

HJR

16

Senate Resources

April 22, 2005

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ALASKA STATE LEGISLATURE

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REPRESENTATIVE JIM ELKINS

Sponsor Statement

House Joint Resolution 16 opposes the designation of any area in Alaska as a World Heritage Site, Biosphere Reserve, or any other type of international designation without the specific consent of the Alaska State Legislature. It also urges the United States Congress to pass and the President to sign legislation that will require approval by an Act of Congress before any area in the United States or its territories can be nominated as a World Heritage Site, Biosphere Reserve, or any other type of international designation.

This resolution urges the Congress of the United States to reaffirm the power of Congress, under article IV, section 3 of the United States Constitution over international agreements, which concern disposal, management, and use of lands belonging to the United States. To protect State powers not reserved to the Federal Government under the Constitution from Federal actions designating lands pursuant to international agreements. Ensure that no United States citizen suffers any diminishment or loss of individual rights as a result of Federal actions designating lands pursuant to international agreements for purposes of imposing restrictions on use of those lands. Protect private interests in real property from diminishment as a result of Federal actions designating lands pursuant to international agreements.

✓
cc: Officers, Directors
Mining District

DANGERS OF DESIGNATIONS

REGIONAL, FEDERAL, STATE AND INTERNATIONAL LAND-USE INTRUSIONS *National/American Heritage Areas, UN Biosphere Reserves and UN World Heritage Sites*

Myths

Reality

The designation of National American Heritage Areas is merely honorary and has no regulatory power.

Congressional bills and federal laws for **National or American Heritage Areas** require a contract between the state government regional entity and the U.S. Secretary of Interior to manage the land-use of the region for preservation. This means federal control of zoning, either directly, by the terms of the "management compact," or indirectly, by the use of funds dispensed by preservation agencies to influence zoning under a seductive porkbarrel system, the iron-clad zoning is enforced locally, with home-rule seemingly preserved, but private property owners' rights diminished and locally generated land-use patterns foreclosed.

The designation of UN Biosphere Reserves is for research and education only.

The preponderance of research (published in specialized journals) about **Biosphere Reserves** is about "restoring" rural areas so that human influence on nature is eliminated. The "international significance" of the designated region is trumpeted by the national environmental groups to lobby for government land acquisition and more "environmental" restrictions on land-use.

The designation of UN World Heritage Sites does not bring foreign influence over land in the United States.

Exactly what people feared happened near Yellowstone National Park, which is a **World Heritage Site**. When environmentalists acting in conjunction with the Clinton Administration persuaded UNESCO to declare the park a "World Heritage Site in Danger," United Nations officials flew to the U.S. from Paris to complain about a gold & copper mine that was planned outside the park, but inside an area the environmentalists call "Greater Yellowstone." President Clinton himself then stopped the environmental impact review required under the National Environmental Protection Act (NEPA) from being completed and disapproved the mine based on the UN World Heritage Committee's recommendation.

The designations are to promote tourism.

If the stated purpose of tourism succeeds for the **National Heritage Areas**, of which over 200 are proposed (encompassing much of the West, the entire 2,500-mile Mississippi River and adjacent counties, and most of the land east of the Mississippi), the United States will theoretically become one vast "heritage" tourism complex, to the detriment of productive, less "beautiful" industries, agriculture and forestry. In addition, for **Biosphere Reserves** and **World Heritage Sites** to be successful, areas must be off-limits to hunting, and many roads used by hunters and tourists closed. Tourism is one of the first sectors to suffer from recessions and depressions. Much tourism is both weather-dependent and seasonal, and tourism jobs are predominately low-paid. The only things that are "sustainable" are the views that new restrictions protect. Flexibility to respond economically is lost. Most communities cannot afford to focus a large part of their resources on their past heritage. Communities with sagging economies become run-down and uninviting. Preservation zoning and lack of jobs force ordinary people to move away, whereby wealthier people may move in and gentrify the area without generating a productive local economy.

According to United Nations testimony before Congress, local officials are always consulted before Biosphere Reserves are proposed.

When state and local elected officials in New York learned from property rights activists about the secret proposal to designate the Catskill Mountains Biosphere Reserve, they were angry, and the application ultimately had to be withdrawn from the U.S. Department of State. **Biosphere Reserve** applications are usually done secretly, and local people and their elected representatives excluded from information.

Over...

Dangers of Designations continued

Myths

UN Biosphere Reserves and World Heritage Sites are approved only after public hearings and Congressional vote.

The Biosphere Reserve and World Heritage Site programs have potentially little impact on government or private property.

UN Biosphere Reserves and World Heritage Site designations present no threat to American sovereignty.

Reality

The U.S. Congress failed to pass the legislation (H.R.2379) to establish the Biosphere Reserve system when it was proposed in 1983. The World Heritage Convention was ratified by the U.S. Senate in 1973. Working in conjunction with the National Park Service, the Department of State does not consult Congress before designating individual Biosphere Reserves or World Heritage Sites. Neither of these agencies, nor Congress, holds public hearings and no Congressional vote takes place before the UN sites are designated.

There are 47 Biosphere Reserves and 20 World Heritage Sites in the United States. The designations involve not only government, but private property. The largest Biosphere Reserve in the U.S. is the 10-million acre, secretly designated Champlain-Adirondack Biosphere Reserve. Private landowners were not notified and their permission was not granted for the designation, but environmental groups quickly publicized it among their members, who thereupon lobbied for stricter environmental regulations of the private land in the region. Official goals for "core" and "buffer" regions of Biosphere Reserves and for World Heritage Sites are not consistent with the continued population of the regions.

"I think it perfectly understandable that people are concerned that when you set up a program, when you give it a designation, where you as international authorities recognize it, the implication is that down the road when there are conflicts, somebody's going to be leaned on, and the authority for this, at least the moral authority for this, will be an invocation of some very dubious international authority." - Dr. Jeremy Rabkin, Associate Professor, Cornell University, from testimony before the U.S. House of Representatives, Committee on Resources Sept. 12, 1996, on the American Land Sovereignty Protection Act.



AVAILABLE FROM

THE PROPERTY RIGHTS FOUNDATION OF AMERICA:

National Heritage Areas
(*Positions on Property*, Jan-Apr 1996)..... \$3.00 p. pd.

The National Park Service, No. 2 - UNESCO Biosphere Reserves
(*Positions on Property*, Jan-Mar 1995, 12pp) .. \$3.00 p. pd.

The American Heritage Areas
Background Brief, July 1995, 2 pp free

Building & Zoning Codes
(*Positions on Property* May-Dec. 1996, 32pp) .. \$6.00 p. pd.

Single copies priced as listed. Please enquire for multiple copies.

For up to 10 additional copies of *Dangers of Designations* at no charge, and additional information contact:
The Property Rights Foundation of America, Inc.
P.O. Box 75, Stony Creek, NY 12878 (518) 696-5748

The Property Rights Foundation of America, Inc. is a national, New York-based not-profit organization dedicated to the right to own and use private property guaranteed in the United States Constitution.

The Foundation publishes *Positions on Property* (\$25.⁰⁰ yearly), a quarterly journal of information, analysis and ideas on private property rights, and the *New York Property Rights Clearinghouse* (\$25.⁰⁰ yearly), a quarterly newsletter of current information on property rights across New York and the Northeast.



FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHJR 16(RES)
(H) Publish Date: 4/4/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
Title: "Opposing the designation of any area in BRU Legislative Council
the state as a world heritage site, biosphere reserve, ..." Component: Council and Subcommittees
Sponsor: Representative Elkins Session Expenses
Requestor: House Resources Committee Component No. 783

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation has zero fiscal impact on the Legislative Affairs Agency.

Prepared by: Karla Schofield, Deputy Director Phone 465-6626
Division: Administrative Services Date/Time 3/29/05 9:55 AM
Approved by: Pamela Varni, Executive Director Date 3/29/2005
Agency: Legislative Affairs Agency



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- Topics
- Biosphere Reserves
- National Committees
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- Regional Networks
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Français

Frequently asked questions on biosphere reserves

- What is a Biosphere Reserve?
- The origin of Biosphere Reserves
- Why do we need them?
- How are they organized?
- Who benefits?
- How are they selected?
- Who is participating?
- Why a World Network?

What is a Biosphere Reserve?

Biosphere Reserves are areas of terrestrial and coastal ecosystems promoting solutions to reconcile the conservation of biodiversity with its sustainable use. They are internationally recognized, nominated by national governments and remain under sovereign jurisdiction of the states where they are located. Biosphere reserves serve in some ways as 'living laboratories' for testing out and demonstrating integrated management of land, water and biodiversity. Each biosphere reserve is intended to fulfil three basic functions, which are complementary and mutually reinforcing:

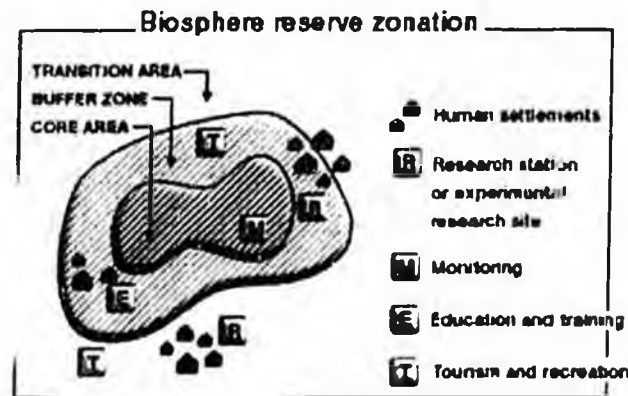
- ▶ A conservation function - to contribute to the conservation of landscapes, ecosystems, species and genetic variation;
- ▶ A development function - to foster economic and human development which is socio-culturally and ecologically sustainable;
- ▶ A logistic function - to provide support for research, monitoring, education and information exchange related to local, national and global issues of conservation and development.

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AGREEMENT

structure of our institutions. Biosphere reserves provide places where conflicts in interest can be debated by all the stakeholders concerned: local officials, landowners, nature conservation associations, government leaders, scientists, local farmers, fishermen, private enterprises, etc. - all must work together to find appropriate co-ordination mechanisms to plan and manage the biosphere reserve. Biosphere reserves therefore provide opportunities for conflict resolution which could be applied in other land and water development issues.

How are Biosphere Reserves organized?

To carry out the complementary activities of nature conservation and use of natural resources, biosphere reserves are organized into three interrelated zones, known as the core area, the buffer zone and the transition area.



► **The core area** needs to be legally established and give long-term protection to the landscapes, ecosystems and species it contains. It should be sufficiently large to meet these conservation objectives. As nature is rarely uniform and as historical land-use constraints exist in many parts of the world, there may be several core areas in a single biosphere reserve to ensure a representative coverage of the mosaic of ecological systems. Normally, the core area is not subject to human activity, except research and monitoring and, as the case may be, to traditional extractive uses by local communities.

► **A buffer zone (or zones)** which is clearly delineated and which surrounds or is contiguous to the core area. Activities are organized here so that they do not hinder the conservation objectives of the core area but rather help to protect it, hence the idea of "buffering". It can be an area for experimental research, for example to discover ways to manage natural vegetation, croplands, forests, fisheries, to enhance high quality production while conserving natural processes and biodiversity, including soil resources, to the maximum extent possible. In a similar manner, experiments

can be carried out in the buffer zone to explore how to rehabilitate degraded areas. It may accommodate education, training, tourism and recreation facilities.



In buffer zones, emphasis is on sustainable use of the natural resources for the benefit of local communities.

More

► **An outer transition area**, or area of co-operation extending outwards, which may contain a variety of agricultural activities, human settlements and other uses. It is here that the local communities, conservation agencies, scientists, civil associations, cultural groups, private enterprises and other stakeholders must agree to work together to manage and sustainably develop the area's resources for the benefit of the people who live there. Given the role that biosphere reserves should play in promoting the sustainable management of the natural resources of the region in which they lie, the transition area is of great economic and social significance for regional development.



The human dimension of biosphere reserves is strongest in the transition areas. Here, the needs and aspirations of local communities and the various interests in agriculture, forestry,



Biosphere Reserve Information

United States of America

DENALI

[General](#) | [Research & Monitoring](#) | [Contact](#) | [Links](#) | [View all](#)

General Description

Denali Biosphere Reserve and National Park is situated in south-central Alaska centered on the Alaska Range which separates the coastal lowland from the interior. Denali comprises Mount McKinley, the highest peak in North America towering 4,800 meters above the surrounding landscape as well as Denali fault system, the largest crustal break in North America.

Warm dry south-facing slopes adjacent to rivers have white spruce (*Picea glauca*) with paper birch (*Betula papyrifera*), balsam poplar (*Populus balsamifera*) and quaking aspen (*P. tremuloides*) and a ground cover of ericaceous shrubs and mosses. North-facing permafrost-underlain slopes and lowlands have black spruce (*P. mariana*) with paper birch, white spruce, tamarack (*Larix laricina*) and ericaceous shrubs, mosses, sedges and grasses. Moist foothill tundra comprises cottongrass (*Eriophorum* sp.) with dwarf shrubs, green alder (*Alnus crispa*) and dwarf birch (*Betula nana*). Drier tundra has mats of mountain avens (*Dryas* spp.), grasses and sedges. Above the alpine tundra, rock, snow and ice dominate.

Mammal species in the area include wolf (*Canis lupus*), grizzly bear (*Ursus arctos*), Canadian lynx (*Lynx canadensis*), Alaska moose (*Alces alces*), barrenground caribou (*Rangifer tarandus*), and beavers (*Castor canadensis*).

There are some subsistence and sport hunting, trapping and mining activities within the biosphere reserve. Research projects in the area include the ecology of large mammals, raptor biology, vegetation mapping, human recreational impact on resources, geology and archaeology and several continuous monitoring programmes.

Major ecosystem type

Temperate needle-leaf forest

Major habitats & land cover types

Location

63°20'N, 150°30'W

Area (hectares)

Total	782,000 = 1,931,540 ACRES
Core area(s)	
Buffer zone(s)	
Transition area(s) when given	
Altitude (metres above sea level)	+122 to +6,194
Year designated	1976
Administrative authorities	Denali National Park and Preserve National Park Service
Research and monitoring...	
Brief description	Large mammal ecology Vegetation ecology Air and water quality Geology and soils Archaeology Subsistence use Socio-economic studies Cultural resource studies
Specific variables...	
Abiotic	Air quality, geology, hydrology, soil.
Biodiversity	Ecology, mammals, vegetation studies/plant cover.
Socio-economic	Archaeology/Paleontology, cultural aspects, resource use, social/socio-economic aspects.
Integrated monitoring	<i>n.a.</i>
Contact...	
Contact address	Gordon Olson Denali National Park Denali Park - Box 9 99755 Alaska United States of America
Telephone	(1.907) 683 2294
Fax	(1.907) 683 9639
E-mail	gordon_olson@nps.gov
Web site	www.nps.gov/dena/
Contact address	Stephen P. Martin Denali National Park Denali Park - Box 9 99755 Alaska United States of America

Telephone (1.907) 683 2294
Fax (1.907) 683 9639
E-mail
Web site www.nps.gov/dena/

Related links...

