

**TESTIMONY OF JOSEPH L. VON ROSENBERG, III, CHAIRMAN AND CEO OF
OMEGA PROTEIN CORPORATION BEFORE THE FISHERIES, WILDLIFE, AND
OCEANS SUBCOMMITTEE OF THE HOUSE NATURAL RESOURCES COMMITTEE
REGARDING H.R. 3840 AND H.R. 3841, BILLS TO BAN THE HARVEST OF
ATLANTIC MENHADEN FOR REDUCTION PURPOSES**

May 8, 2008

Madam Chair and Members of the Subcommittee, I am the Chairman and Chief Executive Officer of Omega Protein Corporation, North America's largest manufacturer of heart-healthy fish oils containing Omega-3 fatty acids for human consumption, as well as specialty fish meals and fish oil used as valuable ingredients in producing farmed seafood, pork, and pet food. Omega Protein makes its products from menhaden, an Omega-3 rich fish that is abundantly available, and sustainably managed, along the Atlantic and Gulf of Mexico coasts

Omega Protein is headquartered in Houston, Texas. Omega Protein operates four menhaden reduction facilities and associated fleets of vessels in small, rural fishing communities in Cameron and Abbeville, Louisiana, Moss Point, Mississippi, and Reedville, Virginia.

I very much appreciate this opportunity to testify before this body. For the reasons detailed herein, I urge the Subcommittee in the strongest possible terms to take no further action on either of these bills.

As an initial matter, it is utterly dismaying to the company and its thousands of workers that the Subcommittee on Fisheries, Wildlife, and Oceans would even consider bills such as H.R. 3840 and 3841. These pieces of legislation impact only one company, ours, and they therefore would be devastating to the small Virginia Northern Neck town of Reedville, whose residents have engaged in the menhaden reduction industry since the 1860's. Today, we employ nearly 300 workers in our Reedville facility, including over a hundred union employees on our vessels.

These bills usurp an established fisheries management process, which is appropriately undertaken at the interstate compact commission level, and informed and assisted by federal scientists and fishery managers. These bills also focus on the use to which harvested fish can be put, rather than engaging issues of fishery conservation and management. The important issues of fishery conservation and management include appropriate harvest levels, sustainability of the resource, and ecosystem effects. The Atlantic States Marine Fisheries Commission ("ASMFC") is handling each of these issues responsibly through pre-existing precautionary harvest levels and research to supplement the years of existing research that our company has supported with its own resources.

In this testimony, I would like discuss the management and status of the Atlantic menhaden fisheries, new and emerging scientific understandings of this fish and its role in the ecosystem, and provide some background on the role that Omega Protein has played in fostering and cooperating in research initiatives and adding to the general understanding of the biology of this stock. This testimony will also touch on what we see as some of the political currents that are driving initiatives to ban or severely curtail the menhaden reduction fishery. Finally, but far from least, it will touch on the importance of the jobs Omega Protein provides to the communities in which it invests, as well as the importance of the products it supplies to various markets and the American public generally.

The Management and Status of Atlantic Menhaden

We expect the Subcommittee will hear from the Executive Director of the ASMFC, a representative of the National Marine Fisheries Service (“NMFS”), and the distinguished former chief of the NMFS Research Division, Dr. John Everett, who coordinated the nationwide program in fisheries research and who has done extensive work on the role of clupeids, the herring family of fish to which menhaden belong. I have no doubt that the consistent message you will hear is that Atlantic menhaden stock is not overfished, nor is it subject to overfishing.

You may also hear that there have been concerns in recent years over “recruitment” of young menhaden. Recruitment is of obvious concern to Omega Protein, as it represents the future of the fishery and, thus, the future of the company and jobs which rely on it. There are signs, however, that the stock is expanding its range, such as the return of the fish in high numbers to the New England region, which present some objective evidence that the stock is growing. We support the development of dedicated surveys of juvenile and adult menhaden to help improve understanding of menhaden recruitment and abundance more generally. This is especially important because there is less fishery-dependent information due to the contraction in the reduction fishery.

