing, except for the small operations that you have described indulged in by the Peruvians, is in international waters, is that correct?

Mr. ROTH. No.

Senator MILLIKIN. You said they fished 25 miles offshore.

Mr. ROTH. They claim 200 miles as their territorial waters.

Senator MILLIKIN. That is what I was trying to get at.

Mr. ROTH. So according to their view their territorial waters extend 200 miles at sea.

Senator MILLIKIN. I see.

Mr. ROTH. The first popular reaction to the news of the passage of H. R. 5693 by the House of Representatives was to exclude United States ships from fishing in Peruvian territorial waters. This reaction was not official, although according to the statutes, foreign vessels fish illegally in those waters, since Peru also claims as being within its territorial jurisdiction those waters extending to 200 miles from its coast. The Republic of Peru has thus far not enforced this law.

The attitude among the fishing industry in Peru is that while the United States has every right to legislate in accordance with our own desires, and for the protection of our industries, there is a special case in the matter of tuna, particularly the raw material. Here is an industry of world-wide scope, whose raw material is found in their home waters and is therefore of their natural resources—while a very small proportion of the total supply which is consumed here in the United States is found in waters adjacent to the United States coast. To some extent, they feel that they are entitled to share in this industry. They consider it unjust that the same fish, caught in their waters by their boats, should be discriminated against alongside of those caught by United States boats. It is different in the case of the manufactured article, namely, the canned tuna, where United States labor and industry have an exclusive interest. But not quite so with the raw material.

There are no currency restrictions in Peru. Capital can be invested and withdrawn at will. The import and export taxes are the main sources of Government revenue. While export taxes are contrary to our way of doing business, it is nevertheless being done in all South American countries, I believe.

May I thank you for the privilege of appearing before this committee to express my views in opposition to H. R. 5693.

The CHAIRMAN. Thank you, sir, very much for your appearance.

Any questions?

Senator MILLIKIN. Mr. Chairman, I would like to know, to whom do you sell the fish that you get from Peru?

Mr. ROTH. We sell it to canners on both coasts.

Senator MILLIKIN. On both coasts?

Mr. ROTH. Yes, sir. That is governed largely by the availability of shipping space at the source of production. Sometimes we have more refrigerated space available to the west coast than we do to the east coast, so we ship to the west coast.

Senator MILLIKIN. Are you able to capture any market because of the lower costs of your operation?

Mr. ROTH. We are able to operate at a fair profit. Is that what you mean?

Senator MILLIKIN. I am glad to hear that. I want everybody to operate at a profit, but what I was getting at was assuming that you have a lower cost of production, since you operate under Peruvian charters and Peruvian labor, does that give you some advantage over the domestic producer, over the domestic fishermen?

Mr. ROTH. We don't directly engage in fishing operations. We have a contract with a company in Peru whose output we handle on a certain basis fixed by prices here in this country. Now this situation would be very adversely affected if the tariff were imposed on the tuna.

Senator MILLIKIN. Do you feel that the 3-cent tariff would exclude you from our market?

Mr. ROTH. Yes, sir.

Senator MILLIKIN. You do not think that any substantial amount would get through?

Mr. ROTH. I don't think that we would have any. I am sure it would wipe out every possibility of a profit for the operation.

Senator MILLIKIN. Have you made any demonstration of that by figures, cost figures?

Mr. ROTH. Based on our cost, on our arrangements with this company in Peru, there would be no margin left for us. I wish to point out also, Senator Millikin, that there is a great deal of American capital already invested in Peru.

While we do not perform our own operation there, we have quite an investment in having improved the facilities of the company with whom we trade. It was on that basis that our contract was made, and our investment would be very much affected by any such tariff, whether it be a tariff of 3 cents a pound or a quota.

Senator MILLIKIN. You are not prepared to present any estimates of cost from which you could demonstrate that the 3-cent tariff would exclude you or exclude a very substantial part of your imports to this country?

Mr. ROTH. I am not prepared to deliver any statistics, but I do know from our own situation, from our own contract in Peru, that we would be completely eliminated from the picture.

The CHAIRMAN. If there was added a 3-cent tariff, you would not be able to take the fish and bring them into this country?

Mr. ROTH. That is right. Our contract did not visualize any tariff, and it was based entirely on an f. o. b. price in Peru, based upon the price levels existing in this country, and therefore we just would not be able to stay there at all.

Senator MILLIKIN. I think to test that we would have to know about the nature of your own contracts, and I have no desire to probe into that.

Mr. ROTH. I see. Well, that nevertheless is a fact, Senator.

The CHAIRMAN. Thank you very much, Mr. Roth, for your appearance.

Mr. Davenport? You may be seated. Please identify yourself for the record.

**STATEMENT OF ORMUS W. DAVENPORT, DAVENPORT-WEBB, INC.,
BUFFALO, N. Y.**

Mr. DAVENPORT. My name is Ormus W. Davenport of Buffalo, N. Y. I am engaged in the food brokerage business. I am not a canner, but I consider myself an expert in the merchandising of tuna fish at the trade levels of the wholesale grocers and chain stores.

The CHAIRMAN. You may proceed.

Mr. DAVENPORT. My interest in this or any legislation affecting tuna fish is that nothing should be done by law to hinder present or future expansion of American packing on the eastern seaboard or Gulf States.

I head, as president, the food brokerage corporation known as Davenport-Webb, Inc., of Buffalo, N. Y. For 19 years I have been active in the sales, promotion and merchandising of tuna fish and particularly since 1949, I know that our company is not only a factor but one of the leading such in western New York.

When H. R. 5693 was passed by the House of Representatives by a voice vote, I was surprised at the speed and evident lack of careful consideration of said passing and its being sent to the Senate Finance Committee. I sent for a copy, and my first reaction upon reading it was that the House handled it much as the legendary Irishman deals with one from whom he expects an argument: "Knock him down and then ask the questions afterwards." Those who framed this proposed tariff act were certainly not subtle: they want the Congress to impose a \$60 per ton duty on "imported" fresh and frozen tuna and then take a year and more to ask the questions and see, as is mentioned in lines 20 and 21 on page 2, "what change, if any, shall be made in such rate of duty."

I deplore that a duty be imposed before it is even known whether one is necessary or desirable; before the possible far-reaching effects of such a duty can be weighed pro and con. Personally, I can see no argument why the United States Tariff Commission should not investigate the entire tuna industry in all its aspects under its jurisdiction nor why the Secretary of the Interior shall not make a comprehensive study of the long-range position of the domestic tuna industry. But certainly, let not the Congress of the United States become the cat's paw to a handful of tuna packers in California and do, perhaps, irreparable damage to many others with foresight and fortitude to set up operations on the east coast and to others of the tuna industry, than the mere canning of the tuna.

Being qualified to claim that I am an expert on the marketing of tuna fish in one of the largest per capita tuna consuming areas of the United States—western New York—I represent to your committee that the east coast should be entitled to develop tuna packing in the same manner as has been the good fortune of those on the west coast.

Currently, I am merchandising H. B. Kennerly & Son, Inc. of Maryland, Pacific-caught tuna—packed in their Maryland plant. This is a most logical evolution. Let the American market be free to all American capital. Let the west coast tuna packers take a page from the books of the California Packing Corp. and also Hunt Foods, Inc. which have bought several eastern plants in order to stabilize their prices as against hauling the same type of products all the way

from California at ever-increasing freight rates so that their products will not be priced out of the market.

The fish is subjected to freezing in the same manner as is done in the California tuna clippers and brought to our eastern shore instead of the western shore and packed in an American cannery by Americans.

I submit that you Senators and Representatives of the people of the Northern, seaboard, Southern, and Midwestern States owe it to your constituents to assist them in securing their American-packed tuna fish at the lowest possible cost consistent with good economy—reasonable profit, et cetera. Surely, you from the eastern seaboard and Gulf States—I refer to the Senators and Representatives thereof—should keep the door wide open to encourage packing plants and industries for your constituents. Why should this handful of monopolistic southern California tuna packers be protected against the common interests of the American investor? Why do we have anti-trust laws?

The end result of the tuna packed in Maryland is indistinguishable from that packed in California for the simple reason that it is the same in species, handling, and packaging. I respectfully submit that I believe the greatest weakness in the presentation of this proposed act is that tuna fish brought in through the Panama Canal is automatically labeled as an imported product. The whole concept is built on the false premise that if the fish is not brought into port in a California tuna clipper it must be foreign in origin. Nothing is further from the truth.

Senator MILLIKIN. I can see that you are not the secretary of the Los Angeles Chamber of Commerce.

Mr. DAVENPORT. I will probably not be very popular with them either in the future as a food broker, but we must face these things as they are.

During the past 2 weeks, I have interrogated many buyers of the trade. I mean by that buyers who purchase for the corporate chains and wholesale grocers, the distributors to the independent retailers.

Senator MILLIKIN. Do you know whether any of the packers on the eastern and southern coasts have tried to buy the raw material from California fisheries?

Mr. DAVENPORT. I do not know.

The composite reaction is that they wish to buy their supplies competitively; therefore, this bill is not good for the trade and that it can benefit only a very few packers in California.

I would like to expand a little bit on what I mean by they would like to buy competitively. If this room were full of food brokers, I would get a good laugh on this, but the buyers are very anxious to shop the market. They resent the prospect of this market becoming lessened and funneled into a fewer principals from whom they can buy. They much prefer a larger number of packers, of course, so that they can bargain and get the best horse trade, the best prices they can. That is their function, and rightly so.

During this very month of February 1952, as we enter Lent and the big tuna-consuming summer months, there is a shortage of desirable quality yellowfin tuna fish on the west coast.

I should like to state the reason I make that statement here is because in talking to many brokers who represent California tuna packers, it seems that there is a tendency on the part of these packers

to want to sell skipjack. They tell the brokers that there is not enough supply of yellowfin and they must move the skipjack because they want to get their capital unfrozen from those stocks.

Senator MILLIKIN. With reference to your point that the food brokers would like to shop around——

Mr. DAVENPORT. The buyers, Senator Millikin, not the food brokers. The buyers want to shop around.

Senator MILLIKIN. Well, the buyer buys from the food broker; does he not? The food broker sells the stuff that the buyer buys; does he not?

Mr. DAVENPORT. The food broker is very much restricted to represent one packer. He can't shop around.

Senator MILLIKIN. I gladly accept the correction. The end point is that the food broker wants to shop around among the packers; isn't that correct?

Mr. DAVENPORT. For accounts; yes.

Senator MILLIKIN. It all comes down to making the best deal that is possible by the particular food broker operating under the circumstances which govern him; isn't that correct?

Mr. DAVENPORT. That is correct.

Senator MILLIKIN. There is nothing wrong about that. There is nothing wrong about the fisherman trying to improve his own lot by his own species of bargaining, which he apparently contemplates includes a tariff, so you have the usual conflict of interests which prevails in all these tariff matters.

As was said yesterday, the importer always wants to import cheap, but he is always scrupulous about wanting to keep the tariff on his manufactured product. That is all normal and natural, too. Some place along there is a point of balance, good sense, if we can reach it. That is what we have to look for.

Mr. DAVENPORT. I submit that investigation will prove that there is no real surplus at this very moment. Investigation will prove that it is not the 20,000 or 30,000 tons of so-called "imported" tuna that worries and frets the California tuna industry but instead their own overdevelopment of tuna clippers, the training of an overabundant number of fishermen and the building of too many huge plants equipped with speed machines that could pack enough tuna fish to supply the world but because of too concentrated an area—not economically.

Senator MILLIKIN. We have had a lot of testimony here that the imported fish from foreign fisheries does not tend to lessen the market, or at least lower the market price. How do you reconcile that fact with your own arguments?

Mr. DAVENPORT. Well, the price of tuna is pretty well established both at the shelf level for the housewife and in the buyer's mind. Quality for quality, of course, there is a lot of cutting done, you know. I heard some questions put to the gentleman just before me in regard to the advisability of packing. You showed some interest, too, Senator George, the advisability of packing Atlantic tuna fish.

Believe me, when you cut those cans before the discriminating and experienced buyer, he rejects the dark red color of the bluefin, the strong gamey odor. He wants yellowfin principally, and when it comes to price where he wants to sell the product, say, for 25 cents a

can, wants to run a feature, four cans for 99 cents, then he will accept shipjack, but he will put up a fight for yellowfin first.

Senator MILLIKIN. Albacore, if he can get it at the same price?

Mr. DAVENPORT. Oh, yes; but that is pretty hard to do.

Senator MARTIN. May I ask a question, Mr. Chairman?

The CHAIRMAN. Yes, Senator Martin.

Senator MARTIN. Getting back to the statements there that the trouble is because of too many plants with speed machines, and so forth, isn't that what made America?

We have improved a lot of the textile business which is now going to the South. They have installed better machinery than we have in the old settled places of the textile industry. We are improving the methods by which we make steel. It is not going to be very long until we are going to have more steel plants than we will have customers for steel.

We have improved the methods of mining coal. We have machines now that one man can do the work of ten, but isn't that what has made America?

Mr. DAVENPORT. Yes, and I am all for it, providing we can get a little distribution, gentlemen, geographically for freight and distributional reasons. I have nothing against the tuna industry in California as such.

Senator MARTIN. What I am getting at, it has been the American practice to encourage improvements which in the long run gives us better quality and at a lesser cost to the consumer.

Mr. DAVENPORT. Yes. When I was in San Diego in 1950 they were just installing some Caruthers machines to pack the stuff fast, and they were threatened then with a strike because it was going to throw 3,000 women out of work, but those are the growing pains that we have to go through anyway, and it adjusts itself eventually.

That is why I think the Secretary of the Interior is going to find insurmountable difficulties when the time comes to "recommend such measures as may be appropriate to promote necessary adjustments, that the industry may achieve and maintain a sound position in a domestic economy," if this wording applies per se to the California industry only. I hope it does not, I hope it applies to the over-all industry.