[Biosphere reserve web site](#)

Last updated: 2/21/2001





The MAB Programme

UNESCO - MAB Biosphere Reserves Directory

Biosphere Reserve Information

United States of America

GLACIER BAY-ADMIRALTY IS.

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General Description

This biosphere reserve in southeastern Alaska consists of two units, Glacier Bay and Admiralty Island. Glacial advance and retreat that have been occurring since the mid Miocene shaped the landscape of the area. The latest episode of ice recession began only 200 years ago and the ice within the Glacier Bay has withdrawn about 95 km during this period.

Plant succession led to the establishment of pioneer plants (lichens, moss, alder, willow, soapberry and cottonwood) closest to the glacier. More mature forest associations of western hemlock (*Tsuga heterophylla*) and Sitka spruce (*Picea sitchensis*) occur at some distance. Admiralty Island comprises one of the greatest remaining blocks of productive old-growth temperate rain forest in the world. Shrublands, freshwater marshes and subtidal meadows are other plant communities found in both units.

The earliest evidence of human occupation in the area dates back some 10,000 years. In the 18th and 19th century, the Tlingits occupied the territory. Then, sporadic settlements arose in connection with European mining, fur-trading, logging, commercial fishing and pioneering. However, the area is only little impacted by humans and therefore gives a unique opportunity to study the plant succession and animal recolonization that follows glacier retreat. Local people have been actively involved in the development and review of the management plans for Glacier Bay National Park and Admiralty Island National Monument.

Major ecosystem type

Temperate rainforest

Major habitats & land cover types

Snow-capped mountain ranges; coastal beaches; deep fjords; tidewater glaciers; coastal and estuarine waters; freshwater lakes

Location

57°02' to 58°11'N; 132°25'W;
58°10' to 59°15'N; 135°15' to 138°40'W

Area (hectares)

Total

1,515,015 x 2.47 = 3,742,087 ACRES

Core area(s)

Buffer zone(s)

Transition area(s) when given

Altitude (metres above sea level) 0 to +4,666

Year designated 1986

Administrative authorities

Research and monitoring...

Brief description Glacial geology
Ecological succession

Specific variables...

Abiotic Geology, glaciology.

Biodiversity Phytosociology/Succession.

Socio-economic *n.a.*

Integrated monitoring *n.a.*

Contact...

Contact address Mark Laker
Admiralty Island National Monument
8465 Old Dairy Rd.
99801 Juneau, Alaska
United States of America

Telephone (1.907) 790 7480

Fax (1.907) 586 8795

E-mail

Web site

Related links...

World Heritage Site: Tatshenshini-Alesek / Klugane National Park / Wrangell-St Elias National Park and Reserve and Glacier Bay National Park
Admiralty Island National Monument

Last updated: 1/30/2002





The MAB Programme

UNESCO - MAB Biosphere Reserves Directory

Biosphere Reserve Information

United States of America

ALEUTIAN ISLANDS



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General Description

The Aleutian Islands Biosphere Reserve and National Wildlife Refuge consist of most of the Aleutian Islands and almost all Amaknak Island. These islands extend in an arc from the Alaska Peninsula about 1,600 km to the west. Most of the islands are mountainous as emergent peaks of a submarine mountain range which also includes some active volcanoes.

The Aleutian Islands flora and fauna is composed of species from both the North American and Asian continents. The vegetation is classified as terrestrial-marine tundra composed of arctic-alpine species, dominated by heath, grass and composite families. In general, three plant communities can be distinguished: beach communities, lowland and upland tundra.

The Aleutian fauna has been described as a melting pot for faunal elements from two continents including some species which evolved in the Bering Sea area. One of the most unique features is the Aleutian Canada goose (*Branta canadensis leucopareia*), a threatened species which nests in the wild only here. This bird was exterminated from other Aleutian Islands as a result of the introduction of arctic fox (*Alopex lagopus*) during the time when the islands were leased for fox farming. The eradication of fox as well as of the introduced Norway rats is one of the main management issues in order to restore native bird life.

There are some villages within the biosphere reserve. Natives use the natural resources for fishing and hunting waterfowls and game as well as some livestock raising. There are considerable World War II debris and abandoned military installations which cause the contamination of land and sea.

Investigations are carried out regarding population status and ecology of sea otter (*Enhydra lutris*) and Steller sea lion (*Eumatopias jubata*). Archaeological research in the western Aleutians attempts to characterize historical and prehistorical biodiversity.

Major ecosystem type

Tundra including coastal/marine component

Major habitats & land cover types	Treeless volcanic islands with two distinct vegetational habitat types. Near the coast, a tall-plant association dominated by <i>Elymus arenarius</i> (Wild beach rye) and an interior short plant tundra association.
Location	54°51' to 52°55'N; 163°22' to 172°24'W
Area (hectares)	
<i>Total</i>	100,943 = 2,719,329 ACRES
<i>Core area(s)</i>	1,100,943
<i>Buffer zone(s)</i>	none
<i>Transition area(s) when given</i>	Reserve ends at mean low water around every island
Altitude (metres above sea level)	0 to +3,041
Year designated	1976
Administrative authorities	Alaska Maritime National Wildlife Refuge; Aleutian Islands Unit; U.S. Fish and Wildlife Service
Research and monitoring...	
Brief description	Marine bird populations, productivity, food habits and survival rates at 3 annual sites in Aleutian Island chain Breeding biology of Least Auklets Interactions of Norway rats on breeding Least and Crested auklets Aleutian Canada goose restoration Eradication of introduced arctic foxes Winter waterfowl populations monitoring Steller's sea lion population dynamics and biology Sea otter biology and reasons for recent population declines Archaeology and Aleut (Unangan) peoples settlement patterns in the Aleutian chain Volcanic activity and geological processes
Specific variables...	
Abiotic	Geology.
Biodiversity	Alien/Invasive/Exotic/Introduced species, biology, birds, breeding/reproduction, ecology, island systems/islands, mammals, methodologies, population genetics/population dynamics, productivity, reintroduction, restoration/rehabilitation/redevelopment, volcanic/geothermal systems/volcano.
Socio-economic	Anthropological studies/Anthropology, archaeology/paleontology.
Integrated monitoring	Management issues
Contact...	
Contact address	Jeff Williams Aleutian Islands Unit, Alaska Maritime National Wildlife Refuge PO Box 5251 99546 Adak, Alaska United States of America

Telephone (1.907) 592 2406
Fax (1.907) 592 3473
E-mail Jeff_Williams@fws.gov
Web site home.corecom.net/~usfws

Related links...