Nonetheless, the ample spawning stock and continued high egg production (which number in the scores of trillions) bode well for the future of this cyclical stock. Generally speaking, there is no strong relationship between these factors and recruitment. Indeed, the best scientific information shows that recruitment success is tied to such factors as predation, and currents and associated weather patterns. The latter are important because favorable currents help transport eggs and larvae into estuarine environments and create conditions favorable to growth and survival. When conditions are right, menhaden produce enormous amounts of young.

Ultimately, however, the sustainability of this stock is best protected by the type of conservative management system and low levels of fishing mortality that characterize the current system. In response to concerns over issues such as “localized depletion” – a sort of catch-all claim that lacks scientific definition or any operational meaning in a transient and always moving stock – and over the health of striped bass in the highly degraded waters of the Chesapeake Bay, the ASMFC implemented a precautionary cap on annual removals from the Chesapeake Bay for a five-year period. Omega Protein supported the measure, along with the five-year research program with which it was accompanied. **It is important to ensure that menhaden conservation and management efforts are based on science, not politics or emotions.**

Indeed, Omega Protein and the Commonwealth of Virginia formally executed a Memorandum of Understanding which, among other things, committed the state and company to support the research agenda set forth by the ASMFC’s Atlantic Menhaden Technical Committee to investigate the status of menhaden in the Chesapeake Bay, and commit time and materials and otherwise cooperate in an aerial survey using advanced technology designed to measure menhaden abundance in the Bay. Omega also agreed to assist in helping to seek funding for these projects. Accordingly, I am pleased to continue in my company’s efforts to fulfill this pledge, as we have with our other commitments. We join with the ASMFC’s Executive Director in requesting that Congress restore the funding for such research in the 2009 budget.

In supporting the five-year cap initiative, and the ASMFC's management efforts more generally, representatives of Omega Protein stood by Governor Kaine of Virginia and then-Governor Ehrlich of Maryland as they announced agreement among a wide array of stakeholders on this management approach at a press conference in Virginia Beach in July of 2006. The Chesapeake Bay Foundation ("CBF") also signed on to the agreement, as did Menhaden Matter, an umbrella organization of recreational fishing groups and environmental organizations to which the National Coalition for Marine Conservation ("NCMC") belongs. I expect that the representatives of these groups will use the opportunity to testify before the Subcommittee to act consistently by re-affirming their support for on-going interstate fishery conservation and management efforts.

For its part, Congress should abstain from disrupting a carefully-developed compromise among the states and stakeholders with such divergent interests as Omega Protein, the Coastal Conservation Association, NCMC, CBF, and many others. Congress also should respect the states' rights to manage this fishery according to sound scientific principles. It is important to recognize that the very issues that are supposedly animating these pieces of legislation have long been discussed and debated by the ASMFC. In fact, the research called for by these bills is already three years underway. The only impediment to answering the questions, which we all agree are important, is funding. I would hope that we can resolve to address the funding issue and leave the management of the fishery where it rightfully belongs.

One needs to look no further than the preamble to H.R. 3840 and the background material in the invitation participants received for this hearing to see why science should be left in the hands of the scientists, and management in the hands of the managers. For instance, the Subcommittee's letter inviting me to testify refers to Atlantic menhaden as "a phytoplankton-consuming forage species." Menhaden subsist largely, and at larval stages, exclusively, on zooplankton, or microscopic animals, including finfish and crustacean eggs and larvae, including their own. Put simply, menhaden eat zooplankton (animals) in addition to phytoplankton (plants). While the omnivorous nature of a menhaden's diet has been generally known and discussed in the available scientific literature, and even discussed in the ASMFC's Atlantic menhaden fishery management plan, a myth – that menhaden "clean" water by eating exclusively algae – has taken hold through the writings of English professor H. Bruce Franklin and others who should know better.

In fact, there is much that is unknown about the ecosystem interactions between menhaden and estuarine environments such as the Chesapeake Bay. I do not purport to be a scientist, but we have learned much from Dr. John Everett, from whom this body is going to hear testimony. He has spent years studying feeding behavior of the menhaden's cousin, Atlantic herring, and he has become engaged in menhaden issues. Dr. Everett has been kind in assisting Omega Protein by producing a scientific literature review regarding menhaden's role in the ecosystem and other management issues, such as bycatch and water quality.