Some way will have to be found to regulate the number of boats, fishermen and plants, perhaps licensing or permitting certain months for fishing as in the case of the salmon industry. The tuna giants have already put out of business and absorbed many plants of the small packers. I think that is a matter of record right here during this investigation, is it not, Senator George or Senator Millikin?

The CHAIRMAN. It has been covered in certain briefs; yes.

Senator MILLIKIN. Hints of monopolistic practice.

Mr. DAVENPORT. It has now become the battle of the giants and at this very moment there is a messy situation within the tuna industry in California brought about by trying to wrest markets from one another and definitely not because of imported raw material. I have been in the whirlpool of that situation myself. They have brought these things upon themselves and there they must be solved.

I was one of those in the forefront who advised with our State Department regarding restrictions being written into the recently proposed Japanese treaty to keep Japanese salmon fishermen out of

our Alaskan waters. To me that makes sense and Mr. Dulles sent me a copy of the letter he received from the Japanese Prime Minister assuring the United States Government they would respect such Government restrictions. Nevertheless, I do not recommend this duty on the Japanese frozen tuna product for the reason that the west coast packers all the way from Astoria to San Diego have occasion and need for the Japanese raw product especially in regard to albacore.

I feel that I speak for most of the food brokers of America, of which there are about 4,000, as well as the buyers of the trade when I state that this bill to be ill-advised, confuses the issues and should be killed in this committee. We need more—not less—packers to represent in our great and growing Nation. Tuna consumption grows about 10 percent each year.

The CHAIRMAN. Any further questions? Thank you very much, Mr. Davenport.

Are there any other witnesses that wish to be heard? I believe that completes the list of scheduled witnesses for the day.

Mr. REAL. Mr. Chairman, if you will recall, the other day I asked the committee whether or not they would like to hear from one of the boat owners on one of the larger tuna clippers for a few minutes and perhaps ask him some questions as to the actual fishing operation.

I also called your attention to the fact that we have a movie which will be here in Washington and which you may see at any time, by merely requesting it from us. We do have the president of the American Tunaboat Association here, who is a boat owner and a fisherman and he does have a short statement, if you care to listen to it.

The CHAIRMAN. Yes; you may come around at this time. Please identify yourself for the record. You have not testified, have you?

Mr. CRIVELLO. No, sir; I have not.

The CHAIRMAN. Please identify yourself for the record.

STATEMENT OF SAM CRIVELLO, PRESIDENT OF THE AMERICAN TUNABOAT ASSOCIATION

Mr. CRIVELLO. My name is Sam Crivello. I am part owner and master of the fishing boat *San Europa*. I would also like to insert here that I am also a part owner of another boat, the *Sun Voyager*.

I heard the good news in this room this morning that most of the fleet is out and that things look bright, but these two boats of mine are still in, and as far as I am concerned, dark clouds are still hanging over my head.

Senator MILLIKIN. Mr. Chairman, might I make a suggestion. We have had a number of references to the fact that the situation is radically changed within the past year. If we could have a supplemental memorandum going directly to that point, I think it would be useful.

The CHAIRMAN. Yes. Anyone who wishes to supply a supplemental memorandum on that point might insert it in the record. Furnish it to the clerk of the committee and it will be inserted.

May I ask you about your ownership of the boats. How are your boats owned? You say you are part owner.

Mr. CRIVELLO. The boats are owned by a number of partners. Some boats have as many as 15, 16, 17 partners. Some of them are

owned within the family, brothers, father, so on, that started up from small boats and just gradually kept building up.

The CHAIRMAN. Do the canners own any interests in these boats directly or indirectly?

Mr. CRIVELLO. They own small interests in some of them.

The CHAIRMAN. They underwrite the interest in some of the boats, do they, guarantors of funds that go into the construction of boats?

Mr. CRIVELLO. Yes; they do on some of them.

The CHAIRMAN. Not on yours?

Mr. CRIVELLO. No; not on mine.

The CHAIRMAN. All right, you may proceed.

Senator MILLIKIN. How much does that canner interest amount to?

Mr. CRIVELLO. Well, it varies some times. They may start out, the cannery may start out owning a half interest in the boat, and then as the owners work the boat and pay off their half interest, the cannery gives them an option to keep buying more into the boat and eventually maybe some day they may own it all themselves.

Senator MILLIKIN. Is anyone prepared to give us a memorandum on that subject? Is it in the record already?

Mr. REAL. It is not in the record.

Senator MILLIKIN. I think it would be useful, Mr. Chairman, if we had a memorandum dealing directly with that subject.

The CHAIRMAN. Yes; to what extent the canners or the others who deal with the fish after it is brought in are interested in the boat.

(The information referred to appears in a supplemental memorandum at p. 398.)

Senator MILLIKIN. Might I ask another question, too, Mr. Chairman. With reference to this posting price system, just what are the mechanics preliminary to posting a price? Do the fishermen sit down with the canners and discuss the thing, or how is that price posted?

Mr. CARY. It changes its pattern from time to time, but basically it is the same. The boat owners have a particular cannery enter into negotiations with that cannery which are usually, as one gentleman mentioned this morning, on an annual basis, I think dependent upon the canner's market experience as he encounters difficulties in sales or other things.

Senator MILLIKIN. Do you say that the fishermen have an effective voice in setting the price posted by the canners?

Mr. CARY. It is the boat owner who does the negotiating, Senator Millikin, and whether it is effective or not I don't know. He has a voice, and I think the effectiveness of that voice is more dependent upon the times, the supply and demand situation.

Senator MILLIKIN. Thank you.

The CHAIRMAN. All right, you may proceed with your statement.

Mr. CRIVELLO. I am also president of the American Tuna boat Association.

The record on the tuna industry which has been given would not be complete without some mention of the tuna clipper fleet. The history of that fleet is the history of the tuna business and how it grew.

In the early days of the business which were of limited range and carried no refrigeration, we were like many local fisheries in other places and could only fish seasonally. As our trips grew longer we used crushed ice to refrigerate fish the same as is done in many other ports today.

The tuna business began to grow and we had to have a sure supply of fish for the canners.

Senator MILLIKIN. May I ask you with reference to these contracts between the boat owners and the canner, does the cannery agree to take all of the fish supplied by the boat owner?

Mr. CRIVELLO. Yes.

Senator MILLIKIN. I got the idea that there was a period of a large surplus of fish that piled up there in California. Was that out of the hide of the boat owner or out of the hide of the canner?

Mr. CRIVELLO. I don't quite understand.

Senator MILLIKIN. Did the canner take all that fish? He obviously did not, or it would not have piled up.

Mr. CRIVELLO. Yes, they did. They took all the fish.

In 1926 the first long-range tuna clipper, the *Atlantic*, was built. This was a 100-foot boat. Everyone in the business considered this a very great gamble. It was, however, the beginning of the finest fleet of fishing vessels in the country.

The vessels which followed contained other new features. The size as large or larger but refrigeration was improved as ammonia coils were added to preserve the ice.

Senator MILLIKIN. I hate to bother you again, but we have to learn a lot of things as we go along that are well known to you folks. I want to ask you again, does the canner agree to take all of the fish which is supplied by the boat owner?

Mr. CRIVELLO. Yes, they do.

Senator MILLIKIN. Under the contract which we have been talking about?

Mr. CRIVELLO. They do.

Senator MILLIKIN. Do they sometimes make a contract for a certain amount of fish if that is produced, as distinguished from taking all of the fish brought in by the boat owner?

Mr. CRIVELLO. To my knowledge there is no contract as to the amount of fish.

Senator MILLIKIN. I thought I heard some testimony here that for a period of time when the market was rather demoralized, the boat owners were selling their fish at the docks to anybody that came in to buy them.

Mr. CRIVELLO. I think that was referring to the smaller fleet, the albacore fleet, but the tuna clippers are under a contract, and the canneries had to take their fish, but there is a clause in the contract that protects a cannery, that if they are filled up due to high inventory, they advise the boat to stay in like they have been doing in the last year.

Senator MILLIKIN. Thank you very much.

Mr. CRIVELLO. Shortly after the larger vessels demonstrated that they were practical and could find tuna wherever it was, the newer vessels were built with what we called a raised deck. This improvement was necessary to provide for the safety of the ship as the farther we went the more chance we ran of finding bad sailing weather. The improvement was also necessary because we needed more machinery, ice machines, larger generators and other items. This meant more room was needed for the crew and so the raised deck vessel filled this need too. The raised deck vessel added a lot to our construction costs.

I might add these large vessels that were started at that time were still working with crushed ice. Before they left port they would fill their hold with crushed ice and then when they got on the fishing grounds and the fish were caught, they would fish all day and sometimes work all night because this fish would have to be put away; that is, you would not work all day fishing. You would work 2 or 3 hours and maybe catch a limited amount of fish, and then you would have to stop your fishing operations and put that fish away. Otherwise the hot weather would spoil it.

Senator MILLIKIN. Are they packed whole?

Mr. CRIVELLO. Yes; they are.

Senator MILLIKIN. They are packed whole?

Mr. CRIVELLO. Yes.

Senator MILLIKIN. In the boat?

Mr. CRIVELLO. That is right. The work was not confined just to the daytime. There were times when we worked until 1, 2, 3 o'clock in the morning putting these fish away. Then just getting a couple hours' sleep and back on the job at daybreak.

For a period of 4 or 5 years we experimented with brine refrigeration. This costs hundreds of thousands of dollars and before it was perfected cost a lot more in lost fish. This major improvement was engineered and financed entirely by those of us working right in the fishing end of the business.

Like I just explained, on those larger vessels it was hard work catching this fish and then putting it away in crushed ice, and as we kept going farther and farther south, we ran into tropical weather and we saw that something had to be done in order to work more effectively, so that is when we started experimenting with brine.

It was hard work, and when we would come in from a trip, why, we would spend practically all of our time working on these boats trying to perfect them and see if we could not get a fishing boat where the fish could be brought in in A-1 condition, but during this 4 or 5 years, why, there were a lot of mistakes made, and naturally it ran into money, but we had a lot of faith in what we were doing.

We did not know at the time just where we were going to land, but we had faith in it and finally we got to the place where we are at today. We have in my estimation one of the most efficient boats in the world.

The CHAIRMAN. How far out do you fish from port, generally speaking?

Mr. CRIVELLO. Well, we go as far south as over 3,000 miles, and fish 200 to 250 miles off the coast line.

In about 1937 the first brine-refrigerated boat was built. Since that time every major size boat has been built as a brine boat. This has meant the addition of many thousands of dollars of additional equipment for ammonia compressors, brine pumps, generators, and other items.

In 1937, that was about the time when we just about had the brine situation licked, and I think my views are also expressed by the rest of the boys in the tuna fleet. We feel that we worked very hard and brought this brine system into being and perfected it to the point where it is today, and these very methods and the system that we have today is being copied by others now, and we feel like we are being put out of business with something that we created.

The CHAIRMAN. What is the size of your tuna fleet?

Mr. CRIVELLO. You mean the size of the vessels individually?

The CHAIRMAN. No, no; the number.

Mr. CRIVELLO. I heard it is a little over 200, but that is about all I know of it.

Senator MILLIKIN. Do you get bait in Peru?

Mr. CRIVELLO. No; we don't.

Senator MILLIKIN. Why not?

Mr. CRIVELLO. Well, in the first place the Peruvians do not allow you to go near their coast, and we have not had any opportunity to go there for bait. We have been getting our bait elsewhere, in Panama.

Senator MILLIKIN. Can you get serviced in Peru?

Mr. CRIVELLO. Well, I have never been in there myself personally. I know of one boat that went in there, and I would not call the service they got very good.

Another thing meant by the construction of larger, more complicated vessels is greater repair costs. These vessels after leaving port go on trips which average for all vessels over 50 days. Very often they double the average. The machinery operates almost continuously. It is not hard to see what this does in making heavy repair and maintenance costs necessary.

After the war improvements came in perfecting refrigeration, adding more bait capacity, greater horsepower for engines and generator sets and in adding radar and airplanes. Most vessels carry sounding devices and many carry gyrocompasses and other aids to operation and navigation.

Due to this fact, after the war larger engines were added, we got faster ships, and naturally we kept going further and further south.

Senator MILLIKIN. Have you achieved economies per pound of fish?

Mr. CRIVELLO. I think we have, Senator.

It is hard to put into words the work that is done on board a vessel and the working conditions. We are out long periods of time. We work a very long workday and in many cases work nights also. Some of our bait operations are done at night. Even on days when fishing is light or traveling to a fishing bank is done, we have watches to stand.

The afterdeck of the vessel is awash most of the time as it is necessary for us in pole fishing to work at water or sea level. When we run into bad weather, which is fairly often, it is a dangerous business. A lot is said about heavy investments or big values of these boats. There are lots of times when we settle for 50 cents just to get on shore safely. We have our hurricane season from the middle of June to the end of October and other storms at other times.

That is the worst part of the season, from June to October. It is the hurricane season along the Mexican coast, and these boats have to travel at all times. When they are leaving port going to the fishing banks, they are loaded with Diesel fuel and bait and their wells are full with bait, so the deck is at sea level at all times, so that when you run into a hurricane there is nothing you can do but just ride it out and hope for the best. It is very hazardous.

We are fishermen and do not complain as it is our living and our whole training but it is not the easiest job in the world to stick with year after year.

Safety requirements are very high but so are the risks. Earnings may be considered high from time to time. On an hourly basis they are not as high as other skilled work and the hazard of loss and the danger is greater than most.

The fleet has grown, then, by the determination of a number of fishermen to establish a year around fishing business so that the canners could have a steady supply. This has meant building a fleet of the finest vessels that could be found anywhere. We are criticized for building a fleet. We are proud of building something that no one else has equaled. We have not only invested our time but reinvested our earnings in the business and grown with it. It was not done by talk and criticism but by hard work and saving.

