

**Testimony of Renato Curto
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**Before the
U.S. House of Representatives Committee on Natural Resources
Subcommittee on Insular Affairs, Oceans and Wildlife
Hearing on the American Samoa Protection of Industry,
Resources, and Employment Act, H.R. 3583**

November 4, 2009

Chairwoman Bordallo, Ranking Member Brown, Members of the Subcommittee on Insular Affairs, Oceans and Wildlife, good afternoon, and thank you for allowing me to appear before you today to present my testimony in connection with this Hearing on the American Samoa Protection of Industry, Resources and Employment Act, H.R. 3583 (ASPIRE).

My name is Renato Curto and I am testifying in my capacity as President of Cape Fisheries Holdings LLC, owner and operator of a fleet of 8 large U.S.-flag purse seine tuna vessels based in American Samoa (F/V Cape Breton, F/V Cape Cod, F/V Cape Elizabeth, F/V Cape Ferrat, F/V Cape Finisterre, F/V Cape Hatteras, F/V Cape May, and F/V Cape San Lucas). I am the majority owner of our fleet.

I support ASPIRE because it offers a concrete and meaningful way to guarantee the survival of that same tuna industry that has provided for many years for the livelihood of thousands of families in American Samoa. I also support ASPIRE as I consider it a means for the United States of America to continue to participate and to maintain its leadership role in those international fora which deal with matters so important as the protection of the environment, the conservation of a well balanced marine eco-system and the sustainability of the fishing resources.

Background

I was born and raised in Rome, Italy in 1944. After graduating at the University of Rome in Economics and Commerce and after serving the Italian army for 18 months, I worked in Arthur Andersen for 3 years before I was contacted by a major Italian Tuna manufacturer and brand. My journey in the Tuna World started in 1973, when I left my country and moved to Mexico to manage a tuna fishing joint venture for my employer.

In 1979, from Mexico, I moved to San Pedro, California, to help start a tuna trading company, named Tri Marine International Inc. Tri Marine is today one of the largest tuna trading companies in the world. In addition to being President of Cape Fisheries Holdings, I am now the majority shareholder and Chairman of the Tri Marine Group of Companies.

The establishment of our company in San Pedro was an easy choice: together with San Diego, it was, at the time, the center of the U.S. Tuna Industry. We thought it would be a good idea to be in the proximity of the major tuna processors and brands in order to better cater to their needs.

I became a U.S. resident in 1980. In 1985 I was offered the opportunity to acquire Tri Marine together with my partners in a management buyout. This was a major step in my life. I was finally embracing my "American Dream", which culminated in the year 2001 when I proudly became a U.S. citizen, and I was finally in a position to fulfill my aspiration of also being a U.S. boat owner. In May of that year we concluded the purchase of a tuna fleet of 8 vessels.

During my 36 years of active work in the tuna industry, I directly participated in the ownership and management of companies operating in different areas, from fishing, to trading, to processing, to marketing, including a joint venture ownership in 1996 of the only remaining cannery in the Continental U.S., (Pan Pacific Fisheries) based in Terminal Island, California. A year later, in joint venture with the same partners, we acquired one of the three main U.S. brands of tuna: Chicken of the Sea. The two companies were merged one year later. In 2001 we sold our interest to the current owners, Thai Union.

I believe I can say that I have been able to acquire a fair knowledge of the U.S. tuna business.

Use of American Samoa as a Tuna Fishing Base

The presence of Chicken of the Sea and Star Kist in American Samoa has been the main reason for the U.S. tuna fleet to be based in Pago Pago. It would probably not make economic sense for the U.S. boats to call at American Samoa if they did not have the opportunity of delivering their catches directly to the canneries there.

The closure, on September 30th, of the Chicken of the Sea plant, has been reason for serious concern for all the boats based in American Samoa. The recent devastation caused by the tsunami has further demonstrated how difficult it is for the U.S. boats to operate efficiently if they do not have the possibility of a prompt unloading of their catch.

Besides the need to have good sales options for our fish, we have a number of logistical reasons for wanting to stay in American Samoa:

For one, we believe in the right of our crews to take a break after each fishing trip, to allow our U.S. fishing masters and captains to fly home and visit their families before starting a new trip.

We also have the need to take care of repairs and maintenance work to be done on our vessels . We need a place where we can consolidate the shipment of supplies, spare parts, fishing gears, electronic and mechanical equipment, and other materials that may be needed on board.

By using Samoa as a base, we also allow our fleet managers and our team of Samoa-based engineers and technicians, to go onboard our vessels, discuss any potential issues with the captains, deck bosses and chief engineer, make sure that the crews are fine and nobody got injured, and then undertake to properly outfit and supply the vessel for the next trip.

There is undeniable evidence that the vessels based in American Samoa are burdened with additional operating cost and are in general less productive than the foreign-based fleets operating in the same area: but the difference, again, is operating style.

