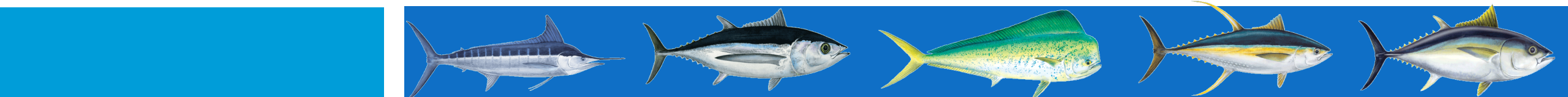


AMERICAN SAMOA

PRESERVING THE LOCALLY-BASED US FLAG PURSE SEINER FLEET AND THE AMERICAN SAMOA TUNA INDUSTRY

January 2023

American Samoa Department of Marine & Wildlife Resources



Tuna Economy

- American Samoa's non-governmental economy is almost entirely built on tuna-related commerce.
- The tuna industry provides **83.8 percent of American Samoa's private employment**
- It accounts for 99.5 percent of exports from the territory.
- The American Samoa population, 85 percent of which are indigenous Samoans, depend heavily on the tuna cannery in Pago Pago to provide food security for the region.

Tuna canning in American Samoa started in the 1954 by Chicken of the Sea and 1963 by StarKist.

Chicken of the Sea closed its cannery at the end of 2009. Tri Marine bought the cannery, demolished most of it, and invested about \$100 million to develop a modern tuna cannery with updated infrastructure.

That cannery started production in 2015 and then closed down in 2016 due to adverse market conditions. The former Tri Marine cannery is being leased to StarKist.

Dependency on the US Market for Shelf Stable Tuna Products

- The StarKist tuna cannery in American Samoa employs about 2,000 workers
- This cannery processes about 100,000 tons of tuna a year
 - This equates to about 500 million cans of tuna
- Almost all of the production from the StarKist cannery goes to the US market
- **The cost of canned tuna production in American Samoa is substantially higher than competing sources of shelf stable tuna products like Thailand, Vietnam and Indonesia**
 - American Samoa is not competitive in other markets
 - Energy, labor, logistics, and packaging are all more expensive
 - Partially offsetting these cost disadvantages are savings in the cost of fish supply and duty exemptions

