

GAO

Report to the Honorable
Frank H. Murkowski, U.S. Senate

July 1991

SEAFOOD PROCESSING

Foreign Ownership of Facilities in Alaska, Oregon, and Washington



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552051

Resources, Community, and
Economic Development Division

B-244474

July 31, 1991

The Honorable Frank H. Murkowski
United States Senate

Dear Senator Murkowski:

On the basis of your request letter and subsequent discussions with your office, we have examined information on foreign investment in the seafood processing industry in Alaska, Oregon, and Washington. As agreed, we (1) collected overall data on the seafood processing industry in those three states, (2) identified data collected by federal and state agencies and examined available reports on foreign investment in the seafood processing industry, and (3) identified types and examples of foreign investment. We limited our work on the third objective to Alaskan facilities because they process more seafood than do facilities in any other state and because more information is available about them.

Results in Brief

Alaska, Oregon, and Washington had nearly 1,000 seafood processing facilities, which produced about 1.5 billion pounds of Alaska pollock, crab, salmon, and other products in 1989. The three states accounted for about 27 percent of the volume and 33 percent of the value of all seafood processed in this country.

Agencies within the Department of Commerce collect data on foreign direct investment. However, none of these sources provides information specifically about foreign investment in seafood processing. The Foreign Direct Investment and International Financial Data Improvements Act of 1990 should improve the overall quality and availability of information about foreign investment in U.S. industry.

The three states have differing requirements for the disclosure of ownership interests for business operations in the states. Alaska collects the most information. No state agency collects information on loans from, or other nonownership involvement with, foreign sources.

A 1990 report prepared by Alaska's Legislative Research Agency for the Alaska legislature estimated that 37 percent of the 347 Alaskan

processing facilities studied had some foreign ownership in 1989.¹ Japanese companies accounted for most foreign ownership, while Norwegian, Canadian, and English companies (in that order) accounted for additional ownership. In addition to ownership, we found examples of foreign involvement through construction loans, sales agreements, or representatives in company management positions.

Background

About 8.5 billion pounds of seafood, worth about \$3.2 billion, were caught in the United States in 1989. Alaska pollock was the species most caught in 1989—about 2.4 billion pounds. Much of this pollock is processed into a product known as surimi, a substance that is made into imitation crab, shrimp, and other products. The seafood processing industry consists of facilities that head, gut, fillet, freeze, and otherwise process fish into secondary products.

Some seafood processing facilities are shore-based (on land), while others are at-sea (aboard ship). Shore-based and at-sea plants generally process similar products. Factory trawlers and other at-sea processors can process and quick-freeze fish within a few hours of harvest, saving the time and expense of holding fish and transporting them to shore-based processing plants. Factory trawlers generally range in size from 150 feet to 300 feet, and their crews can exceed 100 persons. The fleet is able to operate year-round on the fishing grounds, making short port calls for fueling, transferring processed seafood, changing crews, and resupplying the vessel. In contrast, shore-based facilities rely on vessels to bring fish to them.

Size of the Seafood Processing Industry in Alaska, Oregon, and Washington

About \$1.4 billion worth of seafood was harvested in Alaska, Oregon, and Washington in 1989. This amounted to 44 percent of the total national harvest. Alaska ranked first among the states in the dollar value of fish harvested. Washington and Oregon ranked sixth and tenth, respectively. The combined catch in these states was about 4.4 billion pounds. It consisted primarily of Alaska pollock, salmon, and crab. It also included flounder, Pacific cod, rockfish, sablefish, sole, and other species.

Also, of the three states, Alaska is the primary producer of seafood products. In 1989, about 1.2 billion pounds of seafood were processed in

¹The agency did not include all Alaskan seafood processors in its study. For example, it decided to drop all small processors because it doubted that they were susceptible to foreign ownership.

Alaska, which were valued at about \$2 billion. Relative to the national total, this comprised 23 percent of the volume and 27 percent of the value. Oregon accounted for 1 percent of both volume and value, and Washington accounted for 3 percent of the volume and 5 percent of the value.