Among the findings in the literature is that, absent removals from the stock by the fishery, Atlantic menhaden can actually increase nutrient loading in a bay environment because of the nitrogen they produce as waste from their feeding. Their waste then fertilizes the smallest algae particles, which, in fact, are too small to be trapped in a menhaden's filter feeding mechanism, its gillrakers. Contrary to popular claims, such increases in nitrogen can lead to harmful algal blooms, and actually could degrade water quality in the Chesapeake Bay. In fact, a

recent paper has established that the growth of nitrogen in estuaries around the world is at least partly caused by reduced fish removals.

Further, the much touted ability of menhaden to, as H.R. 3840 puts it, “filter a volume of water equal to the entire [Chesapeake] bay in less than one day” takes on a disturbing note when one considers that menhaden indiscriminately remove virtually all appropriately sized materials that these enormous schools of fish encounter. This includes eggs and larvae of fish and shellfish, plus large amounts of zooplankton which are the primary consumers of phytoplankton. In other words, menhaden are predators, as well as prey, and their sheer numbers mean that they can have large effects in local environments.

I do not explain the adverse impacts menhaden can have on the ecosystem to claim that in order to solve the Bay’s problems, the solution is to harvest all the menhaden possible. Rather, the point is that we need to act on a complete understanding of the role menhaden play in the ecosystem and resist falling prey to claims by pop “scientists” and committed opponents of the menhaden fishery. Also, we know that the Chesapeake Bay was healthy and productive for decades at times when Reedville housed four reduction plants, and the fleet – including vessels from North Carolina – was several times larger than it is today.

Perhaps the appropriate analogy to menhaden is that of deer, whose population in many places has vastly increased due to diminishment of their natural predators. Unchecked populations can over-graze their environment and disrupt ecosystem balances. While not as extreme as in the example of deer, the fact is that all stocks that prey on menhaden are subject to fishing mortality, and many are overfished. Even the striped bass population, which is rebuilt and at high abundance relative to the recent past, is likely half or less than the size it would be in the absence of fishing mortality.

My point is that a conservative, sustainable harvest which takes, at most, twenty percent of the population each year (reduction and bait fishing combined), is unlikely to threaten the ecological function menhaden play as forage and filter-feeders. To the contrary, such a modest harvest may also help to prevent menhaden from depressing recruitment of many kinds of finfish and shellfish, including blue crabs and oysters, that have pelagic eggs or larvae that also depend on an estuarine environment but which are eaten by voracious menhaden schools.

Currently, these issues are becoming more well understood through ongoing research. This work must continue. Meanwhile, it is not clear that a ban on reduction harvests would be “precautionary.” Indeed, it may have negative ecosystem impacts. Given that a fishery on Atlantic menhaden at levels two and three times that of today has been conducted over a period of decades, when both the Chesapeake and many other marine fisheries were in much better shape than now, the ASMFC’s careful approach to management appears to be the true precautionary approach.

Parenthetically, the discussion above shares with the proposed legislation a primary focus on issues related to the Chesapeake Bay. To my knowledge, prior to these bills, no one has seriously suggested a ban of the fishery in federal waters, nor has there been any discussion of the impacts of the fishery in oceanic waters. Omega Protein is mystified, therefore, as to why both bills propose a federal waters ban. This, along with the sole focus on the use of menhaden for reduction purposes, unfortunately, tends to reinforce the suspicion that the company is the target, rather than any broader concern over the fishery or the ecosystem.

Omega Protein and its Predecessors Have a Long Record of Cooperative Research and Support for Management

Above and beyond the Memorandum of Understanding that Omega Protein signed with Virginia with respect to the current research program in the Bay, the company has partnered with the federal government, state and university researchers, and others in collecting data and conducting research for decades. Since at least the 1950s, for instance, we have provided increasingly detailed catch information to NMFS, including amount and location of catch and biological samples. Reedville houses a NMFS port sampler who collects and verifies catch data during weigh-out. This is all done on a voluntary basis—there is no federal mandate to produce the information—because it is important to the company to have good information on which to base management decisions.