Alternative Operating Method --Transshipment

Our method of operation is much different from the method used by other fleets operating in the Western and Central Pacific Ocean (mainly Taiwanese, Chinese and Korean). Those vessels remain on the fishing grounds for as long as a full year (sometimes even more). As soon as their vessels are full, they transship their catches regularly on refrigerated carriers, utilizing ports that are close to where they are fishing, thus maximizing their fishing efficiency and their annual volume of catches.

While the information on the catches landed in Samoa by the Samoa-based fleets is readily available to anyone, we do not have information of the actual volume of catches of these other fleets, but, based on some numbers we have been able to access unofficially, we estimate that their average catch is close to double the average catch of the Samoa-based fleets.

I personally believe, as an American, in the right of Americans to conduct their businesses in any way that is legally permitted.

Why We Need ASPIRE To Be Enacted

For the reasons explained above, I am here today to request your support for the proposed ASPIRE legislation, H.R.3583.

At the same time, I would welcome the opportunity to work with Congress in order to find ways to eliminate the fees and penalties that the current text of the ASPIRE legislation is contemplating. I do not believe it is necessary to punish boat owners for choosing not to go to American Samoa to unload. I believe that the U.S. boat owners should be free to decide where to go fishing, where to unload their catches, and in which markets to sell their fish.

The Samoa-based vessels and canneries need an incentive in order to continue to operate there, and I believe that this incentive (in the form of a grant) should be made available to each and every one of the U.S.-flag tuna purse seiners operating in the Western Pacific under the South Pacific Tuna Treaty, and it should also be made available to each and every U.S. citizen who decides to own and/or operate a tuna cannery in American Samoa. This incentive is not for Star Kist. The proposed ASPIRE Act provides for the grants to be available to anyone. For example, Chicken of the Sea could come back to Pago Pago if the ASPIRE legislation is adopted, and Bumble Bee could very well establish their own canning operation in American Samoa if they see that it is a convenient location and there is enough economic incentive to do so. Our hope is that, in any event, someone would come up and take over the Chicken of the Sea Cannery: we all need more than one buyer for our tuna.

Chicken of the Sea closed their factory in Pago Pago and moved to Georgia, for valid business reasons that are consistent with what I am saying. In their new facility they will put in cans tuna loins that they can source from around the world at the cheapest available prices. Bumble Bee has been doing the same thing for many years already at their plant in Santa Fe Springs, California. It was their choice and their prerogative, not their obligation.

While Star Kist's situation may not be much different from that of Chicken of the Sea, for the time being, they are still in American Samoa processing raw tuna, although they have apparently downsized their workforce. Star Kist deserves a chance to survive in American Samoa and to be competitive with the canneries that produce and export cheap tuna to the U.S. We, as boat owners based in American Samoa welcome the decision of Star Kist to remain there, and we hope that the proposed ASPIRE legislation will be a sufficient incentive for Chicken of the Sea, Bumble Bee and/or others, to use American Samoa as their production headquarters, processing mainly raw tuna caught by U.S. flag purse seiners.

ASPIRE is the right step in the right direction. I don't know if American Samoa should diversify its economy by attracting other activities like tourism or high tech businesses or call centers, as I have heard for the past several months. I only know the tuna business and I know that, within our tuna industry, we have a concrete chance to make a difference by saving jobs that have just been lost and by creating new ones. I am talking about thousands of jobs, not hundreds.

If Star Kist were to decide to also abandon their canning operation in American Samoa, we would probably be forced to change our style of operation and do what most of the other fleets do: transship frequently, increase our volume and be competitive. Or, perhaps, we would sell our fleet to foreign interests. If the other Samoa-based boats think like me, the unfortunate result would be for American Samoa that their tuna industry, which has been providing thousands of jobs for the over half a century, will completely disappear. With it, a lot of other businesses, suppliers of goods and services to the tuna vessels and the carriers calling at Pago Pago, may be forced out of business, thus putting virtually all of the population of American Samoa out of a job.

And the large container ships which transport Star Kist and Chicken of the Sea canned tuna to the continental United States will no longer be available, on their empty return trips, to bring back to Samoa much of what the Island needs. The cost of fuel in American Samoa will most likely increase a lot due to the much reduced volume that will be required after the departure of the canneries and the fleet. The same would happen with a lot of other necessities for the Island that may be priced on volume usage. The cost of living would dramatically increase for all the citizens of American Samoa while, at the same time, there would be the highest unemployment ever.

In summary, there is a symbiotic relationship between the boats based in American Samoa and American Samoa itself. Boats need American Samoa as much as the American Samoa economy needs the boats. The boats need services and supplies. More importantly, they need a market for their fish. If there are no canneries, or no buyers for their catch, the boats will lose the market for their fish. We cannot allow that to happen. And we cannot allow the American Samoa people to remain without a job.

I urge you consider the ASPIRE legislation as a means to accomplish the goal of keeping the tuna industry in American Samoa.

Thank you for your patience and for your allowing me to testify in support of this legislation.