US Market for Shelf Stable Tuna Products

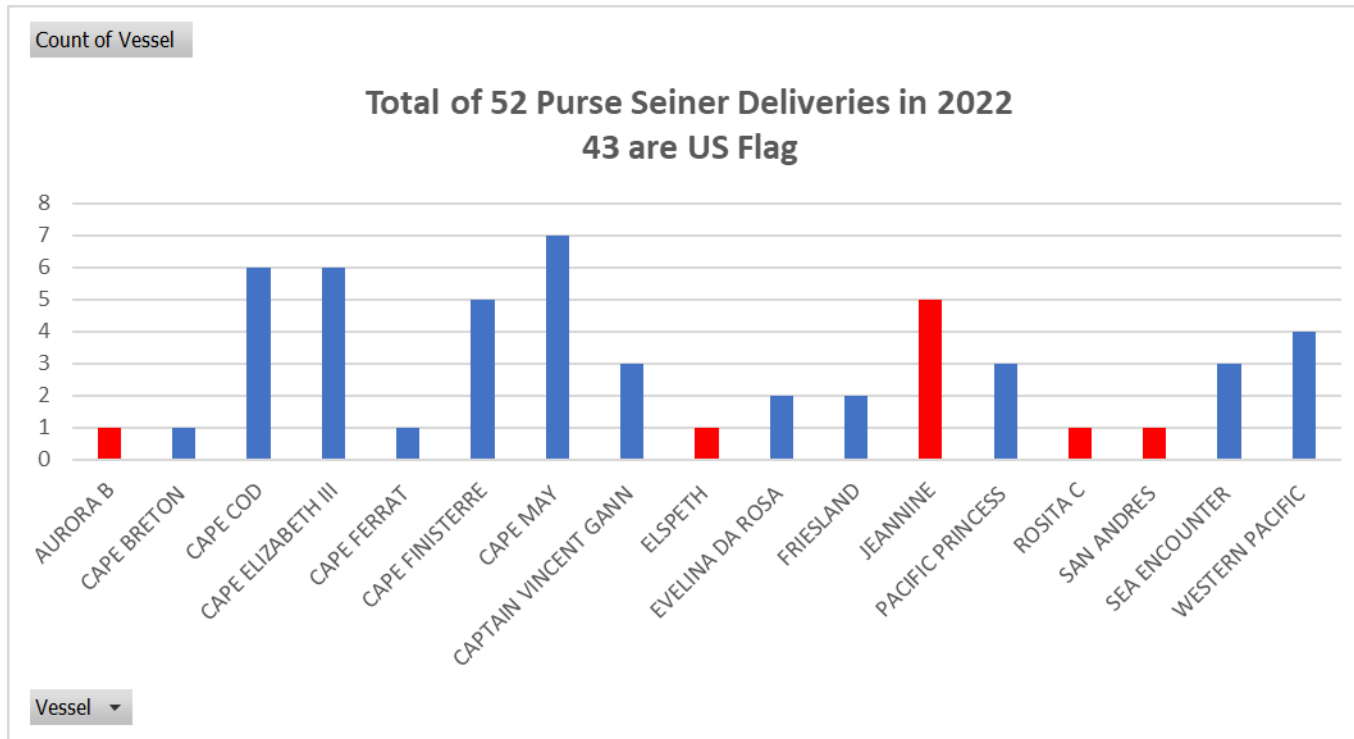
| Product and Source | | | Albacore | <i>convert</i> | Rd Tons | Light Meat | <i>convert</i> | Rd Tons |
|--------------------|-------|----------|----------|----------------|----------------|------------|----------------|----------------|
| Loins | | Imported | 26,001 | 58% | 44,829 | 51,724 | 43% | 120,288 |
| Pouch | Oil | Imported | - | - | - | 1,423 | 1.4 | 1,921 |
| Pouch | Oil | Am Samoa | - | - | - | 1,277 | 1.4 | 1,724 |
| Pouch | Water | Imported | 4,329 | 1.3 | 5,628 | 33,464 | 1.4 | 45,176 |
| Pouch | Water | Am Samoa | 2,415 | 1.3 | 3,140 | 2,781 | 1.4 | 3,754 |
| Cans | Oil | Imported | 748 | 1.3 | 972 | 4,667 | 1.4 | 6,300 |
| Cans | Oil | Am Samoa | 956 | 1.3 | 1,243 | 9,123 | 1.4 | 12,316 |
| Cans | Water | Imported | 20,010 | 1.3 | 26,013 | 94,310 | 1.4 | 127,319 |
| Cans | Water | Am Samoa | 19,816 | 1.3 | 25,761 | 45,870 | 1.4 | 61,925 |
| | | | | | 107,586 | | | 380,724 |

Source: 2014 US Customs Data

Without Tuna Supply the American Samoa Tuna Economy will Perish

- American Samoa needs about 70,000 tons of tuna caught by purse seiners
- While fishing economics favor foreign flag operation, foreign flag purse seiners generally avoid American Samoa
 - Distance from fishing grounds, USCG, logistics, limited flights for crew, potential unloading delays, etc.
- There has been a steady decline in the Territory's locally based U.S. flag purse seiner fleet because boats have been changing flags and areas of operation to save costs and take advantage of better fishing conditions available to non-US flag fishing boats.
- There were 40 U.S. flag purse seiners in 2015. Now, there are only 13. One of these operates exclusively in the Eastern Tropical Pacific