We also have participated in numerous bycatch studies, both in the Atlantic and the Gulf of Mexico regions, allowing independent scientists full access to our vessels and catch in order to measure the amount of incidental catch. The reason for this is simple. For as long as the menhaden purse seine fleet has been in operation, there have been accusations of excessive incidental catch of important game and commercial fish. Understanding that in most sets (as research as shown) there are no catches of fish other than menhaden, and very low percentages of non-target species in the balance of sets (the latest study estimated that only about 0.04% of the total catch, by numbers, are non-target species),¹ Omega Protein has long recognized that it is in its interest to have such research conducted. I cannot tell you how many such studies we have participated in over the years, but I can say that we are willing to accommodate credible scientific researchers who are interested in this area.

Omega also has participated in tagging studies to help identify the migratory patterns of Atlantic and Gulf menhaden. This work has helped to show that Atlantic menhaden is a unitary, migratory stock that has no as-yet identified fidelity to any particular area from year to year. However, there is work ongoing to see if there is, indeed, a “Chesapeake Bay stock” that has failed to be identified in the many prior studies. If there is, however, that is information that Omega Protein would like to know.

¹ See, for example, ASMFC’s Amendment 1 to the Interstate Fisheries Management Plan for Atlantic Menhaden (July 2001):

A perception frequently cited by anglers is that menhaden purse seines “entrap all fish within a large chunk of water. Anything bigger than a few inches is rounded up, and pulled alongside ...” the menhaden vessels (Richard 1989). Studies on the menhaden bycatch issue have been conducted since the late 1800s (Smith 1896) to more recent times (Knapp 1950; Baughman 1950; Christmas et al. 1960; Gunter 1964; White and Lane 1968; Ganz 1975; Oviatt 1977; Guillory and Hutton 1982; Austin et al. 1994). Bycatches have been extremely low, generally zero or much less than 1%, with thousands of sets examined over the years. Most of the bycatch in the historical studies has been of species of little importance to anglers, such as alewife, mullet, threadfin shad, and sea catfish. States which allow menhaden purse seine fishing generally have a limit on bycatch; for example, a 1% bycatch of foodfish is allowed in Virginia (by weight) and North Carolina (by number).

In terms of the recent Chesapeake Bay projects, Omega Protein's spotter pilots and vessels worked cooperatively with researchers from the Maryland Department of Natural Resources and NOAA to test LIDAR laser as a means for surveying menhaden in the Bay. LIDAR is a form of laser that can help detect parts of a school of fish below the surface of water that are not visible to the naked eye. The technicians in the planes would measure a school, and then Omega's vessel, with researchers aboard, captured it, provided samples, and gave researchers estimates of the amount of fish caught. My understanding is, however, that the second year of the project has not yet gone forward due to either funding or technical issues.

Finally, Omega is working with social scientists, such as Dr. James Kirkley of the Virginia Institute of Marine Science, who was at our Reedville facility just last week, in collecting social and economic data on the industry. Dr. Kirkley completed one major study a few years back on the economic contributions of the commercial and recreational fishing industries in Virginia. He is currently working on an ambitious project to measure the importance of menhaden from a broad range of perspectives.

In short, Omega Protein appreciates the importance of serious scientific information in the success of the management process, and has accordingly helped to support and foster such research.

Menhaden Issues Have Long Been Politicized

For nearly as long as the reduction fishery has been in existence, it has been subject to controversy. In my opinion, this is largely due to the fact that the menhaden fishery traditionally has been located in state waters, often close to shore where schools of adult menhaden congregate, and thus is visible to recreational fishermen and coastal homeowners alike.² This makes the vessels a convenient target for the ire of anglers who may have had an unsuccessful fishing trip or property owners who simply find the vessels unsightly. Coastal gentrification also has led to opposition to reduction plants themselves, while rising property values have caused others to cease operations.

Omega has long been sensitive to these concerns, and works assiduously to minimize user conflicts by voluntarily abstaining from conducting operations on weekends and around major holidays. We also have voluntary agreements with some states to fish further offshore than otherwise required by law, and keep open dialogues between vessels and state officials as to locations of schools of sport fish. It is important to recognize that, in particular, the voluntary cessation of weekend fishing represents a real loss of income for fishermen and the company in a fishery already governed by limited fishing seasons. Omega Protein also has invested significant amounts of money in reducing its air and water-borne emissions. It is the company's policy to be a good neighbor and a responsible stakeholder.