One of the biggest things that has been done in building this fleet is to open up the fisheries of our part of the eastern Pacific Ocean. It took a number of pioneers to do it but the fact remains that this group of fishermen from San Diego and San Pedro, and I'm proud to be one of them, opened up almost a million square miles of fishing area. We don't want to own it, we just want a chance to stay in it on a basis that we can keep an industry built in the United States in this country so far as we can.

In closing, I would like to say that we are in serious trouble, and if we do not get relief immediately I do not know what the outcome is going to be.

Senator MILLIKIN. You say a couple of your boats are idle. How many boats do you have?

Mr. CRIVELLO. Just the two.

Senator MILLIKIN. And they are idle at the present time?

Mr. CRIVELLO. Yes, sir. One of them has been in 7 months and the other 5½ months.

Senator MILLIKIN. That is because of lack of markets?

Mr. CRIVELLO. That is right.

Senator MILLIKIN. You are in the business and you have the power of skilled observation in the business. What is the situation as to the rest of the fleet in California?

Mr. CRIVELLO. Well, they are practically in the same position that my boats are in. It is true that some of them are out, but they have been in for months and months, and they have got to get out sometime, and all those that are out now, there is no guaranty that when they come back they will be able to go out again. They just don't know.

Senator MILLIKIN. Let me ask you this: Have Atlantic seaboard or Gulf coast canneries tried to get the California fishermen to supply them with fish?

Mr. CRIVELLO. I don't know if they have or not. I do know this, though, that there have been some boat owners in southern California who have contacted some canners in other parts of the country, and I do not know what answer they got, but I do know that they did not go out. They are still tied up, but they did try to deliver their fish.

Senator MILLIKIN. Is there any influence out there that would prevent you, for example, from supplying any coast canner, assuming price and other conditions were favorable?

Mr. CRIVELLO. No; there is no influence to stop them.

Senator MILLIKIN. Would you supply east coast and Gulf of Mexico companies, Gulf of Mexico coast canners, if you could make a good deal out of it?

Mr. CRIVELLO. If I could get the same price that I can get in San Diego, I would.

Senator MILLIKIN. There is no influence that limits your operation so far as the supply of your fish to canners is concerned, to southern California; is that right?

Mr. CRIVELLO. That is right; there is no influence.

Senator MILLIKIN. Would you then say that the reason you have not been supplying these other canners on other coast lines is that they have not tried to do business with you or that they have not hung up a price that will enable you to survive?

Mr. CRIVELLO. I don't think they have tried very hard to get fish from the southern California fleet, because I have two boats and I know I have never been contacted.

Senator MILLIKIN. If they hung up the same price, if the Gulf of Mexico canners and the Atlantic coast canners hung up the same price that the Pacific coast canners do, would you supply them with your fish?

Mr. CRIVELLO. I think they would get all the fish they wanted.

Senator MILLIKIN. Why then do you figure that the canners in the Gulf of Mexico coast and the Atlantic coast do not make a more vigorous effort to get fish from you folks?

Mr. CRIVELLO. I really don't know why they don't do it. It may be they are getting cheaper fish some place else.

Senator MILLIKIN. That is what I am driving at. That is exactly what I am driving at. Do you believe that is the reason?

Mr. CRIVELLO. I think it is.

Senator MILLIKIN. Do you believe that you cannot compete with the foreign fishermen?

Mr. CRIVELLO. We cannot compete, no.

Senator MILLIKIN. On even terms I mean.

Mr. CRIVELLO. On even terms, we can.

Senator MILLIKIN. I don't think I put the question to you correctly. Do they have lower costs than you have?

Mr. CRIVELLO. Oh, yes, very much lower.

Senator MILLIKIN. Why is that?

Mr. CRIVELLO. Well, they have cheaper labor, very cheap. I understand in Japan it is 30 cents a day.

Senator MARTIN. Mr. Chairman, might I ask, is that the big difference in cost, the cost of labor?

Mr. CRIVELLO. That is one of the big differences.

Senator MILLIKIN. Do they get their supplies cheaper?

Mr. CRIVELLO. You mean in Japan?

Senator MILLIKIN. Take Japan, take South American fishermen.

Mr. CRIVELLO. I really don't know, Senator Millikin. I operate my boats and my whole time and my whole interest is in the boats, and while I hear a little here and there from the outside, I really am not qualified to answer that. I really would not know.

Senator MILLIKIN. There has been a lot of testimony here that these foreign imports of fish do not cut your posted price, do not sell under that, and I am somewhat surprised, at least I have not seen cost data in this hearing at all that would indicate how far below that posted price they could come in here if they wanted to.

Mr. CRIVELLO. Senator, I am not much on statistics and numbers, but I am sure that imports cut our price. They cut it in this way:

One of my boats has made one trip last year. That is all she could make. She is in the hold. She just can't operate on one trip. The other one has made two trips.

Now if it was not for the imports, those boats could have made more trips, so by making one trip, that is really cutting the price down on the fish. We just can't operate.

Senator MILLIKIN. In other words, as far as you have gone now it is a matter of sheer quantity. The quantity that they put in here is such that it renders idle a part of our own domestic fleet; is that correct?

Mr. CRIVELLO. That is correct, and to the fishermen that is cutting the price.

Senator MILLIKIN. And so far have you had a test of price as to whether they can if they want to, foreign fishermen, bring their product in here cheaper than we can?

Mr. CRIVELLO. I really don't know. I am not qualified to answer that, but I imagine they can do a lot of things, being that they have cheap labor there.

Senator MILLIKIN. The main cause of your trouble is in terms of quantity of imports at the present time?

Mr. CRIVELLO. That is correct.

Senator MILLIKIN. We have asked for a supplemental memoranda but is anyone here prepared to give us anything with any teeth in it as to the efforts of Gulf coast and Atlantic coast canners to buy fish from the California fishermen?

(The following supplemental memorandum was subsequently supplied for the record:)

AMERICAN TUNABOAT ASSOCIATION,
San Diego 1, Calif., February 11, 1952.

HON. WALTER F. GEORGE,
Senate Committee on Finance,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR GEORGE: In the recently concluded hearings held in respect to H. R. 5693 requests were made for additional information to be placed in the record. This letter will supply the major part of the information requested.

I. OWNERSHIP OF VESSELS

Subsequent to testimony that two or three canneries owned the majority of vessels fishing for tuna in southern California, we were asked to provide data on cannery ownership.

The American Tunaboat Association analyzed the ownership of 155 vessels on which information was immediately available of the total of 212 high seas bait boat fleet and found the following:

1. Direct ownership by canneries or processing organizations totaled 1.98 percent of the ownership of the vessels surveyed.

2. Direct ownership by major officials of canneries or processing organizations totaled 0.51 percent of the ownership of the vessels surveyed.

3. Direct ownership by corporations other than canneries or processing organizations wherein it is known that cannery officials are major stockholders totaled 3.03 percent of the ownership of the vessels surveyed. Prior to completion of this report, however, one major canner severed his connection with the American processing industry, thus reducing this percentage to 1.94 percent.

Exact data on ownership by canneries in purse seine vessels was not immediately available but known to be of minor consequence. The same condition obtains in respect to the local fleets of albacore vessels.

A further report on boat ownership will be furnished to the committee.

II. CONTRACTUAL RELATIONSHIPS

A question was raised in regard to what degree of control was exercised by canners over fishing vessels by means of formal contracts to sell and buy fish

An inquiry was made of each canner requesting information on the number of vessels fishing for that canner, the number under formal contract, and the number fishing independent of contract.

Replies received covered 208 of the 212 bait boats in the fleet and are analyzed as follows: Vessels fishing under contract, 132; vessels independent of contract, 76.

Replies were received covering 99 of the more than 100 purse seine vessels fishing tuna on a full-time or part-time basis and are analyzed as follows: Vessels fishing under contract, 36; vessels independent of contract, 63.

The general practice in respect to the very numerous, small capacity albacore fleet is to fish without formal contract.

The contract system is common in the canned fish industry as it is through this means of assuring supply that a canner can regulate his production.

Contracts in general bind the vessel owner to deliver fish to a particular canner but do not require the canner to buy a specific quantity of fish. Vessels sail under orders each trip and thus have an assured market upon return.

A contract form recently issued by one canner reads as follows:

FISHING CONTRACT

The undersigned fisherman, _____, owner of the boat _____ hereby agrees to fish with said boat exclusively for _____ for a period of _____ years, from and after the date of this contract and to deliver all fish caught by him that are suitable for canning, and of the variety or varieties canned by said cannery, to _____ at its plant at _____, or at its plant in _____, as directed by the canner.

_____ agrees to pay the going market price for all fish accepted by it. The company shall not be obligated to accept or pay for any fish which is not in condition suitable for canning or which fails to pass final inspection of the department of health of the State of California, or any other governmental body charged with the duty of determining whether or not canned fish is suitable for sale for human consumption, nor will it be required to accept or pay for any fish which it is unable to can or use for the reason that its packing operations are stopped or interrupted by market conditions, an excessive supply of fish, an excessive inventory of canned goods, strikes, lockouts, fires, earthquakes, shortage of material, whole or partial shutdown of the plant or plants of the company, or any other cause or condition beyond the reasonable control of the company. During such time as the company may be refusing to accept fish from the fisherman he shall be at liberty to dispose of his fish elsewhere, but shall resume delivery to the company in the event and as soon as the company notifies the fisherman that it is again willing and able to accept his fish.

This contract shall continue in force from year to year hereafter unless one party gives to the other written notice of cancellation 30 days prior to expiration of this contract.

III. MORTGAGES

A question was raised in regard to what degree of control was exercised by canners over fishing vessels by means of mortgages held by canneries.

A survey was made of the 159 vessels under enrollment and license at the United States Customs, San Diego: Number of vessels surveyed, 159; number of vessels mortgaged, 77; full value of mortgages, \$9,323,000.

Number of mortgages held by canners, 10; full value of those mortgages, \$862,000.

Data on mortgages held on purse seine vessels has not yet been received.

IV. SALES OF FISH OR OFFERS TO SELL OUTSIDE SOUTHERN CALIFORNIA

Subsequent to testimony that the yellowfin and skipjack catch has "been canned exclusively by plants in San Diego and San Pedro," and that, "The fleet does not deliver to canneries located in other areas of the United States," we were asked to provide data on this subject.

A quick survey among our owners developed these typical recent cases:

1. An owner consummated an arrangement with a packer in Hoquiam, Wash., and fish was recently delivered to that cannery. Another owner with a San Diego based vessel was also able to deliver a load to another packer in the same area.

2. An owner offered fish to a large packer in Astoria, Oreg. A number of other offers are known to have been made with no business resulting because of adequacy of supply. A further offer of a long-term contract to assure supply was rejected by the canner.

3. An owner offered fish to a packing firm in the San Francisco area but was unable to effect a sale because of no demand.

4. An owner offered fish to a canner in the Gulf area but was unable to effect a sale because of no demand due to lack of canning facilities.

5. An owner offered fish to a Maryland canner who advised he had just bought a small amount of fish and was not interested in buying more at the present time. The same owner offered fish to a Maine canner, no business being consummated, but a promise was made by the canner to advise regarding requirements and conditions.

6. An owner, who also has interests in the Gulf area, offered fish to a canner in Maine, no business being consummated. Fish was offered to a Massachusetts canner and declined with the statement that four west coast sources had also offered fish for sale. Fish was offered to a canner in South Carolina which canner purchased a small amount. Fish was also offered in Maryland with no immediate business resulting.

In regard to the situation of fishing on the east coast and offering fish for sale in that area, we are appending a letter from Mr. Hervey A. Petrich setting forth his experience (exhibit A).

These are random examples of offers to sell fish in other areas. Another noteworthy example is the action of the San Pedro purse seine vessels in fishing for mother ships operated by a canner in the Northwest. This operation provided fish for that area until the vessels were withdrawn. These mother ships were later used to transport imported fish into the United States.

The matter of offers to sell fish outside southern California can be supported by sworn statements.

Efforts of canners in other parts of the United States to purchase fish from the southern California fleet do not appear to have been at all vigorous. One eastern canner called on west coast owners approximately 2 years ago to arrange a supply. The price offer was well below the price prevailing at that time.

One of our boat owners was recently called and asked if he would require a premium price to deliver fish to the east coast. The caller was advised that fish would be delivered at no premium. However, no offer to buy was forthcoming. It is known that some fish has been sold in the East at below the generally prevailing price.

Based on the United States Fish and Wildlife estimate of pack in 1950 of 88,000 cases on the east coast (no estimate available for 1951), requirements for the whole area would approximate something just over 2,000 tons of fish. This would be the annual landings of three medium sized tuna clippers.

In the matter of alleged exclusive delivery of yellowfin and skipjack to southern California canners, it is noteworthy that a load of fish brought in by a leading importer on his own vessel this fall was offered to southern California packers. This fish was later stored and canned in Monterey. It is clear that if demand did exist this fish could have been sold in any area of the United States.

V. PRESENT CONDITIONS IN THE INDUSTRY

As of February 8, data was obtained on the status of operations of 201 high seas bait boats and all of the purse seine fleet which normally fishes for tuna.

Vessels at sea:

| | |
|---|-------|
| Bait boats..... | 112 |
| Purse seine vessels..... | 11 |
| Time at sea: Bait boats: | |
| Sailed prior to November..... | 2 |
| Sailed in November..... | 26 |
| Sailed in December..... | 32 |
| Sailed in January..... | 33 |
| Sailed in February..... | 19 |
| Days spent in port prior to departure (average per vessel)..... | 96.7 |
| Vessels in port: Bait boats..... | 89 |
| 1 cannery released 13 vessels as of Feb. 8 with 5 additional vessels scheduled to sail Feb. 20. Vessels from other canneries were being released for sailing on a rotation basis or, in some cases, on an outright basis. | |
| Days spent in port to Feb. 8 (average per vessel)..... | 114.3 |

Cannery operation.—Production of canned tuna in January 1952 approximated 35 percent of production in January 1951.