Biosphere reserve web site
Aleutian Islands Unit (AIU)
Terrestrial Ecosystem Monitoring Site

Last updated: 3/15/2005



United Nations Educational, Scientific and Cultural Organization



SEC of INTERIOR

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World Heritage

Heritage is our legacy from the past, what we live with today, and what we pass on to future generations. Our cultural and natural heritage are both irreplaceable sources of life and inspiration. Places as unique and diverse as the wilds of East Africa's Serengeti, the Pyramids of Egypt, the Great Barrier Reef in Australia and the Baroque cathedrals of Latin America make up our world's heritage.

What makes the concept of World Heritage exceptional is its universal application. World Heritage sites belong to all the peoples of the world, irrespective of the territory on which they are located.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) seeks to encourage the identification, protection and preservation of cultural and natural heritage around the world considered to be of outstanding value to humanity. This is embodied in an international treaty called the **Convention concerning the Protection of the World Cultural and Natural Heritage**, adopted by UNESCO in 1972.

A total of **34** were inscribed in the 29th session (29 cultural sites, 788 the number of natural sites and 23 cultural sites and 23 natural sites)

Resources

- Contacts
- Statutory

Featured Publications

World Heritage List n°38

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Activities

- > Main Andean Road - Qhapaq Ñan
- > Biodiversity Conservation in Regions of Armed Conflict: Protecting World Heritage in the Democratic Republic of the Congo

UNESCO's World Heritage mission is to:

- encourage countries to sign the World Heritage Convention and to ensure the protection of their natural and cultural heritage;
- encourage States Parties to the Convention to nominate sites within their national territory for inclusion on the World Heritage List;
- encourage States Parties to establish management plans and set up reporting systems on the state of conservation of their World Heritage sites;
- help States Parties safeguard World Heritage properties by providing technical assistance and professional training;
- provide emergency assistance for World Heritage sites in immediate danger;
- support States Parties' public awareness-building activities for World Heritage conservation;
- encourage participation of the local population in the preservation of their cultural and natural heritage;
- encourage international cooperation in the conservation of our world's cultural and natural heritage.

URL: <http://whc.unesco.org/en/convention>

Local Govt 29/03

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U.S. World Heritage Sites



**World Heritage
Home Page**

Links to the Past

Search NPS



The U.S. Tentative List (Complete Te

Note: Complete text downloaded from US/ICOMOS gopher site.

Under the terms of the World Heritage Convention, each signatory nation is asked to submit to the World Heritage Committee a tentative list of properties, which it intends to nominate for inscription to the World Heritage List during the following five years. This tentative list constitutes the "Inventory" (provided for in Article 11 of the Convention) of the cultural and natural properties situated within the territory of the State Party and which are considered suitable for inclusion in the World Heritage List. The purpose of these tentative lists is to enable the Committee to evaluate with the widest possible context the "outstanding universal value" of each property nominated to the List.

INDICATIVE LIST, UNITED STATES (by state)

ALABAMA

Moundville Site

ALASKA

Aleutian Islands Unit of the Alaska Maritime National Wildlife Refuge (Fur Seal Rookeries) C (vi); N (ii)

Arctic National Wildlife Refuge

Cape Krusenstern Archaeological District

Denali National Park

Gates of the Arctic National Park

Glacier Bay National Park and Preserve **INSCRIBED 1992**

Katmai National Park

Wrangell-St. Elias National Park and Preserve **INSCRIBED**

ARIZONA

Casa Grande National Monument

Grand Canyon National Park **INSCRIBED 1979**

Hohokam Pima National Monument

Lowell Observatory

Organ Pipe Cactus National Monument

Saguaro National Monument

San Xavier Del Bac

Taliesin West [added 17 Aug 90]

Ventana Cave

CALIFORNIA

Joshua Tree National Monument

Point Reyes National Seashore/Farallon Islands National Wildlife Refuge

Redwood National Park **INSCRIBED 1980**

Sequoia/Kings Canyon National Parks

Yosemite National Park **INSCRIBED 1984**



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

March 30, 2005

Representative Jim Elkins
Alaska State House of Representatives
Juneau, AK 99802

RE: HJR 16: Oppose UN Land Designations in Alaska

Dear Representative Elkins:

On behalf of the Resource Development Council for Alaska, Inc. (RDC), I am writing to support HJR 16 – Oppose UN Land Designations in Alaska.

RDC is a private, non-profit trade association representing individuals and companies from each of Alaska's basic industries — oil and gas, mining, timber, tourism and fisheries. Our membership also includes Native regional and village corporations, local communities and organized labor. RDC's mission is to help grow Alaska's economy through the responsible development of the state's natural resources.

ANILCA created a vast network of conservation system units in Alaska. The federal government currently lays claim to over 235 million acres in Alaska — 64 percent of the state's total land mass. Over 58 million acres of this land is officially designated Wilderness, giving Alaska 55 percent of the nation's total Wilderness lands. To put this number in perspective, Alaska's federally designated Wilderness lands are greater in size than each of the following states: Florida, Illinois, Minnesota, New York and Washington. In addition, the state of Alaska has created the largest state park system in the union.

Because of this level of protection, the creation of additional world heritage sites, marine biospheres, or international parks in Alaska is unnecessary. Such designations would severely limit the economic potential of resource development projects throughout our great state. Further, because of the "no more" clause of ANILCA, additional lands in Alaska are prohibited from being added as conservation system units. RDC believes Alaskans are best positioned to make decisions regarding our land and our resources. Therefore, we endorse the intent of this resolution to mandate the consent of the Alaska State Legislature and the U.S. Congress prior to the establishment of future world heritage sites, biosphere reserves, or any other type of international designations.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL for Alaska, Inc.

Jason Brune
Projects Coordinator

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- 2004-2005 Executive Committee
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The WTO & Fisheries: An Issue of 'Accountability & Transparency'

A Case of Global Production and Transfer Pricing Strategies versus Citizen-Taxpayer Rights

In accordance with the Laws of the Sea, fisheries within the 200 nautical mile limits of countries represent national economic treasures. However, fish stocks aren't fenced-in by political boundaries such as these Exclusive Economic Zones (EEZs). This makes global accountability – the proper reporting of their catch and stock levels, and economic value – an important goal in preserving these resources and the sharing of their commonwealth.

Similarly, multinational corporations involved in world fisheries are not constricted by political boundaries. One way they "school up" in other nations is by the simple and legal means of direct foreign investment in host nation subsidiaries. Of course, their network of affiliates is usually under centralized control from the parent company back in the home nation.

Consequently, transparency – openness to the financial records of multinational enterprises (MNEs) and the intentions behind them – becomes an equally important consideration.

This lack of boundaries allows two concerning situations to develop in world fisheries. First, migratory stocks that leave one nation can be captured while on the high seas, or within the waters of another nation's EEZ. The latter may be by a MNE within its home nation's waters, or where it fishes under "the privateer's license" – *letters of marque* – within another nation's waters.

Second, MNEs may use ownership of buying and processing facilities in other nations as a means to secure "directive and control" over foreign resources. They can decide the means of production, where the host nation's fish are processed and into which product forms, who distributes them, and where they are marketed – even where profits occur or accrue.

These decisions can adversely affect the economic value of any host nation's fish products that are subject to the grasp of taxation. That is, profits are apportioned in the global corporation within the stages of production and in accordance with elements of wealth creation (labor, capital, know how, etc.).

The ability to extract taxes – in lieu of a national resource price for the catch of the fish or rights to its allocation – follows the production decisions and revenue and costs allocations of these MNEs. So, it all hinges on honesty and integrity in accounting records.