² As Amendment 1, at page 43, states: "No studies have shown that the menhaden purse seine fishery has any significant biological effect on any other species or fishery. Yet, conflicts have developed from misconceptions concerning the competition and a lack of acceptance of scientific evidence demonstrated by many years of research. It can be concluded that existing competition between the menhaden fishery and other fisheries has been principally for space rather than for menhaden."

Nevertheless, the controversy continues, fueled by membership organizations, both recreational and environmental, which have focused on a revolving set of issues and concerns. Indeed, for as long as I have been involved in this industry, I have seen the arguments shift from excessive bycatch, to overfishing, to localized depletion, to water quality, and back. There have been so many bycatch studies in this fishery because the issue arises on a routine basis, and yet the industry's opponents appear resistant to scientific findings. Once one issue is addressed, a new concern is raised, until it appears to Omega that the only objective is to ultimately put the company out of business.

Indeed, we have seen materials obtained through state-level freedom of information processes where various recreational and environmental activists set forth their long-term strategy to try to end our reduction fishery. These advocates come right out and admit their campaign is ends-driven: the goal had been decided upon, but they keep looking for what **they** called a "smoking gun" to convince the public to shut the fishery down. This Alice in Wonderland, "verdict first," approach, leads us to suspect that at least some groups thrive on controversy rather than solutions. In contrast, we have tried to work within established interstate fishery management processes, while being a good employer, a good neighbor, and responsible to our shareholders who recognize the menhaden fishery's long and continuing history. There is no reason in the world that Omega Protein would have invested over ten million dollars in a state of the art Science Center in Reedville if its goal was to plunder and run.

Of course, for objective evidence of a campaign to put Omega out of business, there is none better than the two bills that are the subject of discussion here today, either of which would cause the closure of the company's plant in Reedville. They declare scientific conclusions as matter of legislative fact (while professing to want to research these points), and implement the most drastic remedy to a problem the existence of which scientists, who are not in Congress, are still endeavoring to determine.

In 2001, the ASMFC noted the political trends and stresses on the industry, and how they relate to state actions to restrict access:

Since 1981, a number of areas along the Atlantic coast have been closed to menhaden purse seine fishing. These closures were not recommended in the 1981 FMP, nor were they based on the biological condition of the stock at that time. Combined with national and international economic factors, the closures affected the viability of the Atlantic menhaden industry in spite of improved stock conditions during the 1980s. Some states have closed specific riverine, estuarine, or near-shore ocean areas to menhaden purse seine fishing. Other states have more general area closures, such as in New Jersey where menhaden purse seine fishing for reduction is not allowed within 1.2 mi (1.9 km) of shore [N.B.: New Jersey has subsequently extended this closure to 3 miles]. Menhaden purse seine fishing is not allowed at all in the state waters of South Carolina, Maryland, and Delaware. State officials have often responded to pressure groups by restricting purse seine fishing access to traditional fishing grounds as conflicts have developed. Such decisions have generally not been based on analyses of biological or economic data.

Atlantic Menhaden Amend. 1 at 41-42. Little in this analysis has changed since 2001.

The localized depletion argument, and associated claims that menhaden reduction catches are responsible for the poor state of health of some striped bass in the Chesapeake Bay is, however, a new twist on prior arguments. Localized depletion has no scientific definition or meaning in the context of a unitary, migratory, and coast-wide stock like menhaden. And so, unlike claims about the status of the resource or bycatch, it is virtually impossible to either prove or disprove. Moreover, the fact is that Chesapeake Bay striped bass are at very high levels of abundance, and the Maryland Department Natural Resources (“DNR”) has reported ample catches of large, healthy striped bass on a consistent basis for the past few years. However, as it has done with respect to other issues of concern, Omega Protein is fully committed to providing reasonable assistance in investigating this issue.

It is unclear what’s causing disease in striped bass, or declines (if any) in their average weight. What is known is that striped bass have a wide and varied diet³; the Chesapeake Bay has obvious and critical problems relating to poor water quality; and the stock is subject to heavy fishing pressure, including an intense catch-and-release recreational fishery through most of the year. Yet, the federal government has spent five times as much money investigating menhaden in 2005 and 2006 (the last two years for which grants awards have been published) than it has on investigating striped bass disease. [Indeed, one of the two studies focusing on striped bass primarily focused on the issue of menhaden as forage.]