Production was confined to the San Pedro area. No operations were resumed by canneries in San Diego in January of 1952.

Cannery production schedules: We have been advised that departures of vessels are on the basis of a calculated risk. One major canner has advised that production for 1952 is being based on an 80 percent of 1951 production. These plans are tied to developments in respect to tariffs.

Price and operating conditions: Vessels sailing in 1952 have sailed on an adjusted price of 16 cents per pound for yellowfin tuna and 13 cents per pound for skipjack tuna. On the basis of average catch of this exclusively yellowfin-skipjack fishery the average opening price per pound is 14.65 cents. This represents a decline from the average 1951 price of 15.05 cents per pound.

Meanwhile costs of vessel operation were increased by two major changes during January: first, the increase in marine insurance applicable to wood vessels of 10 percent; and, second, the increase in shipyard repair rates by reason of wages increases which increases in cost to the boat owner are estimated to range from 9 to 10 percent.

Concurrently one major canner announced a new set of operating conditions for fishing vessels as follows:

"DEAR SIR: In order to permit the subject tuna clipper to make one trip, we propose the following agreement:

"On or after February 8, 1952, the tuna clipper may leave for one fishing trip under the following conditions:

"1. Vessel will catch for cannery, and cannery will accept as specified above the species of tuna known as yellowfin and skipjack.

"2. Upon return of vessel to port the fish will be kept properly refrigerated until the vessel is advised of an unloading date.

"3. Cannery will pay \$320 per ton for all yellowfin tuna and \$260 per ton for all skipjack delivered and accepted, such purchase price to be paid as follows:

"(A) Full payment of crew's share will be paid when fish are processed.

"(B) Balance over and above crew's share will be paid in equal installments or 30, 60, and 90 days after fish are processed.

"4. No advances shall be made by cannery for trip expenses.

"This agreement, when accepted by managing owner, shall be binding upon both parties until vessel has delivered and received payment for yellowfin tuna and skipjack caught on the first trip succeeding the date of this agreement and shall supersede for such period as portions of any existing contracts oral or written which are in conflict herewith."

VI. SIZE OF BAIT BOAT FLEET

A question was raised regarding the size of the bait boat fleet.

The American tuna fishing fleet consists of vessels of the bait boat (tuna clipper) type, purse seine vessels and the local albacore vessels. The majority of tuna landings is made by the bait boats. A consistent claim has been advanced that it is the overbuilding of this fleet that has caused the present difficulty. No documentation has been provided to support these claims. The following data illustrates that the bait boat fleet has increased but that its increase has been consistent with market growth. As a matter of record it should be noted that its relationship to the market is less percentagewise than it was for the period 1945 through 1949.

The tuna bait boat fleet

I. CONSTRUCTION OF THE FLEET

| Year ending— | Vessels | Capacity tonnage | Increase over previous year | |
|------------------------------|---------|------------------|-----------------------------|---------------------|
| | | | Number | Tonnage increase |
| Dec. 31, 1945..... | 102 | 13,900 | | |
| Dec. 31, 1946..... | 140 | 24,325 | 38 | ¹ 10,425 |
| Dec. 31, 1947..... | 161 | 29,165 | 21 | ¹ 4,840 |
| Dec. 31, 1948..... | 189 | 36,625 | 28 | ¹ 7,460 |
| Dec. 31, 1949..... | 193 | 38,370 | 4 | 1,745 |
| Dec. 31, 1950..... | 199 | 40,430 | 6 | 2,060 |
| Dec. 31, 1951..... | 212 | 44,395 | 13 | 3,965 |
| Under construction 1952..... | 214 | 45,095 | 2 | 700 |

¹ Includes repurchase of vessels used in Government service during World War II plus purchases of Navy-built tuna vessels.

TUNA IMPORTS

The tuna bait boat fleet—Continued

II. UNITED STATES MARKET IN TERMS OF SUPPLY IN TONS COMPARED WITH FLEET SIZE

| Year ending— | Supply in tons | Year ending— | Fleet tons | Percent of supply |
|--------------------|----------------|---------------|------------|-------------------|
| Dec. 31, 1945..... | 108,400 | Dec. 31, 1946 | 24,325 | 22.44 |
| Dec. 31, 1946..... | 113,400 | Dec. 31, 1947 | 29,165 | 25.72 |
| Dec. 31, 1947..... | 142,200 | Dec. 31, 1948 | 36,625 | 25.76 |
| Dec. 31, 1948..... | 170,500 | Dec. 31, 1949 | 38,370 | 22.50 |
| Dec. 31, 1949..... | 177,500 | Dec. 31, 1950 | 40,430 | 22.78 |
| Dec. 31, 1950..... | 252,700 | Dec. 31, 1951 | 44,395 | 17.57 |
| Dec. 31, 1951..... | 206,100 | Dec. 31, 1952 | 45,095 | 21.88 |

¹ Based on estimated known construction.

III. INDEX OF ACTIVITY

[Total landings by fleet divided by capacity of all vessels for 1 full trip]

| Year | Vessels surveyed | Potential tonnage | Actual landings | Activity index |
|-----------|------------------|-------------------|-----------------|----------------|
| 1946..... | 86 | 12,945 | 47,867 | 3.70 |
| 1947..... | 120 | 23,175 | 69,933 | 3.02 |
| 1948..... | 137 | 27,345 | 89,606 | 3.28 |
| 1949..... | 153 | 32,845 | 92,822 | 2.83 |
| 1950..... | 172 | 36,710 | 121,807 | 3.32 |
| 1951..... | 183 | 38,785 | 101,114 | 2.60 |

IV. UNITED STATES MARKET IN TERMS OF SUPPLY IN TONS COMPARED WITH FLEET SIZE AND ACTIVITY INDEX

| Year | Supply in tons | Year | Capacity tons | Index | Potential tonnage | Percent of supply |
|-----------|----------------|------|---------------|-------|-------------------|-------------------|
| 1945..... | 108,400 | 1946 | 24,325 | 3.70 | 90,002 | 83.0 |
| 1946..... | 113,400 | 1947 | 29,165 | 3.32 | 96,828 | 85.4 |
| 1947..... | 142,200 | 1948 | 36,625 | 3.32 | 121,595 | 85.5 |
| 1948..... | 170,500 | 1949 | 38,370 | 3.32 | 127,388 | 74.7 |
| 1949..... | 177,500 | 1950 | 40,430 | 3.32 | 134,228 | 75.6 |
| 1950..... | 252,700 | 1951 | 44,395 | 3.32 | 147,891 | 58.3 |
| 1951..... | 206,100 | 1952 | 45,095 | 3.32 | 149,715 | 72.6 |

NOTE.—Index used for 1946 is actual index and so used because of lower average carrying capacity of vessels in use. Index used for subsequent years is highest annual index of activity; i. e. 1950.

V. COMPUTATION OF INDEX OF ACTIVITY TO DETERMINE RELATIVE ACCURACY BY USING STATE OF CALIFORNIA REPORT ON POTENTIAL TONNAGE OF BAIT BOATS AND PURSE-SEINE VESSELS AND LANDINGS OF THESE VESSELS (REPORT OF JANUARY 1952)

| Year | Capacity of bait boats and purse-seine vessels | Catch | Resultant index | Association index bait boats only |
|---------------------|--|---------|-----------------|-----------------------------------|
| 1945..... | 15,914 | 50,200 | 3.72 | 5.14 |
| 1946..... | 27,608 | 82,900 | 3.00 | 3.70 |
| 1947..... | 34,827 | 99,800 | 2.86 | 3.02 |
| 1948..... | 41,416 | 123,500 | 2.98 | 3.28 |
| 1949..... | 42,796 | 126,900 | 2.96 | 2.83 |
| 1950..... | 47,113 | 151,700 | 3.21 | 3.32 |
| 6-year average..... | | | 3.07 | 3.27 |

Information to develop more complete answers to the questions asked will be filed with you as additional data is obtained.

Respectfully submitted.

AMERICAN TUNA BOAT ASSOCIATION,
HAROLD F. CARY, *General Manager.*

EXHIBIT A

WESTERN BOAT BUILDING Co.,
Tacoma, Wash., February 8, 1952.

MR. HAROLD CARY,
Dupont-Plaza Hotel, Washington, D. C.

DEAR MR. CARY: We understand you are having a bitter fight in Washington in protecting the American tuna industry against the ruinous effect of imported foreign tuna, both canned and raw. You have our sincere wishes for a successful conclusion of your hearings and we hope results will be a protective tariff to the American fishing industry.

It has come to our attention that statements have been made whereby your opposition is maintaining that southern California has a monopoly on the tuna canning industry. We all know this is untrue. The only reason the industry has concentrated in southern California is because of the natural facilities, closeness to fishing grounds and a venturesome group of canners who have cooperated with fishermen in building up a large industry in southern California. This does not preclude however that the tuna industry is limited to southern California only.

To prove this fact, I wish to relate our experiences in 1938 in which we built and operated a tuna boat named the *Western Explorer* out of Gloucester, Mass. Our fish was caught off New England and delivered to Gorton-Pew Fisheries in Gloucester. As far as a source of supply was concerned, this venture was a success; however, the operators in this area were constantly trying to reduce the price of raw fish, instead of helping and assisting pioneers in an industry that would have been helpful to their community. Noting this lack of cooperation, we concluded our venture by the sale of the *Western Explorer* to Newfoundland interests.

An interesting sidelight on this particular venture is the fact that in 1951 the Fish and Wildlife Service chartered and operated this same vessel in the same trade we engaged in 13 years ago and used the taxpayers money to do this. Still the east coast operators continued to obtain the raw product at a price far below the market price on the west coast. The enclosed article from the *Marine Digest* explains more fully the attitude of east coast operators in attempting to purchase raw materials at a price below that which is necessary to build up a strong and effective fishing fleet.

To further disprove the fact that southern California has a monopoly on the tuna industry, we wish to bring to your attention our recent endeavor to combat foreign imports of tuna. It was found many packers in the Pacific Northwest were importing Japanese tuna and, of course, underselling the American market. We prevailed upon a packer to use American tuna from American fishing vessels and, in order to prove to them that American fishing vessels could supply the raw product, we delivered a load on our fishing vessel, *St. Francis*, to the Crown Packing Co. in Hoquiam, Wash., on December 20, 1951. It is my understanding another American fishing vessel named the *Commander*, which normally operates out of San Diego, has also delivered a load to the Pacific Northwest at the Paragon Packing Co. in Hoquiam, Wash., on February 5, 1952. These actual cases definitely preclude any statement that southern California is the only place American tuna is delivered.

I further wish to state that we are managing owners in a total of nine tuna fishing vessels, whose total carrying capacity, refrigerated tuna is 3,000 tons. In not one of these vessels are we under contract or compelled to deliver tuna to a southern California cannery. The fact we do deliver to California is by choice only, because the best conditions and the best prices are found in this area. At the same time, we are at liberty to deliver our catch to other areas of the country such as the Pacific Northwest or the eastern seaboard.

At the present time we are corresponding with a prominent tuna packer on the east coast, stating we would be very happy to deliver tuna to them from our vessels, providing he would maintain the market price we are able to get in California. In fact, it would be a shorter distance to deliver to Gulf ports and eastern seaboard from fishing areas around Panama than it would be to deliver to southern California ports. I wish to point out the fact that Panama to Los Angeles is approximately 2,300 miles, while the distance from Panama to Gulf ports is only 1,200 miles.

In addition to our own fishing fleet, I can safely say, other fishermen on at least 100 vessels are in a position to fish tuna and are not limited to delivering this tuna to southern California.

I would be very glad to supply you with any pertinent information that may assist you in your present work.

Very truly yours,

WESTERN BOAT BUILDING CO.,
HERVEY M. PETRICH, Partner.

The article from the Marine Digest referred to in paragraph 4 of the above letter follows:

[From the Marine Digest, Tacoma News Section, August 4, 1951]

AFTER 13 YEARS, "WESTERN EXPLORER" AGAIN EXPLORES ATLANTIC TUNA FISHING AREA

(By Ed Garrison, Marine Digest correspondent)

A little over 13 years ago, an 81-foot purse seiner sailed out of Tacoma and Puget Sound, bound for New England to show eastern fishing circles what was being done in the way of western boat building—and what could be done with a western yard's product.

Prior to the war, beginning with her arrival in Gloucester, Mass., in early July 1938 the seiner made the old-time fishermen the up and take notice. She's still doing just that, but in a different way.

1938 role: The boat is the *Western Explorer*, built by the Western Boat Building Co. of Tacoma. In 1938, her role, when she was taken to the east coast by Hervey Petrich and Martin Petrick, Jr., of the Tacoma firm, was to develop tuna fishing out of New England ports.

She succeeded without difficulty, except for the time spent in shooing off sightseers who hadn't seen, for example, a crow's nest on a fishing vessel, or ship-to-shore radio on anything smaller than a North Atlantic passenger ship. The *Western Explorer*, it might be added, showed them both, plus many other features which were taken as pretty much routine on the Pacific coast, but were only worthy of yachts on the Atlantic.

But when she could get away from port, she caught her tuna—via nets, which was something else new back there—and managed to encourage a considerable tuna industry in North Atlantic waters.

Sold to Newfoundland: Shortly before America's entry into World War II, the *Western Explorer* was sold to the Newfoundland Government. Little is known of her history in the Northland, except that she was used by the British Navy during the war as a patrol boat and saw action at Dunkerque and in various patrols throughout the Atlantic.

Now the eastern boat-built craft is back in the news. The United States Fish and Wildlife Service, according to reports, chartered the *Western Explorer* in Newfoundland, using a portion of an \$80,000 congressional appropriation. Purpose of the charter? To attempt another development program for tuna fishing out of New England ports.