Alaska had 660 facilities in 1989, compared with 56 in Oregon and 257 in Washington, according to the National Marine Fisheries Service. Almost two-thirds of Alaska's facilities were at-sea processors, while the others were shore-based processors. Most of Alaska's shore-based processing plants are located in coastal communities along the Aleutian Islands, on Kodiak Island, and in south central Alaska. Fish for these plants are brought by smaller vessels than those used for at-sea processing. (Information was not available on the split between at-sea and shore-based processors in Oregon and Washington.)

Because many companies have multiple shore-based plants or processing vessels, the number of plants in the industry is greater than the number of processing companies. We also found that some processors have one or more plants in Alaska, but have their headquarters in Washington, especially in Seattle. This is generally because more of the supporting industry—insurance, banking, various professional and managerial services, and significant amounts of vessel repair and maintenance services—is located in the Seattle area than in relatively remote processing locations in Alaska. For example, one processing company, although headquartered in Seattle, had about 20 facilities that harvest and process seafood throughout Alaska and Washington.

Availability of Information on Foreign Involvement in Seafood Processing

Although federal and state agencies collect certain data about foreign investment in this country, these data do not relate specifically to the seafood processing industry. However, the Foreign Direct Investment and International Financial Data Improvements Act of 1990 (Pub. L. 101-533, enacted Nov. 7, 1990) should lead to better federal data. The most detailed information we found about industry ownership came from a one-time study by an agency of the Alaska State government. The study was based primarily on data collected regularly by Alaska.

Within the U.S. Department of Commerce, the Bureau of the Census, the Bureau of Economic Analysis, and the International Trade Administration collect various data on foreign investment. However, none of these agencies collects and reports data specifically on foreign investment in the seafood processing industry. The Department of Transportation's

Coast Guard, incident to its licensing of vessels to participate in U.S. fisheries, collects certain ownership information on at-sea processors and other vessels. However, it does not require applicants to report the owner's name or specific percentages of ownership. The Department of the Treasury collects data on foreign investment in investment portfolios, which includes bonds and other debt instruments as well as equity interests. Because Treasury's data are limited to portfolio investments, rather than direct investments, we will not discuss these data further.

The 1990 act is intended to improve the quality and availability of information about foreign investment in U.S. industry. It requires the Secretary of Commerce to prepare an annual report on foreign direct investment in the United States addressing the history, scope, trends, market concentrations, and effects on the U.S. economy of such investments. The act requires, for the first 3 years, that the General Accounting Office (1) analyze the report and recommend changes, (2) recommend improvements in the collection of such data, (3) review the status of reconciliation of data and recommend improvements, (4) recommend possible additional policy coordination within the executive branch affecting foreign direct investment, and (5) recommend improvements for data coverage, industry classification, and consistency among federal agencies of their respective surveys. The act also permits certain federal agencies to share data, which they were previously precluded from sharing, in order to produce more detailed information on foreign investment.

At the state level, Alaska, Oregon, and Washington collect different amounts of information about ownership interests for businesses operating within their boundaries. Alaska has the most data available on owners of seafood processing plants since it requires corporations doing business in the state to report biennially on their ownership. (The April 1990 report cited below is based on these data.) Oregon does not require any information on ownership. Washington requires limited, confidential ownership information. Like the federal agencies, none of these states collects data on foreign investment that does not result in an ownership position.

One-time reports contain a substantial amount of relevant data. As we reported in 1981, about one-fourth of the seafood processors in the three states who responded to our questionnaire stated that they had

some foreign ownership.² An April 1990 report by the state of Alaska, the most complete and current source on foreign ownership in the seafood industry we found, is the source for most of the data cited below.³ A study by the North Pacific Fishery Management Council should provide additional information.⁴ (See app. I and the bibliography for additional details.)

Types and Examples of Foreign Involvement in Alaska Seafood Processors

Foreign involvement in Alaska seafood processors ranged from partial or complete ownership to sales agreements to representation in company management positions. The state of Alaska report found that more than one-third of the Alaska seafood processing facilities examined had some foreign ownership. Japanese firms were the most frequent foreign owners of Alaska facilities.

