

Subcommittee on Insular Affairs, Oceans and Wildlife
Hearing on H.R. 3583, the American Samoa Protection of Industry,
Resources and Employment Act
Testimony of John Sawyer,
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Chairwoman Bordallo, Ranking Member Brown, and members of the Subcommittee, my name is John Sawyer, Senior Vice President for Sales and Marketing at Chicken of the Sea, International. I appreciate the opportunity to testify on behalf of Chicken of the Sea on H.R. 3583, the American Samoa Protection of Industry, Resources and Employment Act. Because of H.R. 3583's harmful impacts to the tuna industry in general, and to Chicken of the Sea specifically, Chicken of the Sea opposes this legislation.

Introduction

Chicken of the Sea's history dates back nearly a century, when fishermen referred to the white albacore tuna as "Chicken of the Sea" because of its white color and mild flavor. Since 1952, the Chicken of the Sea brand and iconic Mermaid logo have been known worldwide. With more than 90 years of experience in the self-stable seafood business, Chicken of the Sea provides consumers a variety of canned, pouched, frozen, and refrigerated seafood products.

We are headquartered in San Diego, California and have a processing facility in Lyons, Georgia where we employ more than 200 people. We opened our processing facility in Lyons, Georgia in Congressman John Barrows' District within the last 6 months. It employs more than 200 people and has sufficient space for expansion in the future. This is an exciting trend for us, as we have been successful in repatriating to the mainland United States some of the many jobs that have moved offshore.

After 55 years of operation in American Samoa, Chicken of the Sea closed its tuna processing facility in September of this year. We enjoyed a tremendous relationship with the island, community and our workforce, as demonstrated recently with our donation of more than \$200,000 of food, labor and medical supplies to the island community in the aftermath of the tragic earthquake and tsunami. Despite being a part of this close knit community, we struggled to remain profitable, due to the high costs of operating there, including increasing transportation, packaging, utilities and specifically labor costs in recent years. Although we have attempted on numerous occasions to work with the government of American Samoa as well as the US Federal Government to address these issues, we ultimately were unsuccessful. Consequently, we had no choice but to close the facility and relocate.

We are very supportive of efforts to enhance economic development in American Samoa and provide answers to the economic and employment challenges there. However, we urge caution in trying to simply subsidize our way out of the problem instead of diversifying the economy of the island for a successful future. This is especially true when the one processing company that

would benefit from this subsidy has stated that it will not stay in Samoa if ASPIRE does not pass. Creating a monopoly by legislation is a dangerous precedent which is made even more onerous if it is done under a threat.

H.R. 3583

H.R. 3583 creates a subsidy to sellers and buyers of fish that deliver directly to American Samoa, with the intention of stabilizing employment and promote economic development, including "incentives for the continued operation and development of American Samoa's tuna processing industry." Unfortunately, the legislation, which completely ignores the international competitiveness of the tuna industry, has several objectionable outcomes.

With a minimum cost to the United States taxpayers of approximately \$25 million annually, H.R. 3583 virtually ensures that the one remaining tuna processing plant operating in American Samoa remains profitable by providing its owner with financial hand-outs, thereby affording that company an unfair market advantage. This bill appears to be tailored to ensure the success of the leading tuna brand in the US. This legislatively imposed windfall discourages competition and encourages waste, with limited benefit to the American Samoan workforce and economy. Nearly 80 percent of those working in the tuna canning industry are Western Samoans temporarily residing in American Samoa. Furthermore, the needs of American Samoa are to diversify, which is distorted by putting all the subsidy dollars in one company in only one industry.

The U.S. tuna fleet will also suffer under the bill. Tuna boats could be compelled to relocate to other areas as boat owners are forced to abandon the U.S. flag due to the fees that the legislation will impose. In addition, a limited number of U.S. flagged tuna boats are able to deliver their catch to American Samoa. Thus, in addition to significant financial penalties, boat owners will also be subjected to severe inconvenience and additional costs as they attempt to comply with the terms of the legislation by delivering their catch to the one cannery operating in American Samoa.

Moreover, American Samoa's only cannery does not have the capacity to handle the amount of tuna delivered, should processors and fishermen make deliveries there as encouraged under the bill. Finally, Hawaiian long-line fishing could be harmed due to the requirement to deliver fish to American Samoa, or face taxes on their catch and \$250,000 annual fees, which would put many if not most of these owners out of business. H.R. 3583 also puts at a competitive disadvantage Chicken of the Sea's newly-opened facility in Lyons, Georgia affecting the livelihood of its 200 employees and discouraging further expansion there. The bill subsidizes the number one tuna brand, giving it a monopolistic position on tuna supply in addition to the already strong competitive advantage in the marketplace. The bill in turn will severely punish Chicken of the Sea, which left American Samoa for legitimate business reasons, and has made a significant investment in developing a facility in Georgia, bringing jobs back to the U.S. mainland.

The competitive advantage provided by H.R. 3583 to the one remaining American Samoa-based tuna processor could force competitors both Chicken of the Sea and Bumble Bee to downsize or even close domestic U.S. operations, with no guarantee of either increasing jobs or the economic

welfare of the island. We encourage the Subcommittee to explore more effective ways to help the economy of American Samoa without harming the other participants in the U.S. tuna processing and fishing sector. We stand ready to assist with that effort.

Thank you for the opportunity to share Chicken of the Sea's views on H.R. 3583.