She has made two trips to date, it is reported. On the first voyage, it is understood, she returned with 2,100 pounds of tuna which were sold at 6 cents per pound—little more than a third of the going rate for tuna in San Diego and less than half of what is being paid for frozen Japanese tuna imported by Pacific coast canneries.

On the second voyage, the *Western Explorer* returned with a little more than 11 tons which were sold to Davis Bros. Fisheries Co. at the Gloucester, Mass. State fish pier for the same rate. The fish and Wildlife Service reports that the boat sold her third catch of 13,730 pounds on Tuesday morning, July 31, for 7 cents a pound.

From reports, the *Western Explorer* is finding more success in her search for 25- to 50-pound bluefin tuna, going farther to sea than she did before the war. In prewar days, the *Western Explorer* went as little as 10 miles to sea where she found many larger tuna.

The current skipper is Capt. Sam Braco of San Pedro, former owner of the ill-fated *Spartan*, which was built by the J. M. Maritnac Shipbuilding Corp. of Tacoma. Also aboard are three crew members from San Pedro who are experienced in Pacific coast tuna fishing methods.

STATEMENT OF W. M. CHAPMAN, AMERICAN TUNABOAT ASSOCIATION

MR. CHAPMAN. I am W. M. Chapman, American Tunaboat Association.

As Mr. Crivello has noted, several of the boat owners have been out trying to solicit markets elsewhere. For instance, one large Astoria canner has been offered vessels on a 3-year contract. His complaint was that he could not be assured, if he got a load of fish now, of that supply, and so vessels have been offered to him on a 3-year contract to settle his mind on that thing.

Our vessels are perfectly capable of delivering fish to any port city of the United States wherever located. They are fine vessels and can go any place, and we are, as you mentioned, in the business of catching and selling fish. We want markets for our fish. We have not had that market in the last 6 or 8 months, and we are looking for the markets.

SENATOR MILLIKIN. Would you mind developing the price factor, what competition you would be up against in the Gulf of Mexico country and the Atlantic coast country as respects foreign-supplied fish?

MR. CHAPMAN. Of course we do not know the actual business of our competitors. We can't give you with any accurate detail what the prices are.

We can only give you what we hear are the prices, and we hear that tuna is offered, skipjack, for as low as \$200 from Peru, yellowfin for as low as \$275.

SENATOR MILLIKIN. Are you talking about the Gulf coast area?

MR. CHAPMAN. Delivered. And southern California also.

SENATOR MILLIKIN. At the same time what does that sell for in California?

MR. CHAPMAN. \$320 for yellowfin and the price is \$310 and \$320 for yellowfin and \$260, and as low as \$240, I understand now, for skipjack in California.

SENATOR MILLIKIN. So that the foreign exporters to this country are going along with the domestic price on the west coast, but they are cutting that price on the Gulf coast and Atlantic coast, is that correct?

MR. CHAPMAN. Yes. In Peru I believe the figure of \$80 a ton for yellowfin is a pretty fair figure, if you buy fish right from the fishermen. It will cost you about \$80 a ton, somewhere between \$60 and \$100 a ton anyway.

Now the difference between that price the fisherman gets for his fish delivered in Peru and the \$310 a ton that we get in California is the difference in price. The export tax in Peru takes up a section of that. I am not sure how much. The State Department told me 1,380 sol. I don't know what a sol is. There are costs of transportation involved too, brokerage fees, and so forth.

I don't know exactly what they are, but between the figure of \$300 a ton and \$310 a ton, our price, there is a considerable spread, you see, and we believe that while they are under a little bit now, if we go down some more they can get under still more, and we are getting into a position with our rising cost of operation where we cannot go

much lower in our price and operate these vessels under the cost production situation that we have at the present time.

Senator MILLIKIN. Then you feel that in a slam-bang competition—

Mr. CHAPMAN. We lose.

Senator MILLIKIN. So far as the Gulf coast and Atlantic coast companies are concerned you would lose.

Mr. CHAPMAN. Yes.

Senator MILLIKIN. Would that not be true on the west coast?

Mr. CHAPMAN. Yes. On the west coast, yes.

Senator MILLIKIN. If the importers so far had not respected the established price?

Mr. CHAPMAN. Right. As far as we are concerned the United States is one market area, we can deliver fish any place in the United States where we can get our boats to the dock. It is all one market area.

The CHAIRMAN. You do not maintain any lines to the east coast, though, do you?

Mr. CHAPMAN. No. We have not been offered—we have no market on the east coast.

Senator MILLIKIN. Have you solicited a market on the east coast?

Mr. CHAPMAN. Some of our boat operators have. We have not done so as an association. We don't do that thing as an association. The individual boat owners who are members of our association conduct their own business affairs completely separately and they do not tell each other or the association how they are doing it.

All we hear is the scuttlebut going on in the association, and we know from that there have been contacts made without, so far as we know, any result.

We also know that situation with respect to Astoria, and there has been no result as yet.

Senator MILLIKIN. Let me ask you the same question I asked this witness a while ago. Is there any influence operating out there that tends to confine the selling of the California fishermen to west coast packers?

Mr. CHAPMAN. No; there is not.

Senator MILLIKIN. No canner interests?

Mr. CHAPMAN. No. The cannery's interest in the fleet is very small. Mr. Cary's supplemental memorandum will give you the actual details of the ownership of the fleet, which will show you precisely what the ownership is by the cannery and what it is by the individual cannery men themselves as private investment, and it is minor.

Actually the cannery has established that policy very deliberately. They do not want ownership of the vessels. The only reason they have any vessels at all are the poor vessels that have come back on them. They have had to take them over.

Immediately when a vessel does that, when they have to take over a vessel for poor debts or something like that, they seek out another young man as a skipper who will be able to take part share who will be able to work the vessel out.

The reason they have established that policy is that they have found over the years in the growth of this industry that a vessel operates efficiently when it is being operated by its owner. It does

not operate efficiently when it is being operated on a price basis for a canner.

Senator MILLIKIN. Is there anything connected with the loan that has a string on where the fishermen, the boat owner, shall sell his product?

Mr. CHAPMAN. Ordinarily when a canner has a mortgage on a boat, it is accompanied by a contract, but actually most of our financing is done by the banks, local banks.

All of the banks in the San Diego area and most of them in the San Pedro area are the ones who do the financing of the fleet. The cannery do so only incidentally when, for instance, they have given to one of their fishermen an advance on supplies.

If he has had poor trips for a while, they help him out for a while and then comes a point where they have got to decide pretty soon to either cut off that credit and take over the boat or give the fellow extended credit, and once in a while they have to take over a boat in that way.

Now the banks have the same difficulty, and that is one reason the banks have been so eagerly supporting us, because if we do not get some attention, the banks are going to own a lot of clippers pretty soon and their feeling in the matter is that fishermen cannot make a living out of those clippers, that the bank cannot either.

Senator MILLIKIN. Banks I assume also finance cannerys?

Mr. CHAPMAN. Yes. I think by and large—I am not too sure—

Senator MILLIKIN. Let me repeat the question. Is there any influence by the banks or the cannerys or by anybody else, pressure of any kind, that operates to keep the sale of the fish caught by California fishermen, confine that sale, to the California cannerys or Pacific coast cannerys?

Mr. CHAPMAN. The answer is categorically "No." In fact I know to my own knowledge that there has been considerable pressure on some boat owners by at least one bank to my knowledge to get them to seek markets elsewhere.

Senator MILLIKIN. It has been suggested that the natural liking of the boat owner to operate out of his home port and where his home is might prevent him from trying to enlarge his markets elsewhere. Is there anything to that?

Mr. CHAPMAN. No; there is not. I prefer to live in San Diego as do pretty near all of the people that live there, but we could still live there and deliver fish to any place in the United States.

We are close to the fishing area. We have a special economic advantage over all the rest of the country by being the closest section, the closest port, in the United States to the fishing grounds. Naturally an economic advantage falls from that, and it is not only the climate but the economic advantage of San Diego.

Senator MILLIKIN. I would like to ask now, Mr. Chairman, if there is anyone present here who is opposed to this bill who has any definite evidence that there is a pressure or an influence of the type we have been discussing.

Mr. WYATT. Mr. Chairman, we will be glad to submit a statement to bear out the evidence which we gave in testimony.

I might mention as to the question of costs, I understand that the State Department circulated a questionnaire, and I believe that they

can furnish you with the reply as to that questionnaire regarding costs in the various countries.

The CHAIRMAN. Thank you, sir. If you will prepare the statement, why we will be glad to incorporate it in the record.

Mr. VOGL. My name is Arnold Vogl. I am an Eastport, Maine, tuna canner and have previously testified.

I just want to rectify one statement here, that Eastport cannerys have never approached the San Diego fleet to bring tuna to the east coast. I myself was at least two or three times at San Diego in the futile attempt to get San Diego clippers to come to Eastport and bring us tuna.

At that time they told me that they had contracts with cannerys and were not able to divert any tuna elsewhere than in San Diego or San Pedro. Now of course the tuna cannerys in southern California do not have enough markets for their tuna and so the situation has changed.

It is very gratifying to hear now that the San Diego fleet is willing to go to the east coast, and I hope that they will be willing to come there also in the future when the situation in southern California is more favorable than now.

The CHAIRMAN. Thank you very much, Mr. Vogl.

Senator MILLIKIN. Are the east-coast cannerys prepared to make contracts with California fishermen?

Mr. VOGL. Sure; any time.

Mr. REAL. Mr. Chairman, along that line may I say something. For about 3 years from 1947 to 1950 the purse-seine fleet out of San Pedro, which I represent, that is a group of our vessels, did fish from mother ships owned by the Columbia River Packers Association which was represented here by Mr. Thomas Sandoz. That fish was put aboard these mother ships and transported to Astoria, Oreg.

This will be more fully developed in a memorandum which will be prepared, but I want to say this: That we were not the ones that quit delivering to those boats. Columbia River packers took those boats and used them to transport fish from Japan to Astoria, so I say we did not quit—they quit.

I don't know that the reason they quit was that it was not profitable or that it was more profitable in Japan. I merely say for the record that that actually happened.

We have offered the fish to other people. I myself have asked Mr. Vogl to present to us some sort of a proposition so that we could fish for him. I saw Mr. Vogl a little over a year ago. He did not ask me then about getting any fish out here. The reason we have not been delivering fish out here, I think, is because there have not been cannerys with the capacity that could take the amount we could deliver.

The CHAIRMAN. We will have to go to the floor this morning. I believe there is nothing else unless someone else wants to supply data or factual information which you would like to have in the record, on either side of this issue. If not, this will bring to a close the hearing in the case.

(The following were subsequently supplied for the record:)

FEBRUARY 7, 1952.

Re H. R. 5693, to impose 3-percent duty on frozen tuna.

Hon. WALTER F. GEORGE,
*Chairman, Senate Finance Committee,
 Senate Office Building, Washington, D. C.*

DEAR SENATOR GEORGE: My name is Benjamin M. Ichiyasu, retired from the United States Army with the rank of first lieutenant as of September 1951. I now reside in Torrance, Calif. I was an owner and operator of a tuna purse-seine vessel in California for 5 years prior to World War II, and volunteered for military duty in 1943. Following the termination of hostilities in the Pacific, I was Chief of Marine Products Export Section of ESS, general headquarters, SCAP, Tokyo, Japan, for 2½ years. During my assignment with SCAP, I was privileged to acquire considerable knowledge of the difficult conditions under which the tuna-export trade must operate.

Because of my experience and knowledge of actual conditions prevailing in both the California and Japanese tuna-export industries, I feel it is my duty as an American to lay the cards on the table and let the chips fall where they may—irrespective of whether it hurts the opponents or proponents of the tuna bill.

This seemingly innocuous bill, H. R. 5693, to state it mildly, carries a serious international significance for the United States, Japan, and other Latin American countries. It is my firm conviction that the tuna bill under consideration by your Senate Finance Committee is loaded with psychological and economic dynamite. Furthermore, to handle this tuna bill carelessly or hastily would constitute, in my opinion, a dereliction of duty on the part of the elected Members of Congress.

A small but purposeful and powerful clique in southern California is determined to ram this tuna bill through the Senate without permitting prudent consideration of its far-reaching effects by the American people, and by Congress, and by appropriate Government agencies. This clique in California has organized a concerted movement involving the bringing of scores of people, directly and indirectly related to the tuna industry, into Washington to exert all the pressure and influence possible in an effort to realize quick, undisputed passage of this bill.

As has been their technique on many previous occasions, the California clique, while vigorously waving the American flag, demand immediate Government action to protect an American industry from destruction. Their vicious propaganda campaign in California attacks any and all who may voice a protest against an unscrupulous, unfair method of evolving a change in the Government tariff regulations.

The dramatics are reminiscent of Hollywood's class B productions. The extremists plead, beg, and implore the Government to take immediate action to stop the flood of cheap (?) tuna imports produced by cheap slave labor. They completely falsify and distort many indisputable evidences and conditions. Using Communist-propaganda tactics, the California agitators are attempting to drown out the truth by constant and blatant repetition of fact distortions, half-truths, and outright lies. I submit that they completely ignore the following indisputable facts:

1. Japanese frozen tuna (albacore) have always commanded a higher price than the domestic catch.

2. Total imports of Japanese tuna products have actually decreased by almost 35 percent during the last year.

3. Foreign tuna imports are being used as a scapegoat to hide the colossal business mismanagement by the California tuna industry during the last few years.

4. The temporary slack (3 months) in the southern California tuna industry has already abated. Year-end canned-tuna inventory is below normal. Southern California tuna canners voluntarily agreed to pay higher prices to tuna fishermen for tuna fish. The majority of the tuna canneries and tuna vessels are now in full operation.

5. The ultimate objective of the proponent of the tuna bills is to build a tariff wall around the southern California tuna industry and create an airtight monopoly.