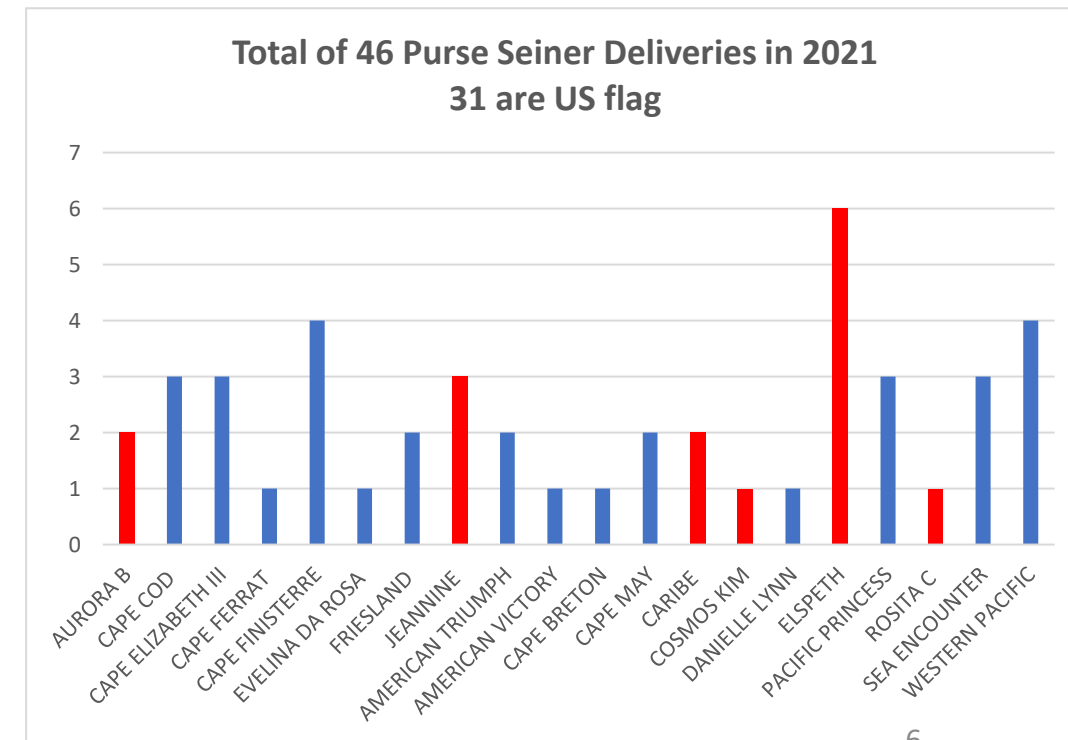
Direct deliveries of tuna to American Samoa by purse seiners