Again, accountability – this time for proper allocation of financial transactions to the activities associated with production and marketing circumstances, and methods of valuation – arises as a critical concern. Logically, transparency is required to ensure it.

These two issues are key to all global economic activity, in both goods and services, and are an important

part of the discussions of the World Trade Organization (WTO). *Accountability and transparency* are also crucial to foreign aid and other decisions, such as IMF or World Bank assistance, since much of the funds flow through corporations. Without financial standards, safeguards and access to information, banks, governments and citizens can't even keep score on the game of corporate globalization.

And since we are living in a globalized economy of "transnationalized capitalism", key economic issues include the rights of "democratized" governments and citizens versus the rights of MNEs regarding resources. This means to the values of resources and to the markets for products produced from them, as well as rewards for technical "know how" and services.

These rights involve not only taxation and the distribution of net of tax dollars (components of labor, operating expenses and supplies, overhead, amortization and profits), but also the ability to secure maximum commonwealth from value-added localized production. This is important so that resource wealth furthers economic increments in cycles of re-spending within a particular nation's boundaries.

Thus, in nations where fisheries "conservation and management" are mandated under special law, such as the U.S., "economic management" is paramount, too, in order to ensure those goals and even to pay for policy measures. Furthermore, global *accountability and transparency* are primary requirements not only to guarantee that fisheries are sustainable, but also to make sure that the fair value of these treasures becomes known, maybe even equitably shared.

Economic Sovereignty and Resource Rights:

Put another way, dollars removed from an economy also remove associated economic multiplier effects – the repeated rewards of localized rounds of redistribution between suppliers (including laborers) and producers.

Accordingly, one of the key issues of critics of the WTO regarding resources involves where the various stages of production take place and who gets to earn the wages and incomes associated with them, and to tax it, if at all. Globalized production strategies easily affect the inherent ability of many nations to bear the burdens of government. Both personal taxation and taxes on product and services form the root ability to govern – the core issue of covering the costs of sovereignty.

This critic's main questions of the WTO are, "Will governments retain the sovereign right to know what goes on inside globalized corporations and their affiliates, to govern the reporting of their financial transactions and resource allocations, and

the ability to tax their economic activities which occur (or even determine which should occur) within their realm?

Likewise, "If a nation is comprised of taxable citizens which provide its means and reason to govern, how will common rights to the wealth and health of its renewable resources be assured? In addition, "What will be the limits placed under the WTO on government- and citizen-rights to know about the internal financial and production workings of transnationalized businesses?"

To answer these questions requires political and legal foundations and involves extensive, democratic debate – which rests on mores and values, and having the time to properly consider the extended consequences of decisions. **Ultimately, *accountability and transparency* become the keys to ensuring citizen and government rights. Nowhere is this more true, based on the author's experience, than in renewable national resources such as fisheries.**

And therein is a basic fear of the critics of the WTO, that citizens are not being included while personal and national rights are foregone. And the apex of their concern is about citizen-level rights to have a democratic voice and to constrain activities that may even be detrimental not only to humanity, but to the environment.

Under the WTO, they ask "Will products be allowed to bear appropriate social costs, amortization of environmental damage or even the burden of the costs of running a government: i.e. the cash drain of taxation? Or, will transnationalized corporations become the new rulers of our lives and our pockets?"

One can make a good case against most corporate taxation, save for including "aversion or repair costs" for environmentally harmful products. After all, costs are passed along in product prices. But, the corporate-versus laborer- (or resource harvester) "split of profits" has everything to do with the ability to tax a citizenry. And taxes are needed in order to maintain any democratically principled, economically capitalist, representative republic.

Big questions, and crucial concerns. In any case, *accountability and transparency* will be there as leading concerns, for without them, citizens and their governments will not even be able to keep score on the game of globalization.

For some U.S. fisheries, the problems have already risen to crisis proportions. In the North Pacific, foreign-controlled corporations (FCCs) practice creative bookkeeping to milk-off profits from the US while loading-in expenses, in order to reallocate profits to fit their global tax strategies. This technique is known as "abusive transfer pricing", and it is the leading tool of MNEs used to avoid the cash drains of taxation.

Likewise, multinational fishing companies can utilize catch strategies that damage sustainability of fish

stocks when they take fish in multiple nations' EEZs, though the fish may actually 'belong' to another nation. This appears to be the case for Alaskan salmon, and Japanese fleets 'privateering' in the Russian EEZ. Could this be in 'retaliation' for antitrust or tax law enforcement in the US, or a just a 'global policy adjustment'?

In the process, the catch rights of US fishermen have been adversely affected, and they have not been compensated for their losses. So, the WTO will also have to decide how to handle these complex 'adjustments' and if 'small businesses' also get financial protection involving resource rights granted by citizen-nations.

Again, the only way to know what is going on and resolve the issues is to maintain citizen rights to *accountability and transparency*.

Abusive Transfer Pricing in Fisheries:

To understand this global tax topic, there are some key terms and concepts that the reader will need to know. A "**transfer price**" is the price charged by one company to a related company, whenever they allocate income and expenses among themselves. This can be the price that affiliate charges for product obtained in the U.S. and then transferred to its overseas parent. It can also be expenses charged to the U.S. subsidiary by its foreign parent for management services (and labor) provided etc.

The bottom line is whether or not the U.S. (host nation) company properly reflects income attributable to its operations in the U.S., or whether its foreign parent is using pricing strategies to avoid higher effective U.S. taxes. If the latter occurs, often against multiple IRS codes, the practice is known as "abusive transfer pricing" (ATP). When it is products that are used to "milk-off" or shift revenues overseas, while "loading-in costs" against them into the U.S. (or host nation) subsidiary, against tax authority codes, it is also known as "product laundering".

Other useful terms are "over-invoiced imports (cost load-ins) and under-invoiced exports (milked-off revenues)". And when companies move product at understated weights in order to under-bill exports, "product manifesting" is the term. Thus, both price- and quantity-manipulation methods occur

An "arm's length price" is what the price would have been if the sales or services were between unrelated parties which literally stand "at arm's length" from each other. It is known in the world of taxation as the "comparable uncontrolled price" (CUP).

Transfer pricing is a highly important, international topic and the Organization for Economic Cooperation and Development (OECD) guidelines favor using the "CUP Method" based on a "Basic Arm's Length Standard" (BAL.S) to determine the amount

shifted and taxes avoided — generally preferred over other profit comparison or apportionment methods.

Let's revisit the late-1970's, after OPEC's 'supplier nation' efforts to form a cartel in resource supply. Quite another thing was happening in Alaska's fisheries — what *Groundswell* calls a buyers-as-owners cartel was being formed.

The world economies strove for balance by maintaining high differentials in interest rates — a primary engine of trade and investment — which favored Japan for over a decade, in an effort to "trilateralize" the world, and give Asia a place in global trade. A financial "bubble economy" resulted, and during that time, Japanese MNEs easily financed investments in Alaskan seafood processing facilities. After all, one key resource desired by Japan is the world's fish.

Meanwhile, domestic firms who were strapped with high interest rates throughout the late-1970's and well into the 1980's found themselves unable to fully invest and take advantage of U.S. EEZ rights. The leading problem was a lack of domestic investment, and long-term vision.

An argument was made that Japan is a primary seafood market, its consumers have both the funds and tastes, or economic need, and the situation somehow seemed fair. However, as time went by, consumer prices seemed little affected, while Alaskan fishermen seemed to get an ever-smaller piece of the economic pie.