It appears strange to me that the leading proponents of the tuna bills should quiver and quake at the slightest reference to the antitrust law. If the old adage "Where there is smoke there is fire" has any basis of wisdom, the recently organized Tuna Research Foundation, Terminal Island, Calif., supposedly founded to attain noble objectives such as to investigate the love life of the tunas, effective advertising, better public relations, etc., may be of more than passing interest to the Department of Justice.

I contend it would be a serious mistake for Congress to ignore the detrimental psychological effect the passage of this bill will have on the 83 million people in

Japan. Long forgotten by most Americans is the flamboyant, ruthless campaign conducted by California jingoists back in the years 1933-34 when the California alien-land law was passed. The Japanese Government considered the law as expressions of ill will but said little. The following year the immigration law was passed, barring even a handful of Japanese from immigrating to the United States. The Japanese considered this law as an insult, and to this day they still are offended by the vicious tactics the California jingoists used in agitating for passage of the law. There appears to be a striking similarity between conditions prevailing then and now.

Just 10 years ago California agitators again stampeded the Government into taking an action that our country will find extremely difficult to live down for years to come; 120,000 American citizens and legal residents were herded into barbed-wire concentration camps, private property was confiscated, ruthless physical attacks against law-abiding citizens were condoned, and judicial proceedings available even to murderers were denied to these innocent victims. This disgraceful episode, planned and executed by flag-waving California super-patriots, proved to be a \$130,000,000 bonanza in the form of confiscated farm land, real estate, business and industrial properties, fishing vessels, etc., for the instigators of the Government exclusion order. The Government now is processing thousands of recognized claims to compensate the innocent victims. In other words, by spending a few thousand dollars to conduct a propaganda campaign, the agitators were lucratively inundated by a profit of over \$130,000,000. One should thus readily understand that the Californian's flair for propaganda campaigns and unscrupulous agitations is driven by selfish motives.

Now we see the same type of people from California again besieging Washington with the high expectation that their propaganda campaign and the high-pressure squeeze-play tactics that have been used so successfully heretofore will again pay off, and now in the form of a tariff wall around the southern California tuna industry. Should the Members of the Senate be swayed by the woeful pleadings of the California tuna industry or submit to expedencies enhancing their immediate political standings, the future welfare of millions of teen-age American youths will be mortgaged for the sole benefit of a handful of individuals comprising this clique in California.

The passage of the tuna bill at the present time will have irreparable adverse psychological effect on the Japanese, and the creditable accomplishments attained during the last 6 years by the United States occupation authorities will have been nullified. With all due respect to the United States military authorities in their commendable task of democratizing the Japanese, it is wishful thinking to expect them to fully comprehend, in the comparatively short period of 6 years, both the democratic principles and the actual operation of our form of Government.

Therefore, unfortunately, the Japanese mind, trained along a set pattern of mental deduction for hundreds of years, can derive but one conclusion to the passage of the tuna bill. The Japanese people, as they did when the United States immigration law was passed in 1934, will harbor and perpetuate in their own minds their conviction that the United States preaches but does not practice democracy. They will furthermore conclude that the United States has no intention of conducting free trade but intends to develop a one-way trade—all selling and no buying. They will be inclined to believe that the United States plans to keep their country in perpetual poverty and bondage by imposing restrictive tariff barriers, and have no sincere intentions of fostering friendly relations.

Being a sensitive race of people, they will be thrown into a serious psychological upheaval if a Japanese export product should be the first to have the duty increased through congressional action. I have no doubts that the Japanese will deeply resent the tariff action more so from a purely psychological viewpoint than from the crippling effect on their tuna-export industry.

Under such circumstances, the United States must of necessity be prepared to sit apprehensively on a dormant volcano and await its eruption, or more appropriately in my opinion, conduct a thorough investigation of the entire tuna problem. Otherwise, it is my fear that Japan will have to be crossed off the list of friendly nations in the comparatively near future.

Japan can be compared to an unwelcomed mother-in-law. Her idiosyncracies may tax our souls no end, but for the time being we must live with her. Therefore, I sincerely hope that Congress will recommend an immediate, unbiased investigation of all phases of the complex tuna problem before taking any hasty action.

Under present living conditions in Japan, where the average earnings amount to but a little more than 50 cents a day, it is the height of naïveté to believe that social unrest is nonexistent. It is again wishful thinking to expect Prime Minister Yoshida of Japan to hew to the recently announced 100 percent pro-American policy if tariff barriers on Japanese export products are systematically raised whenever a minority group with a flair for blatant propaganda grinds out a torrent of distorted facts, half truths, and exerts political pressure on Congressmen and Government agencies.

It must be borne in mind that fishermen, regardless of nationality, are more inclined to be radical in their thinking because of the comparatively hazardous nature of their occupation. The Russians know the Japanese fishermen are a fertile field for sowing Communist propaganda and are shrewdly confiscating several Japanese fishing boats and crews daily off the rugged northern tip of Hokkaido, Japan, and releasing them after several weeks of Communist indoctrination. Should the southern California clique once again succeed in stampeding the Government into acting without conducting a detailed investigation of all phases of the tuna problem, they will have served the purposes of the Kremlin more effectively than if a hundred thousand Soviet spies and agitators were admitted into Japan.

It should be of importance to mention that a GHQ SCAP official who has studied fishing conditions in Japan for the last 6 years (an official whose name I shall be happy to provide if you so desire), has stated unequivocally that the selfish interests in the southern California tuna industry are jeopardizing the welfare of the United States.

In conclusion, let me express an appeal and a conviction. Think of your son, or of your friends' sons. Giving uppermost consideration to their future welfare, please bear in mind the conviction of this former American soldier that whether we have 83 million allies in the future depends to a large extent on the decision you make on the tuna bill.

To my regret, I was unable to appear before your committee conducting the hearing on the tuna tariff. I shall greatly appreciate receiving an appointment with you whenever it is to your convenience.

I also request that my letter be incorporated in the record of the hearing.

With sincere personal regards, I remain,
Very truly yours,

BENJAMIN M. ICHIYASU.

TORRANCE, CALIF.

[Spanish Translation]

LIMA, PERU, February 2, 1952.

CHAIRMAN OF THE SENATE FINANCE COMMITTEE,
Washington, D. C.

Request you to take note of the following cablegram addressed today to the Secretary of State of the United States, Dean Acheson, Department of State, Washington, D. C. Informed Peruvian defense of proposed bill, H. R. 5693 seeking to raise duty on tuna or establishment of import quotas. Will be heard in meetings of the Finance Committee of the Senate via the Department of State. I am taking the liberty of addressing you, invoking the friendship initiated through Bretton Woods [agreement] when I had the honor of presiding over Committee IV, Commission I, of the Conference, where you so brilliantly represented your country. I am approaching you unofficially, as Senator and President of the Peruvian-North American Cultural Institute, to express to you that I am confident that the Peruvian thesis [sic—probably "position"] will be duly presented to the public opinion which is so important in decisions of the North American Congress [and that the latter] will halt the proposed measures ruinous for the Peruvian economy and for those working in its native fishing industry for the purpose of cooperating in the defense of the democracies.

My conviction is supported by my personal memory of the opinions expressed by authorized representatives of the United States as to the feelings of your people upon the following occasions: First, Monetary and Financial Conference of the United Nations at Bretton Woods, principle maintained by the Secretary of the Treasury to the effect that the prosperity of the underdeveloped nations is indispensable for the prosperity of the others because prosperity as well as world peace is indivisible; second, at the same Conference, support given by North American to Peruvian delegation in its statement that freedom of trade and distribution

of goods are essential, particularly, that of the products of economically weaker countries is essential for economic stability, the basis of other stability; third, Inter-American Conference on Problems of War and Peace, North American support given to Mexico in resolutions concerning economic readjustment in the hemisphere during period of transition, stating that attention must be paid to problems which would emerge as a consequence of the war, particularly in countries whose economic life is based on exportation of certain determined products and resolving that during period of transition as well as at the present time, consequences adverse to those countries be reduced to a minimum, and that when necessary legislative authorization be requested to achieve those plans; and fourth, International Conference on Trade and Employment which established Charter of Habana, decided North American intervention for final approval of realization of objectives of the United Nations Charter, especially, with a view to a higher standard of living, permanent [full] employment for all, and progressive conditions, and economic and social development, signatories pledging themselves to assure increase in production, exchange of goods, to give impulse to countries, whose industrial development is in a state of beginning development, to reduce tariffs and other trade barriers as well as to cancel treaty discriminatory with a view to international trade.

Very truly,

Senator MANUEL B. LLOSA.

LIMA, PERU, *January 21, 1952.*

HON. WALTER GEORGE,
*Chairman Finance Committee, United States Senate,
Washington, D. C., United States of America.*

MY DEAR SENATOR GEORGE: I have been informed that the House bill providing for a \$60 a ton import duty on frozen tuna fish has been referred to your committee for appropriate action.

As a 10-year United States resident of Peru, who was formerly the acting chief representative of the Board of Economic Warfare and one engaged in various lines of business in this country, I feel that it may prove of value to the members of your committee if I point out some facts in connection with the above.

For many years now it has been the policy of the Government of the United States under the point 4 program to help in the development of some of the economically more backward countries in Latin America and elsewhere. Amongst these is Peru. One of the projects fostered and encouraged by the United States under point 4 program has been the development of the fishing industry in this country with the threefold view of increasing supplies of edible fish for local consumption, for supplying additional fish for export in order to provide the nation with more dollars so as to encourage and make possible their purchase of United States manufactured goods such as automobiles, refrigerators, etc., and lastly in order to provide additional sources of edible fish for consumption in the United States.

Under the policy of the point 4 program the United States Government has spent considerable money in achieving the above desirable results. In addition to Government participation several private fishing firms in the United States have invested several millions of dollars in this country in an effort to increase the fish catch. The advances in this respect has been encouraging and in the year 1950 about 6,500 tons of frozen fish were shipped to the United States. as a result of the combined effort of the United States Government and the private United States and Peruvian capital.

The proposed \$60 a ton tax, if approved, will result in a paralyzation of this new industry in Peru and also in serious financial losses and as is natural will cause and is now causing, in anticipation, a great deal of unfriendly feelings toward the United States in Peru. It seems highly illogical to me, for us on one hand to improve the development of an industry and then to kill that industry.

The entire imports of frozen tuna fish into the United States averages approximately 20,000 tons a year. A small percentage compared to our domestic catch. So small in fact that it can have but slight effect upon prices. It appears to me that the west coast fishermen have highly exaggerated the detrimental results of the tuna imports. By the imposition of this tax they are in fact creating a monopoly for themselves. The Peruvian portion of the tuna import is less than 50 percent of the total foreign tuna import and about 3 percent of the local United States catch, but it represents 100 percent loss to Peru. It seem further that the interests of the United States consumer has been disregarded in this projected law

and will result only in an increase in the cost of living which seems high enough today. Tuna fish is one of the richest sources of some scarce vitamins so badly needed.

I should recommend as an alternative, should your committee decide that the Pacific coast fishermen need some protection, that further hearings be held with a view to establishing a fair quota system for the various supplying countries but that the \$60 a ton duty on imported frozen tuna fish be denied. I would further suggest that your committee call upon Mr. John R. Neal who has been selected as the Director of point 4 program in Peru. I am sure that his testimony will be most informative and useful.

Sincerely yours,

SAMUEL E. GIUDICI.

RIVIERA PACKING Co.,
Eastport, Maine, February 8, 1952.

Hon. Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Regarding the proposed tariff on frozen and fresh tuna fish as proposed in H. R. 5693, I wish to refute certain statements made in the hearing to the effect that the California tuna clippers were willing to supply the east coast market with frozen tuna.

On two occasions, during the years 1948 to 1950, when I visited southern California, I personally approached officials of the American Tuna Boat Association in San Diego. I stressed my needs for a supply of frozen tuna and asked them whether it was possible to get a supply of frozen tuna by California tuna clippers. The officials told me that this would be quite difficult, because practically all California tuna clippers are under contract with California tuna canneries, and that the California tuna canneries absorb easily the whole supply caught by the San Diego tuna clipper fleet. Nevertheless, the officials introduced me to various owners of tuna clippers. In my talks with these owners I couldn't get anywhere because no tuna clipper was willing to take trips to the east coast. Everybody in San Diego emphasized that they have enough market for their tuna in southern California and that they'd rather land their tuna in their home port instead of taking trips to the east coast.

I also supplement my statement at the hearing to the effect that I have private cold storage facilities in Eastport, Maine, to store about 2,000,000 pounds of frozen tuna. I constructed this cold-storage warehouse for the express purpose of storing frozen tuna. This warehouse enables me to store full loads of California tuna clippers.

I was gratified to hear statements by officials of the American Tuna Boat Association at the hearing that they are now willing to supply me with frozen tuna by their clippers. I do hope that the present willingness will not cease as soon as the situation in southern California improves. I have already invited offerings from tuna boat owners to supply me with boat loads at the prevailing prices in San Diego.

It will take some time, probably a few years, before tuna fishing on the Atlantic coast will be developed to such an extent as to supply my needs. Until that time, I am forced to get supplies of frozen tuna elsewhere to keep my plant in operation.

Respectfully,

ARNOLD VOGL,
President, Riviera Packing Co.

STATE OF NEW YORK,
County of New York, ss:

Subscribed and sworn to before me this 8th day of February 1952.

[SEAL]

MABEL OTTERSON,
Notary Public.

Commission expires March 30, 1953.

CAMALIER AND McDONALD,
Washington 6, D. C., February 12, 1952.

HON. WALTER F. GEORGE,
United States Senate, Washington, D. C.

MY DEAR SENATOR GEORGE: I shall be greatly obliged if you will accept and receive for filing of record in the proceedings involving H. R. 5693 now before your Committee on Finance, the attached memorandum, which I wish to submit on behalf of Sun-Pacific, Inc., of San Diego, Calif.

This memorandum is filed in opposition to the bill under consideration.