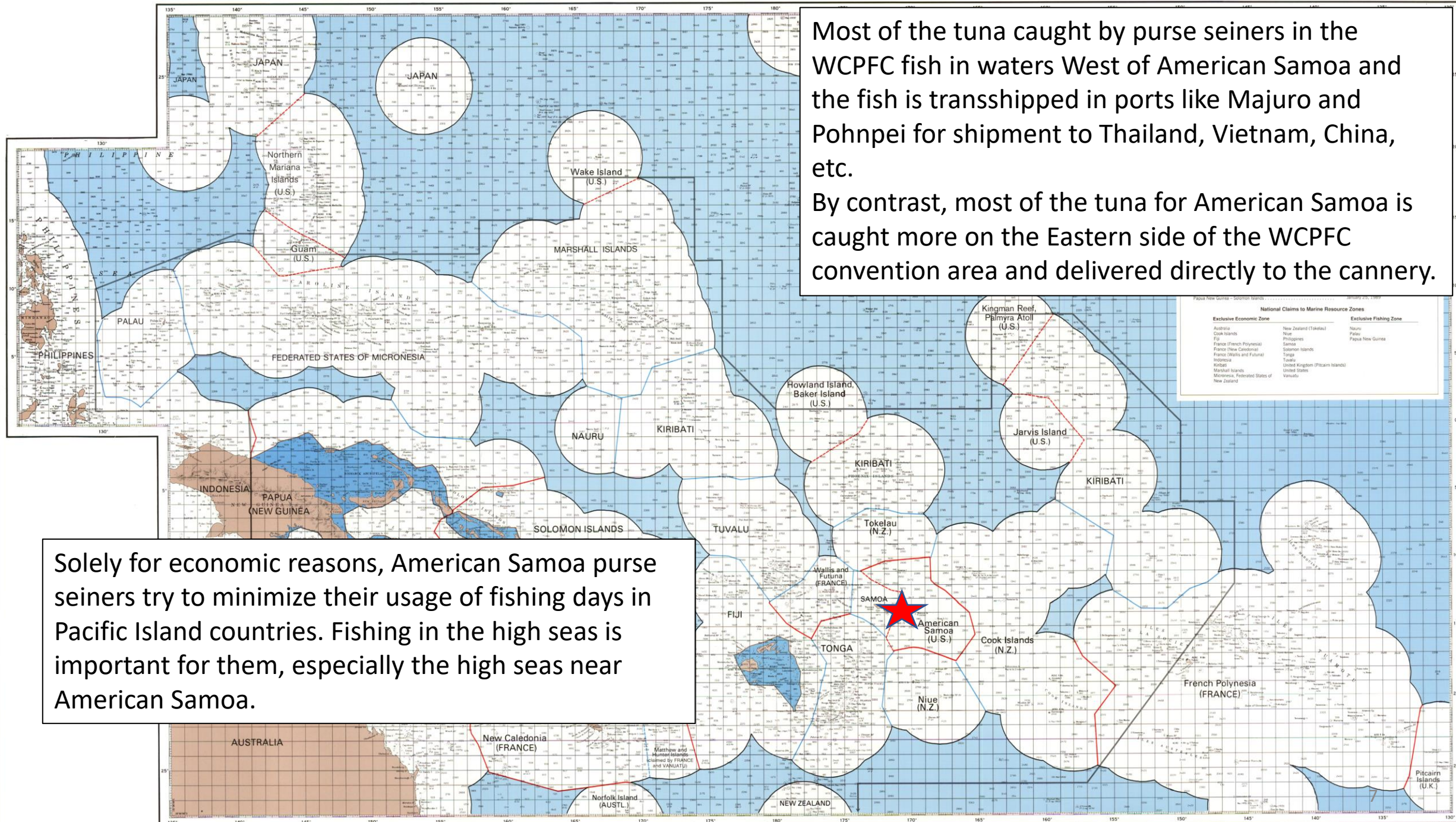


Conclusion: **American Samoa's tuna industry depends on direct deliveries of tuna from US flag purse seiners**

