



UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON 25, D. C.

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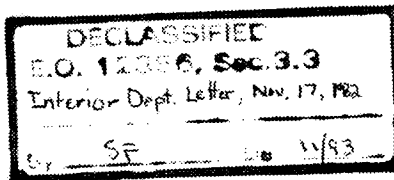
APR 26 1963

Dear Mr. Bundy:

You have asked whether I would favor an amendment of H.R. 3198 to permit the landing of tuna fish by foreign flag fishing vessels in the Trust Territory of the Pacific Islands, and the subsequent canning and export of such fish into the United States free of duty. I do not favor such an amendment for the reasons set out below.

As the Secretary of the Interior, with great responsibilities in all of the following areas, I am of the firm opinion that such an amendment would affect all of those engaged in the domestic fishing industry in the United States, the people of American Samoa, and the inhabitants of the Trust Territory. There is no doubt in my mind but that such an amendment to this bill, would affect adversely those of our citizens who are engaged in the domestic fishing industry whether as canners, cannery workers, or as operators and crew men of American flag fishing vessels. It would also probably have an adverse effect upon the American nationals and citizens of American Samoa, whose economy is almost entirely dependent upon the tuna fish canning industry. Further, the extent to which it would tend to promote the development of an off-shore fishing industry in Micronesia is problematical. Certainly the existence of this exceptional right in American Samoa has made unnecessary, from the canners' point of view, the development of a native fishing industry. After weighing and reviewing my various responsibilities, I remain convinced that the present wording of H.R. 3198, in this regard, should be retained.

Let us first consider the situation with regard to American Samoa. At present, the only private employer of any consequence in this territory is the Van Camp Sea Food Company which operates a tuna fish cannery employing about 400 workers. A second tuna fish company, Star Kist, is now commencing work on a cannery there of comparable size. Thus, within about two years we will have provided about 800 jobs for this completely undeveloped territory. However, although virtually all of these cannery workers are, of course, themselves American citizens or nationals, the growth of this tuna canning industry in Samoa poses such a strong competitive factor in itself to the tuna canning industry based in the continental United States that we have made and are prepared to enforce a policy determination that no further expansion of the tuna fish canning industry in American Samoa will be permitted.



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We are concerned that should canneries able to receive fish directly from foreign flag fishing vessels in Micronesia be established, and have the right to export the canned product to the United States duty free, some of the fish which are now, or which would be in the future sent to American Samoa for canning would simply be diverted to these new canneries. A diversion of tonnage from American Samoa could cause production cutbacks with subsequent effects on the number of jobs in Samoa.

Another Samoan-related concern that we have would remain even if the fish processed in the proposed canneries would not otherwise have gone to our canneries in American Samoa. This concern arises from a belief that, as a practical matter, the United States will be willing to accept only a given amount over the years of duty free foreign caught tuna fish, and limitations might well be suggested in the future. If such a situation should come about, assuming similar canning operations in the Trust Territory, great pressures would be generated to limit production in American Samoa below existing capacity and to the serious detriment of those Samoans who are dependent upon this industry.

Lastly, the entire tuna fish canning industry in American Samoa exists only because of an administrative ruling by the Bureau of Customs that Samoa is not "a port of the United States" for the purpose of application of the law which otherwise bans the landing in ports of the United States of fish directly from foreign flag fishing vessels. Except for a few other Pacific islands where no canneries are in fact located, Samoa is today the only place under the American flag able to receive fish under such conditions. We are most concerned that any attempt, for whatever reason, to enlarge the geographic area of this exceptional holding, will only serve to endanger its very existence. It is not an overstatement to say that if this were to be overturned, whether through administrative action or through subsequent legislation, it would at one blow, destroy the entire present day economy of American Samoa.

Pressure for that overturning may well develop from the producer segment of the domestic fishing industry, if hearings over the proposed additional exception in the Trust Territory attract attention to this situation. Our fishermen can argue that the first exception was in the nature of an experiment, that this second request for exception represents a further trend away from the intent of the regulations and that the best solution is to withdraw the Samoan exception, thereby putting all groups on the same footing as our mainland fishermen.

Turning to the question of the likely effect that such an amendment would have upon the development of a Micronesian fishery, we cannot agree that it would promote such a development. The suggested amendment would make it possible to operate canneries in the Trust Territory indefinitely without ever having to rely upon the catches of Micronesian or American fishermen. The fact that the catch from the tuna resource of the Eastern Pacific, the traditional grounds for American tuna fishing, may shortly be regulated by international agreement poses problems for that fleet. It seems probable that it will turn to the Central and Western Pacific in the search for

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additional supplies of tuna. If the Japanese fishermen have had several years of local experience supplying a cannery at Palau they will have this additional competitive advantage over any domestic fishermen.

We realize that we could require by contract, perhaps, firms wishing to establish such canneries to undertake as an additional responsibility the development of such local fisheries. However, we are quite skeptical concerning both the pace and the success of such a fishery undertaking without the spur of success in the development of the fishery being a necessary forerunner of success in the operation of the cannery. If the establishment of canneries in the Trust Territory which wish to ship their products duty free into the United States must await the development of a local fishery together with the use of American or Micronesian seamen, we believe that such a development and use will be hastened.

We are not without prior experience and example in this connection. Almost a decade ago in American Samoa we signed a contract with a large reputable tuna fish canner providing for the operation of the cannery with foreign caught and landed fish. We also required, at the same time, that this canner would undertake the development of a local fishery using Samoan fishermen. The success of the canning enterprise, however, was not made dependent upon success in the fishing enterprise. The packer proceeded with all of the resources at his command to make an impressive success of the canning operation, sparing no talent, energy, money or patience in this task. With regard to his separate, but contractual, commitment to develop a local fishery the same canner has proceeded with all deliberate speed, and has continued to make enough of an effort to develop a fishery to place itself beyond the provable charge of failure to live up to its contract in this regard. Not surprisingly, perhaps, we have no local fishery yet today.

It may be argued that the Micronesians are more apt to take eagerly to fishing than were the Samoans. If this is true, there is, then, even less reason to press for landings from foreign flag vessels. A cannery company can develop the local fishing potential as a part of the total operation, starting the encouragement of fishing sufficiently in advance to foster adequacy of tuna landings by the time the canning operations are ready to begin.

At this time we are unaware of any substantial opposition to H.R. 3198, as presently drafted. We believe that should the bill be amended in the manner suggested, then this measure would for the first time arouse a strong organized opposition on the part of the fishermen as was described above. We are so anxious to see a measure such as H.R. 3198, enacted, because of its many real benefits to the Trust Territory, that we are unwilling to see its chances of enactment measurably decreased in return for such dubious benefits suggested by the amendment.

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In addition, there is the possibility that permission granted to Japanese vessels to land their catch in the Trust Territory might entail requirement of equal treatment to all United Nations countries. In this connection, we have considerable evidence that the U.S.S.R. is planning to enter the tuna fishery on a world-wide basis. A foreign base located in the Trust Territory would be ideal for the U.S.S.R. The possibility of pressure through the United Nations at some time after a United States firm is established in the Trust Territory is real. Also, with the need of many countries in that area of the world for foreign exchange dollars (Taiwan for example) subsequent problems of competition for landing privileges and resource conservation could develop.

Sincerely yours,

(s) John A. Carver, Jr.

Assistant Secretary of the Interior

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