Although Omega Protein supports the menhaden research agenda, any objective observer would have to agree that it makes little sense to invest all (or at least the overwhelming majority) of limited scientific resources into looking only at one possible cause of the problem. Prudence would seem to suggest an exploration of all potential contributors.

The fact is that overall catches of Atlantic menhaden are well below historical levels coast-wide, and absolute and substantial reductions in removals from the Chesapeake have been occurring for well over a decade. In fact, the Bay was much more healthy and productive at times when many more menhaden vessels were fishing in its waters, and had been doing so for decades. All Omega Protein seeks is a fair inquiry into all potential sources of the recognized problems and issues in the Chesapeake Bay. The evolving understanding of the ecosystem impacts of menhaden suggest that such a broader inquiry is both prudent and warranted.

As a final note on the political issues facing the menhaden reduction fishery, I would like to point out what appears to Omega as a potential double standard. While there are fair questions as to the impacts of the fishery, there are also countervailing factors, such as the existence of an ongoing and precautionary management process, legitimate questions regarding the ecosystem impacts of expanded menhaden abundance, and the long history of this fishery which has coincided with a generally healthier coastal marine environment. Despite these factors, some argue that it would be inappropriate to consider the draconian economic impacts of a “precautionary” ban on the menhaden reduction fishery.

Quite ironically, one of the authors of the two bills before this Subcommittee fought hard to add flexibility in rebuilding timelines for summer flounder – an overfished stock that is

³ According to Maryland DNR’s striped bass fact sheet, rockfish “Larvae feed on zooplankton; Juveniles take in small shrimps and other crustaceans, annelid worms, and insects; Adults feed on a wide variety of fishes, crustaceans, squids, mussels, and worms.” See <http://www.dnr.state.md.us/fisheries/fishfacts/stripedbass.asp>.

experiencing overfishing – in the Magnuson-Stevens Fishery Conservation and Management Reauthorization Act. In an editorial touting the rebuilding flexibility provision, it was stated: “The proposed drastic cuts for this East Coast [summer flounder] fishery, however, would have rapidly done economic harm to businesses and fishermen in . . . coastal communities.” I agree with the Congressman that “[c]oastal fishermen are some of the most dedicated conservationists I know.”

Where we part ways, however, is over the issue of whether politically powerful constituencies deserve to be considered when assessing the economic impacts of management actions. Candidly and respectfully, I fear a double-standard is being applied when I see legislation calling for extension of a science-based rebuilding timeline for summer flounder, while this other legislation would eliminate our East Coast operations, based on precaution and surmise, when federal scientists have concluded the menhaden fishery is demonstrably healthy. To be clear, I am not saying we oppose rebuilding flexibility for summer flounder. But, what I am saying is that fishery managers should be accorded the flexibility to manage responsibly, no matter who fishes for the species in question.

The Atlantic Menhaden Fishery Has Long Been Prosecuted At Levels Far Greater than Today

The Atlantic menhaden fishery dates back to pre-colonial times, and has been conducted on an industrial scale since the 1800s. The importance of the industry in the overall economy was underscored when, during World War II, menhaden was declared to be a strategic resource. In 1955, there were a total of twenty-three plants and 150 vessels operating in the Atlantic fishery, from the Gulf of Maine to Fernandina Beach, Florida. [See attached table from Atlantic Menhaden Amendment 1.] During the 1950s, there were five reduction plants in the Chesapeake Bay and another three in Beaufort, North Carolina, whose fleets participated in the Chesapeake Bay reduction fishery. Today, there is but one reduction plant, Omega Protein’s, left on the East Coast, and a fleet of ten vessels.

As explained above, part of this decline has been related to political pressure and coastal gentrification. Other businesses closed following a major decline in the fishery following a period of overfishing during the 1950s and 1960s. Finally, other plants succumbed to economic distress during periods of low fish meal and fish oil prices. The bottom line is, however, that the Chesapeake Bay has been home to reduction plants since 1870. In addition, the purse seine used to harvest the fish has been in use since 1845. While there have been periods of overfishing (or at least one), the Chesapeake Bay has been much more productive and healthy despite, or, perhaps, in part due to, this fishing effort. Clearly, the Bay’s current number one problem is pollution, not the reduction industry.