Deliveries by non-US flag purse seiners are indicated in red

Data provided by American Samoa Port Administration



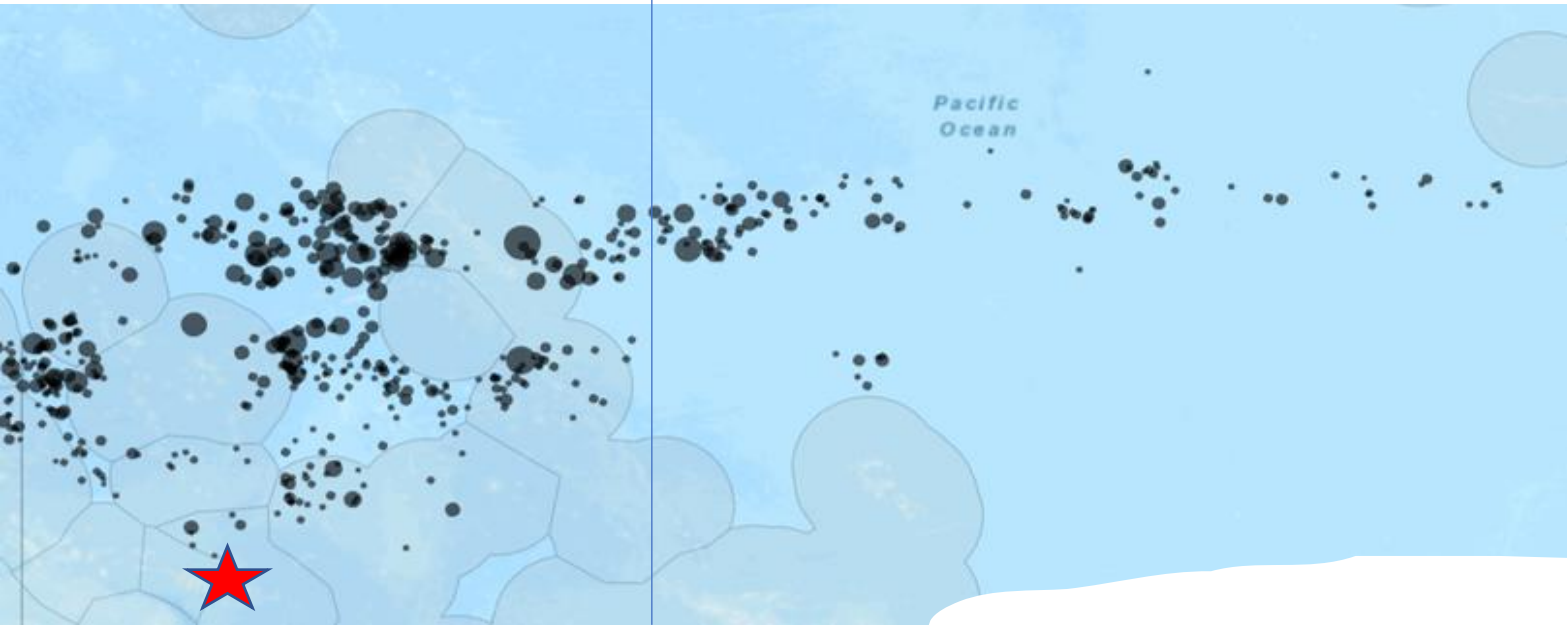


Most of the tuna caught by purse seiners in the WCPFC fish in waters West of American Samoa and the fish is transshipped in ports like Majuro and Pohnpei for shipment to Thailand, Vietnam, China, etc.

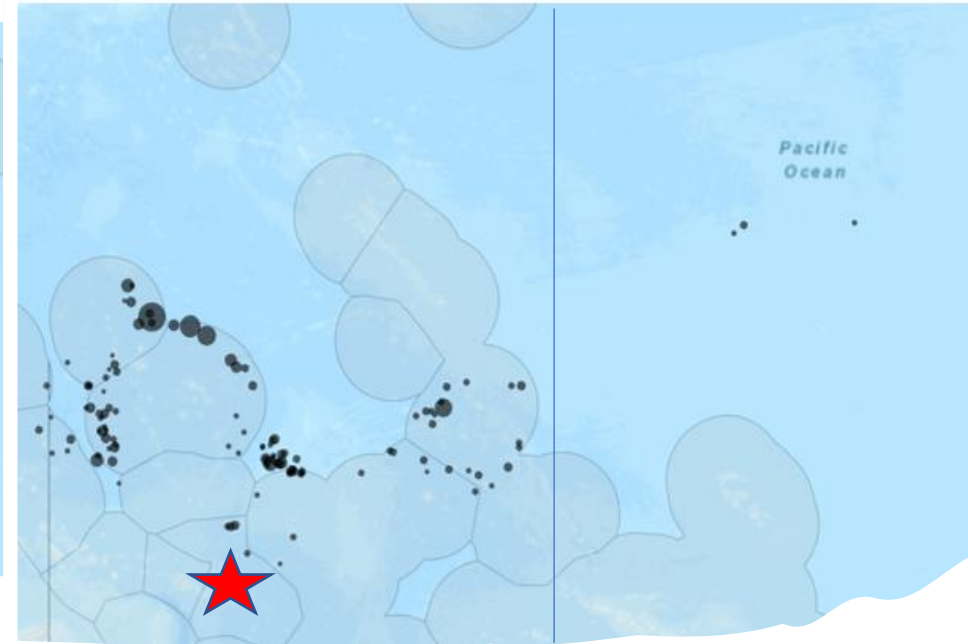
By contrast, most of the tuna for American Samoa is caught more on the Eastern side of the WCPFC convention area and delivered directly to the cannery.