So, a major concern became whether or not the spirit and intent of the 1978 Magnuson Fisheries Conservation and Management Act (MFCMA) was being sustained — the promise known as 'Americanization'. Or, was a criminal extraction of wealth occurring at the hands of transnational firms? And were a limited group of foreigners right back in control?

And the counter argument rears its head, again — Japanese firms invested, so shouldn't they have the right to determine where products are produced, and marketed, along with who gets what share? But what of the rest of the world's demand for seafood, especially after 'Mad-cow disease' and other health scares?

In the meantime, the transnationalized economy of the world progressed, and MNEs became increasingly sophisticated in keeping the profits for themselves. Even before the Japanese bubble burst, increasing pressures caused Japanese multinationals to take ever-greater risks in ensuring that cash drains were eliminated from their fishery businesses — especially the drains of taxation.

No nation's businesses seemed as expert in learning the practices of global tax strategies as did Japan's. After all, it is a nation built on using the world's resources while at the same time running an export-dominated economic structure while ignoring many domestic needs. And its people generally supported those goals.

The problem is, many of the techniques its corporations adopt in foreign nations are illegal there. And since the 1930's, the US has had Internal Revenue Service codes which cover the milking-off of profits from one affiliate to the other in order to avoid taxation — the realm of section 482 of the Internal Revenue Code: Transfer Pricing.

Beginning in the 1970's, certain Japanese fishing companies not only acquired US subsidiaries, but along with them got a host of product cost modeling and microeconomic information. Then, using their access to financial data along with access to raw product, they began the fine art of perfecting their 'transfer prices' — for both costs and revenues — until their US subsidiaries reflected little or no taxable profits, or better yet, deficits which earn tax loss carryforwards. **In fact, lack of book profits is a hallmark of transfer pricing abuse.**

Not only did they often manipulate actual financial values, but many even practiced what among Japanese firms is known as "customary overpack" in order to load more product weight into packages than was shown as the stated, or billable weight. Using these product-manifesting techniques, for example, they managed to get nearly an additional ten percent of surimi (pollock fish paste) into export packages and thus imported greater amounts into Japan than allowed under quota restrictions. Along with that, they diminished the revenues attributable to their US subsidiary and subject to US taxation.

Next, many bought sugar on the world market, paying import tariffs to US Customs, used it in their US facilities, then exported the product (surimi) to their Japanese affiliates. They loaded-in the full costs of the sugar into the US affiliate's books, and used these higher expenses to also lower taxable incomes. However, they later matched manufacturing records with importation documents and applied for 100% sugar drawbacks. And these funds could be taken outside US taxation by the sugar importing entity or some other affiliate.

In addition, they often charged technical fees for processing know how, that related to the product forms which foreign customers desire, against the US facility. These charges should arguably be attributable to Japanese sales affiliates, under IRS interpretation.

Meanwhile, US managers were not allowed to make their own decisions on means of production, product lines, or markets. Such foreign-based, centralized 'directive and control' was needed to maintain a system of globalized tax and production strategies designed to favor the home nation's parent company, first and foremost.

Likewise, they loaded-in technician labor costs, and failed to pass along to US employees the knowledge of how to process certain products despite the US being a leader in food technology and capability. In other cases, they also manipulated asset classifications to accelerate depreciation charges and amortize the costs of assets

more rapidly than allowed. Along with that, whenever US profits appeared imminent, despite the many bookkeeping tricks already performed, they could still use arbitrary charges or royalty assessments to further pull down US-side profitability.

In the end, the goal was met, as the US affiliate often became unprofitable, and thus nontaxable. Equally important, domestic investors seeing these losses were thus scared-off from investing in US fisheries and challenging for the rights to market US resources.

These events were all predicted in a 1979 Pacific Rim Study by University of Washington professor Jeremiah Sullivan and University of Alaska professor Per Heggelund. It was as if time stood still while their predictions of the effects "Foreign Investment in the US Seafood Industry" rolled in the door unchallenged.

So, in the end, "It's America's fault" again. That's why it is all the more important to wake-up now to the consequences and examine the situation, and the practices of vertically integrated, multinational seafood corporations as WTO rules develop.

Tax Coffers Drained by Global Strategies:

Let's digress from fisheries for a moment to examine the wider problem of corporations, which somehow manage not to pay any US income taxes at all.

In March 1999, the General Accounting Office (GAO) released a report about who pays taxes, and who doesn't, number GGD-99-39, "**Tax Administration: Foreign- and U.S.-Controlled Corporations That Did Not Pay U.S. Income Taxes, 1989-95.**"

The report was prepared for Senator Byron Dorgan (D-ND) and Congress, based on "long-standing concerns about whether foreign-controlled corporations (FCC) are abusing transfer prices and not paying income tax". It follows up on earlier reports, especially a 1995 GAO report, GGD-95-10', entitled, "**International Taxation: Transfer Pricing and Information on Nonpayment of Tax.**" These reports also cover U.S.-controlled corporations (USCCs) who pay NO income tax.

Despite the fact that this current report does not specifically determine whether the corporations were practicing ATP, nor name any firms, it contains some interesting and highly significant facts.

First, about 60,000 FCCs and 2.3 million USCCs filed U.S. income tax returns in 1995. Yet, "In each year from 1989 through 1995, a majority of corporations, both foreign- and U.S.-controlled, paid no U.S. income tax ... for a variety of reasons ... current-year operating losses, losses carried forward, ... or sufficient tax credits." Likewise, "Other corporations may report no taxable income because of the improper pricing of intercompany transactions." This latter situation is one of abusive transfer pricing.

Second, the report compares firms, saying "The percentage of FCCs not paying taxes ranged from 67 percent to 73 percent during those years, while the percentage of USCCs not paying taxes ranged from 59 to 62 percent." Moreover, looking at it another way, "in 1995, large FCCs paid \$8.31 of tax per \$1,000 in gross receipts, significantly less than the \$15.58 paid by large USCCs."

The earlier GAO report outlined that for 1991, approximately 35,300 FCCs doing business in the U.S. had \$360 billion in sales, and \$610 billion in assets, yet paid ZERO income taxes. Now, that number is as high as 43,800 FCCs. Taking one look at their products, and at national subsidies they sometimes receive, do you really believe they make no profits?

How much damage does ATP do to the US? Professors Simon Pak and John Zdanowicz of Florida International University recently released a report titled "**U.S. Trade With the World: An Estimate of 1998 Lost U.S. Federal Income Tax Revenues Due to Over-Invoiced Imports and Under-Invoiced Exports**". Using U.S. Customs' data, they state that "**The total estimated tax loss for 1998 is \$35.6 Billion [to] \$47.45 Billion.**" Again, this matches up to President Clinton's IRS based concerns about ATP, while running for office in 1992.

Difficulty in Dealing with the Problems of Accountability and Transparency in Fisheries:

Coming back to fisheries, in 1989, the National Marine Fisheries Service brought its product manifesting concerns to the IRS, which failed to act at that time. Yet, by 1991, the IRS was awakened by a case involving the largest Japanese seafood company and abusive transfer pricing concerns within its Alaskan subsidiaries.

Closely following that were other cases, involving both Japanese and Korean fishing ventures with US affiliates. And by 1997, the IRS had formed a Seafood Specialty Group in its Seattle international division specifically to examine these problems.