Ownership

Although various data sources include some information on foreign ownership, as discussed earlier, the extent of foreign ownership in seafood processing cannot readily be determined because of the way in which this information is collected and/or published. Only the Alaska report provides recent and discrete information on this subject. The report found that some degree of foreign ownership was common—128 of the 347 Alaska seafood processing facilities included in the study. Such ownership ranged from 5 to 100 percent ownership. The study excluded small seafood processing facilities because foreign ownership of these facilities was considered unlikely.

Data collected for the 1990 Alaska report show that specific information on the percentage of foreign ownership was available for 117 of these facilities, which were about equally divided between at-sea and shore-based facilities. As shown in table 1, greater than 50 percent foreign ownership was less common for at-sea facilities (12 of 57) than for shore-based facilities (37 of 60).

²Foreign Investment in U.S. Seafood Processing Industry Difficult to Assess (CED-81-65, Mar. 30, 1981).

³Foreign Ownership of Alaska Fish Processing Facilities, Alaska State Legislature, Legislative Research Agency, Juneau, Apr. 1990.

⁴The North Pacific Fishery Management Council is one of eight regional councils created by the Magnuson Fishery Conservation and Management Act to prepare plans for managing fisheries within the exclusive economic zone, generally 3 miles to 200 miles offshore. The North Pacific Council is responsible for fishery management plans in the Bering Sea and the Gulf of Alaska.

Table 1: Foreign Ownership in Alaska Seafood Processing Facilities, 1989

Extent of foreign ownership	Number of		Total
	at-sea facilities	shore-based facilities	
Foreign ownership 50 percent or less	45	23	68
Foreign ownership more than 50 percent	12	37	49
Total	57	60	117

Source: Data primarily based on the state of Alaska report.

The report found that Japanese firms were, by far, the most frequent foreign owner of Alaska facilities, accounting for 96 facilities having some foreign ownership. The most frequent Japanese companies were a fishing company, Nippon Suisan Kaisha, Ltd. (25 facilities), and a trading company, Marubeni Corporation (24 facilities).

Loans and Other Agreements

To complement the Alaska report's findings on ownership, we asked officials at three companies about loans and other agreements. Two were processors with foreign ownership and the other was a processor that managed several processing facilities that were partly owned by foreign investors. Although this small sample is not necessarily representative of all seafood processors with foreign involvement, these companies provided concrete examples.

According to a Commerce official in Seattle and a seafood processing company official, there are many loans from foreign sources to Alaska seafood processors. For example, officials at two companies said they had loans from foreign sources to construct a plant or rebuild a vessel. The officials added that their companies also borrowed from U.S. financial institutions. In one case, the foreign lender also had an ownership interest in the company.

Officials at the three processors we visited said their companies had other agreements with foreign companies. These included a provision to sell a portion of the product, membership on the company's board of directors, a representative as part of the company's management team, or engineers/technicians in the plant to ensure that the product was processed in accordance with the foreign customer's standards. Specific examples of such agreements follow.

- At one company, 100-percent owned by a Japanese company, the president, who was a U.S. citizen, said the foreign owner had 1 representative on the 3-member board of directors, 1 official in company

management, and 13 technicians involved in plant operations. He said that his company did not have any agreement to sell part of its product to the foreign owner.

- The other two companies had sales agreements with foreign owners. One company, in which a Japanese company owned a minority interest, was required to sell the entire production from two facilities to the foreign owner for a 5-year period, at a price to be renegotiated quarterly. The agreement also stated that the foreign owner would place at each plant site one engineer and five technicians, who would be paid by the U.S. processor.

In preparing this report, we interviewed officials and collected data from federal and state agencies and other organizations. In a previous report,⁵ we pointed out that there are 20 entities housed in 15 federal departments and agencies that collect statistical data and other information on foreign investment in the United States. Our work focused primarily on the Bureau of Economic Analysis (BEA), International Trade Administration (ITA), and National Marine Fisheries Service (NMFS), all in the Department of Commerce, because Commerce has responsibility for collecting data on foreign direct investment—investment resulting in the foreign ownership or control of 10 percent or more equity interest in a U.S. business. We also reviewed data collected by the Coast Guard, in the Department of Transportation, because it licenses vessels, including at-sea seafood processors. In doing so the Coast Guard requires all owners to submit an application showing citizenship information.