I sincerely regret the lateness of this filing. The memorandum required some very recent preparation due to recent developments in San Diego which necessitated the preparation of the document only a few days ago and following the formal closing of your hearings last Thursday, the 7th instant.

If you or any other member of the sub-committee in charge wishes any amplification or explanation of any of the contents of the memorandum I shall be very happy to try to supply such desired data.

Respectfully,

H. STEWART McDONALD.

MEMORANDUM IN CONNECTION WITH HEARINGS ON H. R. 5693 SUBMITTED IN BEHALF OF SUN-PACIFIC, INC., OF SAN DIEGO CALIF., BY H. STEWART McDONALD, ATTORNEY, WASHINGTON, D. C.

Sun-Pacific, Inc., is a California corporation, formerly named Sun Harbor Packing Co. This company has been in the tuna canning business in San Diego, Calif., since 1924. Between 1946 and 1948 this company was one of the top producers of canned tuna. Until recently the company owned 50 percent of the stock of Westgate-Sun Harbor Co., which is also engaged in the canning of tuna in San Diego.

Sun-Pacific, Inc., has an investment of approximately \$1,000,000 in tuna fishing vessels and at the present time the company owns or has substantial interests in vessels fishing out of the port of San Diego, namely, the *Santa Barbara*, *Sun Victoria*, *Sun Dawn*, and *Sun Splendor*, which vessels have a combined carrying capacity of approximately 1,000 tons. The company also owns three vessels operating under the American flag out of the port of Paita, Peru, the *Sun Beam*, *Sun Streak*, and *Sun Harbor*. These vessels have a combined carrying capacity of approximately 450 tons. The *Sun Beam* has been fishing in Peruvian waters for approximately 4 months and the other two vessels for about a month. These vessels have American officers on board and are manned by Peruvian crews.

In the early part of 1951, after an extensive survey by Mr. Jack Crivello, the president of the company, the board of directors of the company decided to invest in a Peruvian fishing venture. The action of the board of directors was based primarily upon the premise that it was impossible to broaden the base for the sale of canned tuna due to its high cost of production and resulting high cost to consumers, the high price of the canned tuna being primarily caused by the price of raw tuna supplied by the domestic fleet. The price of raw tuna is not controlled by supply and demand but is arbitrarily fixed as a result of negotiation between canners, boat owners, and fishermen, usually at the commencement of each calendar year. In accordance with the action of the board of directors the company has invested approximately \$750,000 in a Peruvian fishing venture and has joined hands with a Peruvian corporation named *Compania Peruana de Productos del Mar, S. A.* A freezing plant has been constructed at Paita, Peru, and in addition to this the company has purchased six fishing vessels and a reefer ship to transport the raw fish from Peru to the United States. To date, no fish has been shipped but there is on hand in the freezing plant approximately 500 tons which have been caught in Peruvian waters by Peruvian vessels and the American-flag vessels of the company.

As is stated, the company's investment in American tuna vessels is in excess of the investment in the Peruvian enterprise. However, the company takes the position that a tariff on raw tuna fish is neither desirable nor warranted. It is felt that in event a tariff is placed upon raw tuna there will be actions taken by the South and Central American countries which could be ruinous to the southern California fishing fleet. As the committee is no doubt aware, 90 percent of the tuna caught by American vessels is caught off the coasts of Central America, Ecuador, and Peru. In order to fish in the waters off these areas it is necessary for vessels to catch bait in in-shore waters over which the countries involved have absolute control. In event the countries involved should close off the areas from

which bait is taken, it would be impossible for the domestic fleet to fish in southern waters. This would be far more harmful to the domestic fleet than the lack of a tariff on raw fish.

It is the company's view that the present price of \$320 per ton for yellowfin tuna and \$260 per ton for skipjack is an unrealistic price. The company has made a study of the cost of operations of vessels and it is felt that a properly managed vessel can make a fair return upon the investment at a price of approximately \$250 per ton for yellowfin and \$200 per ton for skipjack. It is felt that the fishermen abroad the vessels would, at this price scale, make a very fair wage. If the price of raw tuna were reduced to about the above figure there would be no necessity for a tariff and the canned tuna market could be expanded to take care of production of a greatly enlarged tuna fleet. Further, the consuming public would be greatly benefited.

CALIFORNIA SEA FOOD CORP.,
Long Beach 13, Calif., February 11, 1952.

Senator WALTER F. GEORGE,
Chairman Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: We have been cognizant for many months of the build-up promoted by some of the tuna fish canneries, boat owners and associations to induce the Congress to impose an import duty of three cents per pound on frozen tuna imported into this country principally from Japan and Peru. We have also noted the reports emanating from Washington covering the hearings still in progress. We would like to enter our protest against this proposed duty.

In 1940, we entered the tuna fish packing business and are thoroughly familiar with the problems of canning and selling the finished products in all parts of the United States. Following the termination of ceiling prices in 1946, there was a rapid return to the balance of supply and demand and a gradual downward trend in prices which the consumer was willing to pay for canned tuna. On the other hand, there was a very apparent overexpansion in the building of many large and expensive tuna-clippers, yet the boat owners and fishermen refused to accept reasonable prices for the raw fish from the canneries. In our opinion, this was not entirely their resistance to lower prices as such, but was also due to the fact that most of these large tuna-clippers were heavily financed by the large canneries. The result was that the canneries, in order to liquidate their investments, in many cases coupled with partial ownership interest, have found it desirable to pay abnormally high prices for the raw fish to enable the boat owners to pay off their obligations at an unduly rapid rate.

In our opinion, the whole situation has resulted in a type of a monopoly which makes it impossible, except for the large operators, to continue under the existing conditions. Faced with these conditions, we discontinued our operations in early 1949 all of which occurred before the so called dire threat of frozen tuna imports flooding the domestic market. Where is this imported frozen tuna going but to the smaller canneries who are only trying to find a way to stay in business? Only the substantially financed packers were able to contract for the large loads brought in by the large tuna-clippers which they did by long term contracts and financial dealings. The present result is that free competition has caught up with them to the extent that an investment of \$300,000 to \$500,000 in tuna-clipper now cannot be, as previously, liquidated within a couple of years.

Respectfully yours,

G. R. KARSTE, *Secretary-Treasurer.*

WASHINGTON, D. C., February 5, 1952.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Capitol.

Congress of Industrial Organizations suggest that no tariff be imposed on fresh and frozen tuna. Employment of large numbers of men in American canneries depend on supply of such tuna.

ANTHONY W. SMITH,
Executive Secretary, CIO Committee on Regional Development and
Conservation, Washington, D. C.

DEPARTMENT OF STATE,
Washington, February 11, 1952.

HON. WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate.

MY DEAR SENATOR GEORGE: As a further supplement to the material which the Department of State has submitted in regard to H. R. 5693, the proposed tariff on fresh or frozen tuna, I enclose herewith a recent dispatch received from Tokyo which outlines the Japanese reaction to the proposed tuna tariff.

Sincerely yours,

JACK K. McFALL,
Assistant Secretary.

PROPOSED UNITED STATES TARIFF ON IMPORTS OF FRESH AND FROZEN TUNA
AND TUNA CANNED IN BRINE

Mission's despatch 988 dated January 8, 1952, under reference, is a summary study of the Japanese tuna industry made on a factual and statistical basis to provide current data for background information. This despatch will summarize pertinent economic and political arguments used by the Japanese Government and industry in opposition to the tuna tariff bill, H. R. 5693 which would impose a duty of 3 cents per pound on fresh and frozen tuna, and to the proposed bill seeking to increase the tariff from 12½ percent to 45 percent on tuna canned in brine.

It is feared that enactment of increased duties would result in the virtual elimination of Japanese tuna exports and as a consequence force the unemployment of thousands of fishermen and processors causing severe hardship to them and their families. Approximately 250,000 persons would be directly affected. It would be difficult for displaced tuna fishermen to find employment in coastal fishing which is known to be already overcrowded. Operators of tuna fleets and processors in Japan would be faced with considerable financial difficulties in view of the large postwar capital investment made in this industry—made with the encouragement of the United States Government and with assistance from GARIOA and counterpart funds.

The loss of this export trade would cause Japan to lose foreign exchange valued at about \$11,000,000 and would be certain to have an adverse effect upon its economy already in a critical position. This effect on Japan's dollar earnings is emphasized by the large imports from the dollar area and large exports to the sterling area. With an additional loss in dollar earnings as a result of restricted tuna exports to the U. S. A., Japan's ability to pay for dollar imports of essential raw materials—such as coking coal, iron ore, and raw cotton—would be adversely affected. This in turn would operate to undermine the self-supporting economy of Japan and eventually result in a greater need for United States assistance.

A need for additional United States assistance caused by limiting legitimate Japanese exports would tax Japanese comprehension. The Japanese deeply appreciate the economic assistance that has been extended by the United States during the postwar years, yet find it difficult to understand how a country that dispenses aid can impose barriers against legitimate trade, especially when the need is so great. Enactment of increased duties at this time will raise grave doubts in Japanese Government and business circles regarding the sincerity of the United States toward any Japanese-United States program of economic cooperation. The Japanese express concern regarding the dependability of an ally that would stifle trade at the first indication of increased volume.

The United States is in a position to capitalize upon the feeling of trust that has been inspired as a result of a benevolent occupation. United States leadership is now followed almost without question. Controls placed upon Japan's exports of strategic and critical materials have been accepted, despite Japan's knowledge that trade with neighboring Communist countries would be profitable. The United States could forfeit that spirit of cooperation, if Japan should lose its second most important single export to the United States. The United States Government's postwar policy in Japan has emphasized the importance of developing the viability of Japan's economy and fishing is one of Japan's most important industries.

Political effects arising from such United States tariff action might indeed be more important than the economic aspects, especially at this time as Japan approaches sovereignty. Many Japanese Government officials and leaders support the principle of close cooperation with the United States, believing that the

economic difficulties arising from severance of trade relations with Communist China and the U. S. S. R. would be mitigated by such cooperation. Political opponents stand ready to attack the trade policies of the Japanese Government in the coming session of the Diet. Proponents of trade with iron curtain countries, represented by Osaka businessmen, the Socialist left-wing faction, and the Communists, would be greatly reinforced by the proposed tariff action on the part of the United States. Rumor is current that the U. S. S. R. might be willing to purchase large quantities of Japan's excess canned fish which would then be stored for emergency uses.

The Japanese seamen's union has voiced fear that economic pressures resulting from loss in foreign trade would operate to place greater economic power in the hands of industry and thus weaken the position of organized labor in Japan.

Passage of this bill, it is felt, will establish a precedent for pressure groups in the United States to seek similar protective tariffs on other Japanese commodities which are judged to compete with American products. It is also possible that other countries, such as the United Kingdom, might find this example an incentive to erect tariff barriers against competitive Japanese commodities.

The tuna tariff proposals now before the Congress have been the cause of deep concern to the Japanese tuna industry, the press, and Government officials. Representatives of the Ministry of Foreign Affairs who meet with the mission's economic counselor weekly have raised this problem and have indicated Japan's desire that some arrangement other than prohibitive duties might be made to insure the continued stability of the industry. The Government recently decreed that exports of tuna must be licensed, and contracts are being carefully screened to control volume and avoid price cutting.

Several organizations have been formed to assist the Government with the controls and coordinate Japanese opposition to the United States tariff proposals. Among the most prominent of these organizations are the Council on Tuna Exports and the Conference on Countermeasures for Export of Tuna to the United States. Together with other fisheries associations they are sponsoring modification of the Japanese antimonopoly and trade-association laws to enable more effective control of exports of tuna and thereby avoid charges of dumping on the United States market.

Petitions have been submitted to United States Government officials which present Japan's case. Editorials and news articles opposing the duties have appeared and continue to appear in the local press, several of which are enclosed.

On January 9, 1952, the Council on Tuna Exports sponsored a national convention on tuna exports which was attended by about 700 persons. The convention adopted a petition that expresses its concern regarding the proposed duties and states its willingness to cooperate with the tuna industry in the United States to find an equitable solution to the entire problem. A copy of this resolution is attached. In its effort to effect a solution, the Council on Tuna Exports has designated a delegation of three and a secretary-interpreter to represent its interests in the United States. The mission reported the names of the delegation members in dispatch No. 1038 dated January 21, 1952.

Other steps might well be considered before the imposition of a new duty. An acceptable plan might be devised that would be beneficial to the Japanese tuna industry and at the same time afford protection to the United States tuna interests. The Japanese Government has already taken steps to control tuna exports to the United States and the Japanese tuna industry has also indicated its willingness to have limitations imposed on exports that would not cause undue hardship in Japan, and yet afford protection to the American industry.

Recognizing the undesirability of regulation by industry, and assuming the probability of legislative action in the United States, consideration might be given to the imposition of a duty-free quota with imports in excess thereof subject to duty.

For the political adviser:

DUDLEY G. SINGER, *Commercial Attaché*.

[Article from the Nippon Times, January 11, 1952, Tokyo]

TUNA DUTY BILL SHOCKS JAPANESE—PETITION TO UNITED STATES ADOPTED BY FISHERMEN, PACKERS, AND EXPORTERS

WASHINGTON, January 10.—A bill to increase the duty on tuna packed in brine from 12½ to 45 percent ad valorem has been introduced in the new session of Congress. The new bill was introduced by Congressman Russell Mack, Washington State Republican.

Trade circles here were shocked by the latest foreign report from Washington that a United States Congressman had proposed a slowdown of imports of brine-packed tuna, reports Kyodo.

The foreign dispatch said Russell Mack, Republican, told reporters Tuesday that he had prepared a bill to increase the duty on the product from 12.5 to 45 percent.

These circles said a similar duty on oiled tuna was upped from 22.5 to 45 percent a year ago.

In addition, they said, United States Congressmen are attempting to enforce a plan to levy a 3-percent duty on frozen tuna.

Under such circumstances, they said if the higher duty plan passes Congress, it would mean a virtual shut-out of Japanese tuna products from America.