For its part, the Atlantic menhaden reduction industry has been voluntarily providing the federal government with catch and landings data since 1940. Current landings are nearly four times lower than the peak years. Furthermore, standardized catch measures show that catches per week fished have grown dramatically over the time frame. Even considering for improvements in technology, catch rates are generally up even over the most recent couple of decades. In short, the smaller fleet has remained productive, and the overall signs for the fishery are strong – reduced catches, high catching efficiency – which at least is some indication of a healthy stock.

On a related note, some have attempted to draw conclusions from the fact that since the cap was put in place on Chesapeake Bay harvests, Omega has been harvesting a larger percentage of fish from ocean waters. The stated implication is that the stock of menhaden in the Chesapeake Bay must be declining, driving vessels to search for fish in more distant federal waters. This implication is not true.

As an initial matter, one of the specific objectives of the ASMFC's cap on the Bay harvest was to increase the proportion of fish harvested from ocean waters relative to harvests in the Chesapeake Bay.⁴ Despite the 28 percent reduction in absolute Chesapeake Bay removals in the 2000-2004 period compared to the previous 14 years, those harvests represented as much as 74 percent of total Atlantic menhaden landings. In the years since the cap was instituted in 2006, the proportion of fish caught in federal waters has increased to between 50 and 60 percent. For comparison, the Chesapeake Bay had accounted for 50 percent of total harvests from 1985 to 2004.

Part of the reason for this recent decline in the portion of total Atlantic menhaden catches coming from the Chesapeake Bay is a significant increase in menhaden bait fishing in New England, which went from virtually no landings in 2003 and 2004 to six percent of all landings in 2006. But the other reason for the shift is that Omega has increasingly focused its efforts in federal waters. The reasons are straightforward. For one, the fish have been abundant in the offshore areas, which are not too far distant from Reedville using the intercoastal waterways. Second, it makes economic sense to do more ocean fishing right now. All things being equal, the oil yield from these fish is sufficiently higher to justify the additional costs associated with harvesting them. Third, we recognize the range of goals the cap was trying to meet. If we are being criticized now for moving some of our effort to ocean waters, it truly is an example of "no good deed goes unpunished."

Nonetheless, menhaden are still very abundant in the Chesapeake Bay. Indeed, NMFS data confirms that catch rates in the Chesapeake are higher than recent historical periods. But, in line with historical practices, when menhaden are abundantly available in federal waters, it makes sense economically to do more ocean fishing when the increased oil yields per ton of ocean fish far outweigh the marginally higher costs of production. In fact, a much higher percentage would come from ocean waters, as in years past, but for the bar on harvests of menhaden for reduction purposes in states like New Jersey. Most of the enormous menhaden population travel within the three mile state water limit.

⁴ As Addendum II to the Atlantic Menhaden Interstate Fishery Management Plan noted:

The proportion of the total coastwide reduction fishery landings harvested from Chesapeake Bay has increased 11% from the 1985-1995 period, when landings averaged 47% of the coastwide harvest, to 1996-2004 when 58% was attained. . . . Despite this relative increase (11%) in the proportion of menhaden reduction removals from Chesapeake Bay over the two time periods, the absolute or actual removals from the Bay have declined over similar time frames. Between 1985 to 1999, when 13 or more vessels fished from the port of Reedville, to 200-2004, when the reduction fleet was pared to 10 vessels, catches for reduction from Chesapeake Bay have decreased by 28%.

Addendum II at 6.

The upshot is that in real terms, current Atlantic menhaden harvests are far below long-term, sustainable levels, both within the Chesapeake Bay and ocean waters.

Omega Protein Provides Important, Ecologically Sound Products to the U.S. and the World

As the members of this Subcommittee are well aware, we live in a world of limitations. This can be seen no more dramatically than in the current food crisis, but it is also apparent in the dwindling reserves of oil and the skyrocketing prices consumers are paying for fuel. In such a world, it is my opinion that we cannot forgo sustainable sources of protein and other products produced from menhaden. So long as the fishery remains conservatively managed, it provides ecological and economic benefits that would be imprudent to relinquish.