At the state level, we obtained information from appropriate state agencies in Alaska, Oregon, and Washington. An April 1990 report by the state of Alaska's Legislative Research Agency was our primary source of information on foreign ownership in Alaska processing facilities; however, we did not independently verify the data from that report. We also obtained information from industry associations, seafood processing company officials, and the North Pacific Fishery Management Council.

As requested by your office, we did not obtain official agency or industry comments on this report. However, we did confirm the facts gathered from federal and state officials. We performed our work between May and December 1990 in accordance with generally accepted

⁵Foreign Investment: Federal Data Collection on Foreign Investment in the United States (NSIAD-90-25BR, Oct. 3, 1989).

government auditing standards. Appendix II of this report discusses our objectives, scope, and methodology in further detail.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies to the Secretary of the Departments of Commerce, Transportation, and the Treasury. We will also send copies to Commerce's Under Secretaries for Economic Affairs, International Trade, and Oceans and Atmosphere; the Executive Director, North Pacific Fishery Management Council; and other interested parties.

Major contributors to this report are listed in appendix III. If I can be of further assistance, please contact me at (202) 275-5525.

Sincerely yours,



John M. Ols, Jr.
Director, Housing and Community
Development Issues

Contents

Letter		1
Appendix I		12
Availability of Information About Foreign Involvement in Seafood Processing	Reports on the Seafood Industry Federal Information Sources State Information Sources Other Sources of Information	12 14 17 18
Appendix II		19
Objectives, Scope, and Methodology		
Appendix III		21
Major Contributors to This Report		
Bibliography		22
	State of Alaska U.S. Department of Commerce U.S. General Accounting Office Other	22 22 22 22
Table	Table 1: Foreign Ownership in Alaska Seafood Processing Facilities, 1989	6

Abbreviations

BEA	Bureau of Economic Analysis
GAO	General Accounting Office
ITA	International Trade Administration
NMFS	National Marine Fisheries Service

Availability of Information About Foreign Involvement in Seafood Processing

Studies specifically addressing foreign involvement in the seafood industry contained the most detailed information we found on foreign ownership and certain other types of involvement in the seafood industry. Data bases containing general information about foreign ownership in a wide variety of industries were less useful. This appendix discusses three industry-specific studies, as well as data bases maintained by federal agencies and the three states.

Reports on the Seafood Industry

GAO's 1981 report¹ and an April 1990 state of Alaska report review the status of foreign ownership for certain segments of the seafood processing industry at two different times. Data collected, but not yet published, for the North Pacific Fishery Management Council, will supplement this information.

GAO's 1981 Report

In 1981 we reported that complete and reliable data on the extent and impact of foreign ownership and loans in the seafood processing industry did not exist. To help determine the extent and impact of foreign ownership in this industry, we sent a questionnaire to 453 firms, including 367 in the three states. We received 154 usable responses from firms in the three states that said they were involved in processing in 1979. Of these, 40 processors reported that they had both some degree of foreign ownership or loans from foreign sources, or both. Eighteen firms had only some degree of foreign ownership and 11 others had only loans from foreign sources.

We concluded that foreign investment—primarily Japanese—in the three states was considerable, but the extent of known foreign investment is relatively small compared to the total number of seafood processors operating in the three states. According to the 1981 report, the primary reasons for foreign investment in U.S. seafood processors were to ensure access to U.S. fishery products and to seek profit-making opportunities. Favorable foreign exchange rates had also encouraged investment in the United States. Some industry and government officials said they believed that foreign investment affected seafood processors, while others said they discerned little or no effect. Some believed that foreign investors may manipulate the industry, while others believed that foreign investment provided necessary and beneficial funds to U.S. processors.

¹Foreign Investment In U.S. Seafood Processing Industry Difficult To Assess (CED-81-65, Mar. 30, 1981).

State of Alaska Report

In April 1990, the Alaska State Legislature's Legislative Research Agency issued a report on foreign ownership in the state's seafood processing industry.² The study found that 128 of 347 processors analyzed (about 37 percent) had some foreign ownership in 1989.