During the 1990's, several individuals filed personal lawsuits, which also hinged on abusive transfer pricing or tax fraud elements. A leading case involved the right of US managers to 'bonuses based on profits' and to the rights to technological 'know how' that was incorporated into Alaskan subsidiaries of Japanese-owned MNEs. These were issues of the accountability for multinational transactions. Even today, there are ongoing cases where these creative bookkeeping practices are key to unraveling the damage done to US citizens and firms by FCCs in fisheries, let alone tax coffer losses.

In addition, a key problem in prosecuting such cases involved the access to records - the transparency problem. Not only was this access required for court cases, but it was also essential for fisheries policy-

making and public testimony to what was actually occurring in foreign-owned Alaskan seafood affiliates.

In such cases, both the corporate power of resistance to production of records under legal discovery processes along with the taxpayer non-disclosure protections of the IRS served to damage both private and public interests. That resistance was bought and paid for through the use of fraudulently retained funds, recycled to further hide the fraud, and also hide the reasons for change in public policy.

Considering this, one can see how cases never even make the courtroom, especially when confidentiality agreements and gag-orders are leading tools of the corporate lawyers against 'poorer' plaintiffs.

Worse yet, certified public accountants (CPAs) and the work performed for these foreign affiliates are increasingly becoming buried behind a wall of 'lawyer-client privilege' that extends far darker than normal 'work-product privileges'. Large corporations practicing abusive tax methods bleed off millions and then use these funds to fight all comers, usually with the help of publicly-licensed CPAs.

In short, in the case of abusive transfer pricing, CPA has often come to mean *certified public accomplice*. And if the truth were to be known, this is a major source of revenue for the modern CPA firm who is also building up its staff of in-house lawyers just to gain such protection by using "beyond the public" privileges.

With increasing CPA engagements by foreign-owned firms who pay no taxes in the US, fighting off the IRS after having used such 'creative bookkeeping' techniques, the transnationals corrupt the very mechanisms of enforcement. This also corrupts the publicly licensed professionals whom citizens rely upon for ensuring *accountability and transparency*. Without a nation's accounting professionals adhering to licensed standards of public integrity and service, where are governments headed?

Similarly, without making the courtroom in fights to undo the damages of crooked corporations, citizens are not only denied justice, but society is denied an adequate look at the practices of such corporations.

Again, fish policy suffers, too. And remember, Alaska's assistant attorney general James Forbes declared in 1993, after examining these foreign fish companies on antitrust issues, that Alaska needs to consider their 'oligopsonistic' structure before making any fish policy.

So, *accountability and transparency* are key to maintaining the Civil Rights of a nation's citizens. And enforcement remains a key, because the lack of adequate *accountability and transparency* can cause an entire industry's economic structure to go awry. But when these corporations also use the power of ill-gotten gains to influence the body politic, what of the possibilities for adequate enforcement?

In a related concern, government officials often see their paths to personal glory paved with the campaign contributions of corporations and the accolades of having "created jobs". When in fact, concessions given to relocating subsidiaries often form the very basis for a lack of enforcement or obligation to bear a fair share of the burdens of government. Labor costs are often squeezed later, or jobs evaporate at the corporate whim.

The important factor is that local and national governments have blindly joined global corporations in local projects without any responsibility for 'global' concerns. This topic, alone, could occupy volumes. Yet, a critical point remains: governments need to decide whether or not their 'partners' are citizens or transnationalized capitalism, and its corporate masters. What are at stake are often the basic economic rights of all other businesses and wage earners.

What we see in Alaskan fisheries, in part today, is the demise of the independent harvester through lower fish prices, along with the effects on fishery practices. In large measure, these lower prices are the direct result of abusive transfer pricing along with the consolidation of processing firms and fleets.

And if fleets cannot secure their promised share of the economic pie, as partners or economic co-proxies with US processors, then the future of US fisheries 'economic management' under the MFCMA is at stake.

In 1998, testimony was given by *Groundswell* to the North Pacific fishing industry's Advisory Panel (AP) that for pollock alone, in a decade's time, it is conservatively estimated that over \$430 million was bled-off from these practices. The economic multiplier effects compute to approximately \$2.15 billion of negative effects on US fishing communities.

The AP then ordered the North Pacific Fisheries Management Council (NPFMC, or Council) to examine the market and fisheries grounds price effects of abusive transfer pricing before moving forward with its considerations of increased pollock allocations to what are primarily Japanese-owned FCCs in the shoreside sector. The Council failed to adequately examine the situation – and again, the key issue remains *accountability and transparency*.

Another crucial factor in their failure may have been the 'conflicts of interest' on the Council itself. And, again, without adequate disclosure, *accountability and transparency*, and the ability of citizens to act upon what is learned, foreign "agents of influence" were apparently able to manipulate fish policy, once more, to their gain at the expense of US taxpayers and resource owners.

In turn, this led to bad legislation in the form of the ill-named American Fisheries Act (AFA) of 1998, which effectively destroyed competition in the North Pacific pollock industry and awarded FCCs undue resource allocation rights – without ever resolving the problems of whether they pay their fair share in taxes.

Worse yet, it left all US firms vulnerable to continued misstatements of true worth for product exports.

Since these FCCs are often the buyers (or among its affiliated 'cartel-like' group) for product from other sectors, the entire industry is left to suffer from its effects.

With a conflicted board and insufficient action within fisheries management itself, the burden then falls solely upon the IRS for enforcement, and there are several key problems with that. First, the IRS rarely recovers but a fraction of the milked-off revenues and taxes. Second, the net-of-tax dollars are not recovered to multiply in the US economy. Third, domestic investors still have no accurate and honest information upon which to base their financing decisions regarding US fisheries, and the foreign firms maintain further hegemony over US resources.

Fourth, other economic sectors (such as harvesters, i.e. labor) become subject to overpowering influences illegally gained by other sectors. So, along with *accountability and transparency* goes enforcement. After all, enforcement of national laws is one of the more important reasons we pay taxes.

WTO – A Case of Transnational Capitalism versus Citizen-Based Democracies:

It is not only for fisheries that knowledge of abusive transfer pricing is essential to understanding resource and manufacturing etc. trade. This is predicted to be the leading global financial and tax concern of the next century. Already, world governments are rushing to develop adequate protections, and even individual regions or states within nations are concerned.

What is at risk in the evolving economy of 'transnationalized capitalism' are the important standards of generally accepted accounting principles which stem from public concern and a desire to ensure that all users of financial reports are adequately informed. What is at risk is the ability of nations and agencies to develop adequate laws, regulations and other protections along with proper policy regarding world resources.

What is ultimately at risk is the rights of citizenry and the right to effective democratic governments. And if we are not careful in creating the WTO's rules, in the end, the laboring masses will be paid poorly and taxed heavily, suffer tremendous losses of freedom, and see individual economic choices taken away as governments meet their demise and transnationalized capitalism rules.

It might even be said that transparency and accountability are the keys to a free humanity, itself. And without individual rights and powers, including the rights to know, does anyone really believe that corporations themselves will have the 'soul' to protect our resources and meet multiple individual needs?

Should we even strive for a WTO if citizens don't have at least a power equal to, even exceeding that of the legal constructs called corporations? After

all, don't corporate rights stem from the legal grants given them from citizens themselves? And, if the corporate form has gone awry and is overwhelming the very legal systems which created it, isn't it the right of citizens to reform its legal boundaries? So, shouldn't we really be working on a taxpaying- and product consuming- citizens trade organization, rather than a corporate globalist-dominated WTO?