Solely for economic reasons, American Samoa purse seiners try to minimize their usage of fishing days in Pacific Island countries. Fishing in the high seas is important for them, especially the high seas near American Samoa.

During Periods of No FAD Closures



During Two Month High Seas FAD Closure



During FAD Closures (EEZ's and High Seas)

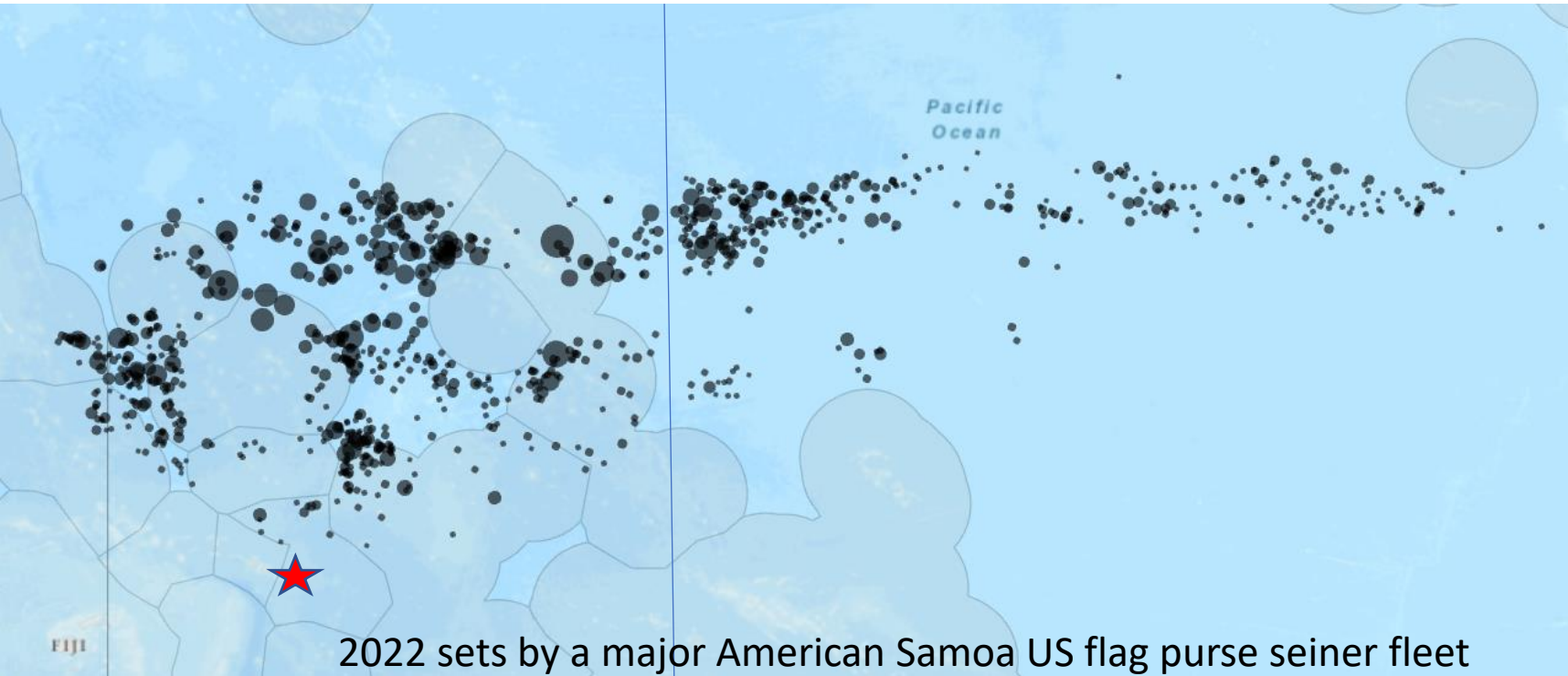


Where do the many of American Samoa tuna purse seiners fish?

