

Senator Miramant, Representative McCreight, Honorable Members of the Joint Standing Committee on Marine Resources; Thank you for providing me the opportunity to speak with you this morning. My name is Alex de Koning, I live in Bar Harbor and my family owns Acadia Aqua Farms, LLC.

I am here to ask you to vote Ought not to pass on LD1146

My family has been farming mussels since the 1770's in Holland, and 16 years ago decided to establish a farm in Maine. I am incredibly fortunate to have our thriving bottom culture mussel farm as well as our scallop farm development.

I oppose LD 1146 because it is a deceptive proposal who's sole goal is to hurt the aquaculture industry in Maine whether large or small. It seems looking around that every fishery in Maine is either gone, contracting, or facing significant threats to its continued existence. As a state we need aquaculture if we want to conserve our working waterfront in the age of warming waters. Once working waterfront infrastructure is gone, it doesn't come back.

To put the potential in numbers, last year the United states imported approximately 42 million lb of scallops, in addition to landing 52 million lb domestically. The market is just about a Billion dollars, and there is approximately \$400 million per year we are spending on importing scallops that could be grown domestically.

The bottom line of LD 1146 is that it would give wealthy landowners a significant power over the working waterfront, while at the same time increasing the amount of time required to start a farm by years, as well as increasing the money you have to spend to start a farm. This will kill any hope small and medium farmers have to get started, leaving only the large deep pocketed companies to fill that void.

LD 1146, and the proposed acreage limits would make my business out of compliance, with no way to continue operating under the acreage cap. This would eliminate 15 good paying year round jobs with one stroke of the pen.

The other impact this would have is to make it incredibly hard to farm anything in deep water because you have to account for the anchor scope in your lease acreage. To put a number on it anchoring a 200x200ft square, which makes just under an acre in 200ft deep water requires 45 acres of leased space.

And finally the acreage cap would significantly limit the chances of developing a scallop adductor muscle farm. That one billion dollar market is for adductor muscles at market price. The only way we can grow them competitively for adductor muscles is by running an efficient highly mechanized farm at a scale that makes sense.

There are about 1,600 acres of aquaculture lease in Maine last I checked, which sounds like a lot. However, inside the three mile line there are between 3.1 and 3.5 million acres of subtidal water that means that less than 0.05%, or one in 2000 acres of our state waters are dedicated to aquaculture. While not all of our coast is an appropriate site for aquaculture, the idea that a few companies with up to 500 acres each are going to buy up the whole 3 million acre coast line is quite frankly ridiculous.

Thank you for your time and I am happy to answer any questions you have.

Alex

The section below goes into a little bit of detail about how the economics of the aquaculture world do not allow it to copy the lessons learned from the lobster industry. I am happy to attend a work session and expand on this if it is useful.

I have over the last few years heard many people claim that we should model our aquaculture growth on the successes of the lobster industry, namely the small scale and owner operated model. What that fails to recognize is the principles of having control of the market price, and alternate suppliers having an inelastic supply, and please forgive me in advance for getting a little nerdy here.

Using the example of lobster, Maine controls a huge portion of the lobster market within the US just about 50% of the total supply in fact. This means that Maine has a very strong role to play in the market price of lobster within the market. The second important point is that Canada has no real way to sustainably increase their lobster supply beyond the maximum sustainable biological take. That is known as an inelastic supply, they may want to land more lobsters but they have no way of doing it.

Now what these two points combine to mean is that we can afford to build in significant inefficiency to our lobster harvest with the goal of controlling where the benefit of the resource extraction goes. Canada gets more money per unit effort, but that money gets concentrated amongst less people.

Now if we took the same principles, and for example applied them to potato farmers in the county, they get whatever price the potato market sets, and they are a relatively small part of the supply. If for example we told them they could only farm on up to 50 acres, their costs would go up, but they have no way to make their income match that. And next year the farmers in Idaho would plant a few more potato fields and our farmers would go out of business. That is what's known as an elastic supply, the supply of goods can be tailored to what the market demands.

Aquaculture is much more similar to farming potatoes than it is to harvesting lobster. We seed in our farms, and we choose how much seed to catch or buy from the hatchery, then we grow it up. If as a mussel farmer I am forced to work less efficiently, my income goes down and the farmers in PEI Canada get a bit more market share. If I am forced below a sustainable size I go out of business, and PEI starts up an extra farm site to balance the reduced supply, leaving Maine with nothing.