Menhaden reproduce in enormous numbers, in the wild, and without any economic inputs, investment, or diversion of any resources. When sustainably managed, menhaden provide appropriate ecosystem services, and a conservative fishery helps to maintain the ecological balance in a system in which species that prey on Atlantic menhaden are likewise subject to fishing pressure.

Our products also help to directly support human health and nutrition. In addition to nutritional supplements in the form of capsules, Omega Protein's new line of food-grade fish oils are also used in a variety of food products to boost the content of long-chain Omega-3 fatty acids. Omega-3 has been proven in research to improve heart health, and has been identified as aiding brain and eye function and mental acuity. Omega's oils provide a nutritional boost to common foods.

However, there is no substitute for Atlantic menhaden for these human health products. As I explained above, Omega recently invested nearly \$20 million in our Reedville operations to build a health research center and the refining capacity necessary to produce food-grade oils. Gulf menhaden do not contain the amount of oil necessary to meet the requirements for production of these products. In short, the bills at issue would make this investment for naught, and deny American consumers access to promising, healthful food products.

Omega Protein Plays an Important Role in the Reedville, Virginia Economy and the U.S. Economy Overall

Last, but far from least, I want to talk about the economic importance of Omega Protein's facility in Virginia to the men and women in the tiny coastal county of Northumberland. In this county of about 10,000 people, Omega directly employs nearly 300 people, and there are several times that amount of jobs in trucking, services, supplies, and other industries that are directly dependent on the plant. It is no exaggeration to say that Omega is the economic life's blood of Reedville and surrounding communities.

Many of our employees are second, third, and even fourth generation fishermen and plant workers in the menhaden industry. They were raised by the income earned from menhaden, and today they feed and educate their children, and support their churches, local businesses, and civic institutions with wages this fishery provides. For America's blue collar workers, there are simply no comparable jobs in the service sectors, and the skills that these men and woman have are not readily transferable to other jobs, even were they to exist. The loss of this plant would be devastating to the community, particularly in the current economic climate. Small fishing

communities such as this are increasingly an endangered species. Indeed, bills to save working water-fronts have been introduced this Congress in both Houses of Congress.

People who make their living from the Bay and the ocean have a strong, direct stake in ongoing health of the marine environment and the sustainability of the resources it provides. Our fishermen, who make good union wages and benefits as members of Local 400 of the United Food and Commercial Workers Union, have the long-view of resource, as some of you or your staff may have heard when they came up to Washington to discuss these issues here last week. I anticipate that many will be in attendance here today. These workers will attest that this fishery has been important for generations past, and will continue to be for generations into the future.

My hope is that you will look them in the eye and recognize that the caricature that has been painted of this industry – as avaricious, short-sighted, greedy, and ultimately self-destructive – holds no more validity than any other pernicious stereotype. All they want is the right to make a living, in a reasonable and responsible manner, just like any other American.

Nor does this stereotype fit even at the corporate level. As the head of a publicly-traded company, I am responsible for running a responsible business with a view towards long-term value. This is why Omega has consistently advocated for and practiced adherence to science-based management. As go the menhaden stocks, so goes Omega, and I am determined that both have a bright and long future.

Finally, what is good for Omega's workers and for the holders of the company's stock, is also good for this country. We do play a positive role in the American economy. Many of the products we produce are exported abroad, and the company's domestic sales offset products that would otherwise be imported, helping to move the balance of trade in the right direction.

Omega's operations are the life blood of the rural coastal communities, like Reedville, in which we are located. In addition to our Reedville, Virginia plant, we have operations in Moss Point, Mississippi, Cameron, Louisiana, and Abbeville, Louisiana. We are also one of the largest, if not the largest, employer in these rural areas. All three of our Gulf of Mexico facilities were damaged, if not destroyed, by the one-two punch of Hurricanes Katrina and Rita. All three are back in operation today. We re-invested in these communities, when others wouldn't. **None** of our employees lost a single day of pay due to the hurricanes.

I believe this is a richer country for Omega's role in helping to preserve a traditional way of life and providing good middle-class jobs in areas where such are in painfully short supply.

In conclusion, I sincerely hope that you will give these bills the fate they so richly deserve, and let them expire with no action at the end of the current Congress. I do appreciate, however, the opportunity to provide this information, and I will be pleased to answer any questions you may have.