This study's results cannot be directly compared with those of our 1981 report. First, we collected data at the processing company level, whereas the state collected data at the processing facility level. Because a company may own more than one facility, the results are not directly comparable. Second, the state did not review about 175 processors (about 34 percent of the total) because, according to the Legislative Research Agency, they appeared to be small, local operations not likely to have foreign ownership.

The state study was primarily based on data from biennial reports filed with the state Department of Commerce and Economic Development by corporations doing business in Alaska. These corporations are required to disclose the name, address, and percentage of ownership for any shareholders owning 5 percent or more of the company. These data were supplemented by the personal knowledge of the report's author, as well as his telephone calls to companies thought to have foreign ownership.

Study by the North Pacific
Fishery Management
Council

The North Pacific Fishery Management Council, located in Anchorage, Alaska, is reviewing several issues concerning fishery resources. To aid this effort, the Council developed a questionnaire that, according to an economist on its Fishery Planning Committee, was sent to about 520 seafood processors.³ It includes questions on foreign ownership, loans, and sales agreements; foreign management; and foreign members of the board of directors. The economist told us that the results were submitted to the Council in May 1991.

Data from the study on trends in the pollock processing industry, including foreign investment, were published as an addendum to a Council study on allocation alternatives in the Gulf of Alaska and Bering Sea/Aleutian Islands. According to these data, it appears that the Bering Sea shoreside plants that processed pollock in either 1989 or 1990 had

²Foreign Ownership of Alaska Fish Processing Facilities, Legislative Research Agency, Alaska State Legislature, (Apr. 1990).

³The questionnaire was also sent to about 1,330 entities that catch fish. A more detailed questionnaire about foreign investment was sent to about 190 companies.

an average Japanese ownership of 70 percent. At-sea companies averaged between 20 to 30 percent foreign ownership during the same time period. The Council said that a more thorough description of foreign investment will be provided at a later date.

Federal Information Sources

Within the federal government, the Departments of Commerce and the Treasury share the responsibility for collecting data and issuing reports on foreign investment in the United States.⁴ Commerce collects data on foreign direct investment, which is defined as the foreign ownership or control of 10 percent or more equity interest in a U.S. business. Treasury collects data on foreign investment in investment portfolios.⁵ (Because Treasury's data are limited to portfolio investments, rather than direct investments, we will not discuss these data further.) In addition, the Coast Guard, within the Department of Transportation, collects ownership information on at-sea processors and other vessels.

Department of Commerce

Within Commerce, the Bureau of Economic Analysis (BEA) and the International Trade Administration (ITA) are the principal organizations that collect and report on foreign direct investment. The Census Bureau also collects detailed information on the operations of nearly all businesses, both foreign and domestically owned, but is not focused on tracking foreign direct investment. However, none of these organizations collects data specifically on foreign investment in the seafood processing industry.

Bureau of Economic Analysis

BEA collects information on foreign direct investment and presents the data by industry sector, such as food and kindred products. The data are collected through surveys that require disclosure of a broad range of financial and operational data in accordance with the International Investment and Trade In Services Survey Act (22 U.S.C. 3101 to 3108, as amended).

The most comprehensive survey is the Benchmark Survey of Foreign Direct Investment in the United States. Conducted every 5 years, the

⁴For more information on foreign investment data collection responsibilities at the Department of Commerce and other federal agencies, see *Foreign Investment: Federal Data Collection on Foreign Investment in the United States* (GAO/NSIAD-90-25BR, Oct. 3, 1989).

⁵Treasury is primarily responsible for collecting information on foreign investment held in investment portfolios, which includes bonds and other debt instruments as well as equity interests. The data are included along with data on direct investment, in the U.S. international transactions accounts and in the international position of the United States.

survey covers all foreign direct investments of \$1 million or more. BEA also conducts annual and quarterly surveys to update the 5-year survey.

To ensure reporting compliance, BEA staff constantly review major newspapers and other sources to locate potential respondents and also obtains company names from its Office of Trade and Investment Analysis, according to Commerce's Under Secretary for Economic Affairs. Public notices for its benchmark survey were sent to economic development offices of all 50 states as well as to certified public accounting firms, law firms, and major real estate organizations.