In conclusion, for fisheries, the issues of abusive transfer pricing, the needs of *accountability and transparency*, and concerns of foreign investment join other important WTO topics such as genetically-modified organisms, phytosanitary restrictions, ecosystem and resource sustainability concerns, and the allowance of tax and other subsidies.

Interestingly, a failure to adequately control these transnational corporations and prosecute abusive transfer pricing (ATP) is equivalent to granting foreigners a subsidy in US fisheries for coming here to take our resources away on the cheap. This redefines the cliché to be "TAX-FREE trade."

Thus, the enforcement of ATP laws by all world governments seems key to ensuring that the goals of the WTO to eliminate subsidies and false-values – and ensure international competitiveness 'free' from disparate tariffs or taxes – are met.

Finally, we are still left with other questions. Just how does the WTO plan to uphold global fish sustainability and ecosystem policy? By what mechanism will that occur, and how will a 'consensus-based' WTO restrain corporate greed? Will a WTO decision against the octopus (a parent company) also apply to its global tentacles? Or will a ruling against one nation's firms also apply to all of their many globalized operations?

So, not forgetting Nature, with all the big political fish eating all the little political fish, what will be the destiny of the real fish?

Stephen R. Laufen, *Groundswell Fisheries Movement* Grass-roots, fair trade advocacy in North Pacific Fisheries. (E-mail: staufen@seanet.com)

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Steven Toffin



NEW ENGLAND FISH COMPANY

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SINCE 1868

1. POLITICS

June 27, 1977

President Jimmy Carter
The White House
Washington, D. C. 20500

Dear Mr. President:

On March 1, 1977 the Fishery Conservation and Management Act of 1976 went into effect, creating what has now become known as the 200-mile fishery zone. Implementation caused immediate conflict with a number of foreign nations, principally Japan and Korea; and the magnitude of the strategic national opportunity involved has created a public and Congressional controversy as to the meaning of the law and whether it will be implemented by your Administration.

The economic, social and political implications to the people of the United States are enormous and there is a growing public constituency for action. This matter is receiving significant, growing media coverage and widespread support among labor and fishermen's groups (see Exhibit 1). The country needs from you a national policy statement and the leadership that this opportunity deserves.

Briefly, the national opportunity includes:

1. The ability to increase the U. S. catch from 4 to 5 billion pounds to over 27 billion pounds annually (Exhibit 2).
2. The ability to take long-term control of a strategic food resource which has political, economic and social characteristics as formidable as the U. S. wheat supply (Exhibit 2).
3. The opportunity to increase U. S. sales of seafood at the processor level from \$3 billion to \$7 billion annually.
4. The opportunity to create an increase in U. S. fishery related jobs from 450,000 today to a minimum of 628,000 jobs (Exhibit 3).
5. An opportunity to reverse a \$1.5 billion annual balance of payments deficit accrued by the current net U. S. importing of seafood to perhaps as much as \$2 billion inflow (Exhibit 4).

4. REVENUE

3. U.S.

4. FOREIGN EXCHANGE

President Jimmy Carter
The White House

June 27, 1977
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6. The ability, with the seafood processing industry fully developed, to provide the local and federal revenue to build the schools, hospitals, roads and other community infrastructure for coastal communities, thereby establishing a solid financial foundation for the full and permanent development of the U. S. fishing industry and the survival of coastal communities where fishing has been the heritage of the people.
7. An opportunity to manage our fish protein resources in a manner which will insure their conservation and their long-term survival; in other words, an opportunity to sustain our fish protein resources for future generations.

The problem of the moment is twofold within the government. There is insufficient recognition of the magnitude of this issue, its importance to the people of the United States, and the criticality of each decision that is made. Implementing rules and regulations are in the process of being formulated and these rules will dictate whether or not a fully integrated national fishing industry will develop. It is of the utmost importance that shortsighted precedent be absolutely avoided. Secondly, and more specifically, a NOAA ruling announced in the June 17, 1977 Federal Register effectively derailed the growth program in direct contradiction to its own stated intentions and in direct contradiction to rules declared by regional councils that were created under the Congressional Act to provide directed management and to its announced intentions to hold public hearings on the issue before it was resolved. This specific issue, and other related legal issues, are described more fully in Exhibit 5.

Mr. President, I urge you to make a strong policy statement in favor of the development of an integrated United States fishing and processing industry and marshal the forces of the Executive Branch behind it. I will be more than happy to help you create a national agenda on this issue up to and including the organization and execution of a Presidential Commission similar to the White House Commission on Food, Nutrition and Health in which I participated in 1969.

I would be happy to meet with you or whatever member of your staff or cabinet you direct to clarify or pursue this matter.

With kind personal regards,



C. R. Rogers
Chairman and President

CRR/1f

Enclosures

CRS Report for Congress

The Magnuson-Stevens Fishery Conservation and Management Act: Reauthorization Issues for the 106th Congress

May 31, 1999

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Presidential Management Intern
and
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Resources, Science, and Industry Division



a strong commitment to resource sustainability and possess culturally derived desires to pass along "their" fishery to future generations. One proposal to provide additional support for small boat and family fisherman is to restrict U.S. imports to fish harvested by fishing fleets that use conservation measures comparable to those required in the United States. However, some fishery scientists note that providing additional support to small fishermen by constraining imports might violate World Trade Organization obligations and international law by restricting access to U.S. markets, and violate U.S. commitment to remove subsidies that support overcapitalization.

Transfer Pricing

Commercial fishing interests are concerned about transfer pricing, especially in North Pacific fisheries. This is not currently addressed in the MSFCMA. "Transfer price" is the price charged by one company to a related company, for allocating income and expenses among themselves. These "intra-firm transfers" are covered under the Internal Revenue tax code at 26USC482. Some U.S. fishing companies allegedly are not properly reflecting income attributable to their operations within the United States, while some foreign parent companies may be using pricing strategies to avoid higher U.S. taxes. In addressing "abusive" transfer pricing, Congress could consider amending the MSFCMA to require full disclosure of all financial documents and transfer pricing criteria to U.S. authorities.

Others believe that this issue is not germane to reauthorization of the MSFCMA, suggesting that this "tax and trade" issue is more appropriate to the jurisdiction of other congressional committees — such as Ways and Means, and Finance

Reliability of Management Models

Section 404(c)(1) of the MSFCMA establishes requirements for the Secretary to initiate and maintain fishery research to carry out the purposes, policy, and provisions of the Act.

Some fishery managers note a concern regarding the need for additional data to verify the assumptions used in stock assessment models. Particularly, they assert that the management analyses garnered from Virtual Population Analysis (VPAs) Models could be improved by expanding the use of age-growth⁷⁷ information.

To address these concerns, some fishery managers suggest that Congress might consider authorizing funds for expanded age and growth research. For example, regional age and growth research centers could coordinate information among state

⁷⁷ Age-growth analysis uses fish scales and otoliths ("ear" bones used for balance and orientation) to assess age relative to length. These hard structures have annual growth rings, much like rings in a tree trunk, that can be used to estimate the age of a fish. However, some fishery scientists note that traditional age-growth research, using hard parts to discern fish age, is not applicable in tropical regions because fish growth is not subject to discrete seasonal changes. In tropical regions, "length-based" methods are used, where age is estimated from length modes.