Representatives of the tuna fishermen, packers, and exporters Wednesday adopted a petition to the United States to withdraw a bill now in its Congress for new import duties on raw and frozen tuna.

The petition will be sent to Gen. Matthew B. Ridgway, President of the Senate Alben W. Barkley, and Ambassador John Foster Dulles.

It was adopted at a national convention of the Council on the United States Import Duties on Tuna held Wednesday morning in the Yomiuri Hall at Yurak-cho in downtown Tokyo.

Some 700 representatives of the tuna fishermen, packers, and exporters and the Japan Seamen's Union attended it.

[Article from the Nippon Times, January 11, 1952, Tokyo]

THE TUNA PROBLEM

The question of tariff walls being erected by the United States against Japanese tuna exports is not a new problem, for nations have always reserved the right to penalize foreign products in order to protect their domestic industry. The action taken and being contemplated against Japan's tuna exports to the United States, however, is a sign that the Japanese are making a come-back into the sphere of international competition. But the issue is of particular importance to the Japanese exporters because it may set the future pattern for American-Japanese trade relations in those Japanese export items which compete with American products.

The position of the California tuna fishermen, of course, is wholly understandable. The recovery of the Japanese have practically beached their 1,000-boat tuna fleet. Japanese frozen tuna is being delivered for about \$350 a ton whereas the California fishermen claim they need a price of at least \$500 a ton. At the same time, the American fishing fleet has registered tremendous growth during the past 10 years in which Japanese supplies of tuna were cut off.

On the other hand, the Japanese contentions, as revealed in the recent petition forwarded to American leaders, are also not without foundation. Tuna exports ranked only second to raw silk as a dollar earner and is extremely important to the maintenance of the national economy. The livelihood of several hundred thousand people depend upon the tuna industry.

The problem presented is, of course, difficult to solve. But it is not impossible to find the right answer. The raising of high tariff walls is plainly not a real or final solution. With the Japanese economy having reached its present position only through generous American aid, a major blow against Japan's economic structure would not be in the best interests of the United States herself. At the same time, however, the United States could not support Japanese industry at the expense of her own industry.

The request for a conference with American tuna interests made by Japanese tuna exporters seems a logical first step for a solution which might be started off with voluntary controls by the Japanese industry itself to limit tuna exports to the United States. But the most logical answer to the present situation it seems would lie in joint American-Japanese efforts to find new markets for tuna and tuna products on a world-wide scale. Canned tuna, cheap for the food values it contains, could become the staple for millions of people in all parts of the world. An American-Japanese advertising campaign to push tuna products throughout the world is something to which we should look forward.

[Article from the Nippon Times, January 13, 1952, Tokyo]

UNITED STATES TUNA TARIFF PROBLEM

(By N. Tatsukawa, president, International Marine Products Co.)

Nearly 1,000 people representing fishermen, packers, freezers, and shippers of tuna gathered at a national assembly held at Yomiuri Hall on January 9 to protest the United States H. R. 5693 which aimed at imposing a new tariff of 3 cents per pound of imported tuna fish. The assembly was sponsored by Taihei Maguro Yushitsu Kyogikai, or Council of Tuna Export to America of which Mr. T. Takasaki is president.

The bill in question was introduced to Congress in Washington and was passed by the House of Representatives quietly on October 19 last year. However, subsequently, the bill caused agitation in many Latin-American nations and Japan and cables and letters of appeal poured in to Congress or the State Department from them, as well as from sections of consumers and packers in the United States. As a result the Senate postponed action on the bill and decided further consideration before taking final action. We appreciate this decision of the Senate and hope it will show its usual wisdom when it acts on the tariff bill which has such a great international significance.

As anyone who has lived in America will testify, tuna is one of the most important daily food in that country. Nearly 8,000,000 cases of canned tuna, each case containing 48 tins of 7-ounce weight, are consumed annually.

To cater to this, packers in America used about 200,000 tons of tuna. Of this total requirement, America imports about 20,000 tons from abroad. Not including imports of fish caught by American tuna boats operating in Latin-American waters having bases in Latin-American ports and with licenses from these countries which are to be exempted from the proposed tariff, about 19,500 tons were imported in 1950. In the same year Japan shipped to the United States about 10,000 tons of frozen tuna, and 16,000 tons in 1951. The breakdown of the 1951 figure into species was albacore, 13,500 tons; yellowfin, 1,500 tons; and skipjack, 1,000 tons. In 1950 1,500,000 cases of canned tuna corresponding to 45,000 tons of raw fish were shipped from Japan to America but this figure was practically reduced to nothing next year by the prohibitive tariff of 45 percent ad valorem imposed effective January 1, 1951.

As mentioned above, Japan shipped about 16,000 tons of frozen tuna to the United States last year. This means that the tuna trade with United States was valued at \$5,000,000. Therefore the industry is still regarded as one of the major sources of dollar income although large-scale canned-tuna business was ruined last year due to the new tariff mentioned above. Now the H. R. 5693, a further threat to what is left of our tuna industry.

The question is, will the imposition of a new tariff and the practical exclusion of frozen tuna from Japan as well as for Latin-American nations save the American tuna fishing industry from its present peril?

Statistics from American sources show that the Nation expanded its tuna fleet by over 80 percent in the past 4 years, from 1947 to 1950. It now has 230 specialized tuna-fishing boats thoroughly modernized and equipped with radar and sonar, sometimes even carrying seaplanes or helicopters as part of their standard equipment. Under this condition the normal fishing capacity of the entire fleet is estimated at over 300,000 tons.

This expansion of the tuna fleet in America is remarkable, but the trouble is that it was overexpansion led on by temporary profits of tuna ventures in the past few years, and not based on a thorough study of market conditions. Contrary to the above-mentioned capacity of tuna-fishing boats, the annual requirement for tuna in the United States is 200,000 tons as has been pointed out already.

Therefore, the crux of the difficulties which United States tuna fishermen are facing at present is the overexpansion of their fleet. One solution may be the education of consumers to eat more tuna products. However, it is well-nigh impossible to solve the problem by cutting off the supply of foreign tuna which amounts to less than 10 percent of the total annual requirements. It must be added that this limited supply of foreign fish has its own merits because of the types of the fishes and seasonal differences in catch, etc. We are sure that if frankly asked some packers will testify that supply of these foreign varieties is indispensable for them to maintain their brands and to assure continuous operation of their plants.

It is regrettable that hasty action has been taken to get H. R. 5693 through Congress. The valuable results of the huge visible and invisible investments

the United States taxpayers have so generously made in Japan in the past few years to make this land self-supporting and therefore a strong ally of America in the Orient will be greatly missed if the tariff bill goes through. This is even truer in the face of the fact that quite recently Japanese fishermen accepted the American and Canadian proposal to refrain from salmon fishing in the northern Pacific and therefore feel that they were assured a continuation of established trade on tuna caught in nearby and southern waters.

JANUARY 9, 1952.

The Honorable JOHN FOSTER DULLES,
Department of State, Washington, D. C.

PETITION

DEAR SIR: We express to you our sincere thanks and appreciation for the great efforts you have made toward the conclusion of the treaty of peace—a peace founded upon a spirit of reconciliation and trust never before known in history.

We also wish to say that the people of Japan are united in their deep sense of gratitude for the generous aid they have received from your country.

If Japan is to maintain her independence as a free democratic nation and serve as an effective bulwark of the democracies in the Far East, it is essential that she first of all attain economic independence. Indeed, it was for this purpose that the United States has given us aid in abundance and all our people, supported by that aid, have made prodigious efforts in the face of many difficulties to bring about their economic recovery.

The facts are too evident to need pointing out that our sole means of survival within the confines of our limited territory is foreign trade. Because of the great paucity of natural resources, the fisheries industry commands a position of major importance in our export trade with the tuna industry topping the field.

Such being the situation in Japan, the question of imposing customs duties on the Japanese tuna industry is a cause for deep concern, not only because it will be a great blow to the industry itself, but also because of the adverse effects it will have on the general livelihood of the Japanese people and thereby retard our efforts to establish a self-sustaining national economy. It would be a cause for great disappointment to the people of our country who are now filled with gratitude for generous American aid if an impression should be created by any action which appears to be contrary to the spirit of the aid.

To maintain the genuine good will that now exists between the peoples of the United States and Japan and to develop it further for the mutual interests of both countries, we are fully prepared to coordinate the efforts of the canning, freezing, tuna, and tuna-export industries of Japan and to meet with the tuna industry of your country in a friendly and cooperative effort to seek an amicable and mutually satisfactory solution of the causes which have given rise to the tuna-tariff question. This being our great desire, it is our wish to solicit your kind consideration and assistance in helping to bring about such a meeting as we propose and to have legislative action deferred pending a mutual effort of our industries to find a solution.

NATIONAL CONVENTION ON TUNA EXPORTS,
TATSUNOSUKE TAKASAKI, *Chairman.*

DEPARTMENT OF STATE,
Washington, February 11, 1952.

The Honorable WALTER F. GEORGE,
Chairman, Committee on Finance, United States Senate.

MY DEAR SENATOR GEORGE: There is enclosed, for the files of the Senate Committee on Finance, a copy of a memorandum sent to the Department of State by the Mexican Government on December 7, 1951, stating that imposition of a tariff of 3 cents a pound on fresh or frozen tuna would seriously harm the fishing industry of Mexico. This will complete the committee's file of protests received from foreign governments with respect to H. R. 5693.

Sincerely yours,

JACK K. MCFALL,
Assistant Secretary
(For the Secretary of State).

EMBASSY OF MEXICO

MEMORANDUM

The projected imposition of a tariff of 3 cents per pound on fresh or frozen tuna, which is now admitted free of duty, will seriously hurt the fishing industry of Mexico which depends on its United States markets for survival, and which represents an important source of dollars to the Mexican economy. The significance of this industry to the foreign trade of Mexico may be appreciated from the fact that fish (with the exception of shrimp) ranks fourth in importance of exports to the United States.

The good offices of the State Department are respectfully requested, considering the damage which the imposition of said duty would cause the fishing industry of Mexico and the Mexican economy.

WASHINGTON, D. C., December 7, 1951. No. 4644.

KETCHIKAN, ALASKA, February 12, 1952.

Alaska Delegate BARTLETT,
Washington, D. C.:

We are in favor of House bill H. R. 5693 to provide a tariff of 3 cents a pound on imported fresh and frozen tuna.

INTERNATIONAL LONGSHOREMEN'S AND WAREHOUSEMEN'S UNION,
LOCAL 61, KETCHIKAN, ALASKA,
WILLIAM IHLY, President.

(The following letters were subsequently supplied for the record:)

TOKYO BIBLE CENTER,
Tokyo, Japan, February 12, 1952.

SENATOR WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: In yesterday's Nippon Times, published here in Tokyo, Japan, I notice an article which states that a Mr. Tatsunosuke Takasaki, chairman of the council on tuna exports, has sent you a telegram opposing the proposed import duty on tuna fish by the United States Government.

From the article it is my understanding that Mr. Takasaki is opposing the proposed import tax on tuna fish in the name of freedom of trade.

I do not know enough about the issue involved to say a tax on tuna fish is unnecessary but I hope it will be possible to avoid such a tax against Japanese and other tuna fish. However, it would seem wise since the issue has now come to the fore and Japan has also sent a delegation to the United States to oppose this proposed tax to ask the Japanese Government about prohibitive taxes against free trade.

At this time in Japan the Government has put a 40 percent import duty on American automobiles and on top of that a 30 percent commodity tax. The import tax is also taxed so that it comes out to 82 percent. For instance a car valued at \$1,000 is taxed \$820. Four hundred dollars import duty and then that added to the thousand dollars value of the car, 30 percent of the \$1,400 is charged in commodity tax.

Five years ago when I returned to Japan I brought with me a jeep and it was passed through customs of the occupation. Now the Japanese Government is demanding retroactive customs on that jeep. Is it not time to ask Japan some questions about taxes that restrain free trade?

In view of Japanese strong protests to our proposed 3 cent a pound tax on tuna fish would it not be advantageous to ask the Japanese Government why they have to place an 82 percent tax on automobiles coming into Japan?

Very sincerely,

REV. TIMOTHY PIETSCH.

INTERNATIONAL ASSOCIATION OF MACHINISTS,
 DISTRICT LODGE No. 14.
 Carlsbad, N. Mex., February 7, 1952.

Senator CLINTON P. ANDERSON,
 Washington, D. C.

DEAR SIR: Since the time last fall when the tuna industry brought its problems to the attention of the Congress the situation of the industry has gone from bad to worse.

All of the tuna canneries in San Diego are closed down. Most of the canneries in San Pedro are operating at only partial capacity. The albacore fishery has come to the end of a disastrous season. The clipper fleet has been operating at only 10 to 20 percent of capacity since July and has now been notified by the canners that there will be no more sailings for an indefinite time in the future.

The Japanese tuna industry is driving us out of business. The United States tuna industry, affecting thousands of United States citizens, is grinding slowly to a halt, strangled by imports.

We have asked your support for Mr. Camp's bill, H. R. 5693, a bill to give temporary protection on frozen tuna imports. This was passed by the House and is now pending before the Senate Finance Committee. Will you please push this bill through as rapidly as possible and give us that small amount of protection?

We are going to ask the Congress for similar help on canned tuna in brine at the beginning of this session of Congress. The Japanese have discovered a loophole in our tariff law through which they can ship canned tuna here at 12½ percent tariff instead of at the 45 percent tariff provided by Congress. They do this by putting the tuna in brine instead of in oil. We have to get this loophole plugged or the United States tuna industry will be defunct.

I am attaching a copy of the bill we need to protect us from tuna in brine and we need your help. Will you give it to us?

Sincerely yours,

O. H. STOCKWELL,
 Secretary-Treasurer, International Association of Machinists, District
 Lodge 14.

(Whereupon, at 12:05 p. m., the hearing was concluded.)

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