The usefulness of the BEA data in determining foreign investment in seafood processing or any other specific industry is limited for four reasons. First, data are not collected for discrete industries like seafood processing, but rather for relatively broad industry groups. Respondents are asked to define themselves as primarily doing business in a relatively broad group, like food and kindred products, textile mill products, and lumber and wood products. Thus, a response from a company in the seafood processing industry would be reported as part of the food and kindred products group.

Second, data are not collected for individual seafood processing facilities, but rather for entire companies. Thus, a company that owns one or more seafood processing facilities would report consolidated results for the entire company, which could include facilities in various industries. The company's consolidated data would be reported under the company's primary industry grouping, which could be food and kindred products or another grouping.

Third, data are not reported for individual companies, but rather—to maintain confidentiality—only on an aggregated basis of three or more companies. According to BEA, access to individual firms' reports is limited to executive branch agencies specifically designated by the President, on a case-by-case basis, to perform analytical and statistical functions under the International Investment and Trade In Services Survey Act. Only aggregated data are released to others.

A final limitation is the time lag involved in issuing data. For example, the most detailed of BEA's data series, Operations of U.S. Affiliates of Foreign Companies, did not publish preliminary 1987 data until July 1989. In addition, there may be significant adjustments between preliminary and revised data due to late reporting and other corrections.

**Appendix I
Availability of Information About Foreign
Involvement in Seafood Processing**

**International Trade
Administration**

Pursuant to the act, ITA collects information on specific foreign investment transactions in the United States. Its annual publication, Foreign Direct Investment In The United States, lists individual transactions for each calendar year, arranged by standard industrial classification, source country of the foreign investor, and state where the foreign investment was made.

ITA does not provide summary statistics on the amount of investment for specific industries like seafood processing. In addition, because ITA relies on newspapers, magazines, trade journals, and other publicly available sources, its data are subject to certain limitations. First, because some foreign investments in the seafood processing industry may not be made public, there is no assurance that ITA's report lists all such transactions. Second, the total cost of each foreign investment may not be made public.

Census Bureau

The Census Bureau collects proprietary business data on the operations of most U.S. domestic and foreign-owned businesses. Although the information on establishments (such as individual factories or seafood processing plants) is detailed, it does not highlight foreign ownership. Census is required to hold these data confidential. However, as a result of the Foreign Direct Investment and International Financial Data Improvements Act of 1990, BEA and Census are authorized to share data, which was generally prohibited previously, to enable BEA to produce detailed foreign investment data at the industry level.

**Department of
Transportation**

Within the Department of Transportation, the Coast Guard licenses (documents) vessels, including at-sea processors, to participate in U.S. fisheries.⁶ If an application to document a vessel shows compliance with regulations, the Coast Guard will issue a "certificate of documentation" authorizing the vessel's use in the fisheries. The certificate expires after 1 year but is routinely renewable if no changes have occurred. The Coast Guard requires owners to apply for new documentation upon certain conditions, such as changes in the vessel's ownership.

In applying for documentation, owners submit an application, which they certify as accurate, showing citizenship information. For corporations, the Coast Guard requests the citizenship of the chief executive

⁶For further information on the Coast Guard's responsibilities for vessel documentation, see Coast Guard: Anti-Reflagging Act Has Mixed Impact on U.S. Fishing and Ship Rebuilding (GAO/RCED-91-27, Oct. 25, 1990).

officer and chairman of the board of directors, number of alien directors, and proportion (50 percent or less, 51 to 74 percent, or 75 percent or more) of stock owned by U.S. citizens. However, the corporations are not required to supply the owner's name or the specific percentage of ownership.

State Information Sources

Alaska, Oregon, and Washington have different requirements for the disclosure of ownership interests for businesses operating in their respective states. Alaska has the most data available on owners of seafood processing plants. Oregon does not require ownership to be disclosed, while Washington requires limited, confidential ownership information. None of these states collects data on foreign involvement that does not result in an ownership position, such as loans from foreign sources.

Alaska

Alaska requires corporations doing business in the state to file reports biennially with the state's Department of Commerce and Economic Development. Proprietorships and partnerships are not required to report, according to the supervisor of the Corporations Section. Corporations are required to disclose

- the name, address, and percentage of shares owned by any person owning 5 percent or more of the shares or 5 percent of any class of shares and
- the name, address, and percentage of outstanding shares controlled by any alien⁷ (essentially non-U.S.) affiliates as well as a specific description of the nature of the relationship between the company and its alien affiliates, or a statement that there is no alien affiliate.