Kiribati, Tokelau, Tuvalu and Cook Islands are the most common EEZ's for the American Samoa purse seiner fleet

US waters for US flag purse seiners with Fisheries Endorsements and the high seas are critically important

The Higher Value Latin American Market is often an Attractive Alternative



| | Pago | Mazatlan |
|-----------------------|------------------|------------------|
| Fishing Days | 50 | 50 |
| Trip Days | 67 | 76 |
| Fish Price | \$1,550 | \$1,850 |
| Net Revenue | \$2,010,777 | \$2,455,653 |
| Crew Pay | \$333,500 | \$333,500 |
| Fuel | \$725,760 | \$853,060 |
| Trip Supplies | \$100,000 | \$100,000 |
| License Fees | \$21,775 | \$24,700 |
| Insurance | \$134,000 | \$152,000 |
| Net Income | \$237,422 | \$465,085 |
| Depreciation | \$227,800 | \$258,400 |
| Net Income aft. Depr. | \$9,622 | \$206,685 |

- The market price for tuna delivered to Latin American canneries is typically \$150 per ton higher than Bangkok
- Bangkok less \$150 per ton is the benchmark price for American Samoa price
- The price difference between American Samoa and Latin America is therefore about \$300 per ton
- Including premium pricing for yellowfin, the difference in revenue is about \$500,000
- Offsetting this additional revenue is lost fishing time and more fuel consumption
- **The proximity of fishing near American Samoa is a major determining factor**

The Global Tuna Industry is Driven by Fishing Economics

- Boatowners choose flags that give them the lowest cost of catch per ton
 - Cost of crew
 - Cost of insurance, especially P&I (cost of US Jones Act)
 - Cost of compliance
 - Cost of access to fishing grounds
 - **Access to fishing grounds and availability of exemptions from fishing restrictions**
- The American Samoa US flag purse seiner fleet is not exempt from any fishing restrictions despite the fact that American Samoa is a Small Island Developing Territory and is therefore eligible for exemptions from certain WCPFC tuna management measures

WCPFC Dynamics and SIDS Exemptions for American Samoa's US Flag Purse Seiners

- The WCPFC is a consensus-based organization
- Most of the purse seiner fishing occurs in the EEZ's of the PNA countries, all of which are SIDS
- PNA countries have grown their domestic purse seiner fleets, flagged or chartered, by delivering exemptions to certain tuna management measures, e.g., FAD closures and unlimited access to the high seas, and discounting the cost of fishing access (vessel days scheme)
- PNA is not interested in sharing their “competitive advantage” with non PNA fleets
- Importantly, American Samoa does not have a flag registry. American Samoa vessels fly the US flag and have a US identity, not an American Samoa identity.
- **Therefore, these boats are regulated as US flag boats, not as a SIDS fleet**

Next Steps to Preserve the American Samoa US Flag Purse Seiner Fleet

- Recognize that the WCPFC will not act to provide SIDS relief to the American Samoa US flag purse seiners
- Establish a record and official list of purse seiners that are based in American Samoa and are an integral part of the American Samoa tuna industry
- Petition NOAA to regulate the official American Samoa US flag purse seiners as a SIDS fleet with the same exemptions to WCPFC tuna measures as other SIDS fleets
- Explain the above regulatory action to the PNA and other WCPFC players as a necessity to save the tuna industry of American Samoa