Corporations are also required to provide the names and addresses of their directors and officers, as well as a brief statement of the character of the business.

According to the supervisor of the Corporations Section, which is the organization within the department that receives the biennial reports, his organization does not verify the completeness or accuracy of the information filed; however, the Commissioner of the Department of

⁷For the purposes of the biennial reports, the Alaska Department of Commerce and Economic Development defines an alien affiliate as an individual who is not a citizen or national of the United States and foreign as any out-of-state corporation.

**Appendix I
Availability of Information About Foreign
Involvement in Seafood Processing**

Commerce and Economic Development may bring suit against a corporation that falsifies its report. These data were the basis of the state of Alaska study.

Oregon

Oregon does not require the disclosure of ownership information for any business operating in the state, according to an official in the Corporations Division, Office of the Oregon Secretary of State. If the entity is incorporated in Oregon, the names of members of the board of directors are requested but not required during the initial year of incorporation. After 1 year, the president's and secretary's names must be disclosed.

Washington

Washington has a master business application that must be completed by all businesses originating in the state and wishing to do business there, according to an assistant administrator in the Department of Licensing. This master application represents a combined effort by several state agencies, some of which have additional requirements. The application asks corporations and partnerships for the percentage of ownership of any corporate officers and partners who hold more than a 10-percent interest in the business. The percentage must be updated annually as needed. Partnership information must be changed if there is a change in ownership greater than 50 percent.

Information from these applications is available only to federal and state agencies. The department does not pursue missing information from applications or summarize information from the applications. The application does not collect data on loans, production or marketing agreements, or other nonownership involvement.

**Other Sources of
Information**

We noted a number of other government and private studies related to foreign investment issues and the seafood industry. These are listed in the bibliography.

Objectives, Scope, and Methodology

As agreed with your office, we limited our work to processing facilities in Alaska, Oregon, and Washington. Because of the larger number of facilities in Alaska and the greater amount of data available, we gave special attention to Alaska seafood processors.

About 20 entities in 15 federal departments and agencies collect statistical data or other information on foreign investment in the United States. To obtain information at the federal level on foreign investment in the U.S. seafood processing industry, we conducted work at two Departments. Within the Department of Commerce, we interviewed officials and collected data at the Bureau of Economic Analysis, International Trade Administration, and National Marine Fisheries Service. Within the Department of Transportation, we interviewed and obtained documents from officials at U.S. Coast Guard headquarters in Washington, D.C. We also talked with officials from NMFS and Coast Guard offices in Juneau, Alaska, and Seattle, Washington. Information on foreign investment collected by other federal entities was not considered because the information (1) did not include the seafood industry, (2) was not organized to allow a systematic analysis, or (3) was confidential and could not be released to the public or other government agencies.

At the state level, we obtained information on requirements to disclose foreign investment and certain other types of involvement. In each state we interviewed agency officials; reviewed pertinent regulations, statutes, and other requirements; and collected other related data.

In April 1990 the Legislative Research Agency of the state of Alaska issued a report on foreign ownership in Alaska processing facilities. We used this report as our primary source of information about the extent of foreign ownership in Alaska seafood processors; however, we did not independently verify the data from that report. In addition, we contacted other state of Alaska information sources, including the Department of Commerce and Economic Development, Department of Fish and Game, the Commercial Fisheries Entry Commission, and the Alaska Seafood Marketing Institute.

We also obtained information from other organizations, including Dun & Bradstreet, the Japan Economic Institute, and the North Pacific Fishery Management Council.

To obtain additional data on foreign investment and other involvement, we interviewed officials from industry associations that represent seafood processing companies and fishermen in Alaska, Oregon, and Washington, including the Alaska Factory Trawler Association, American High Seas Fisheries Association, and Pacific Seafood Processors Association. We also met with representatives of seafood processing companies headquartered in the Seattle, Washington, area.

We performed our work between May and December 1990, in accordance with generally accepted government auditing standards.

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