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Cooke Aquaculture Pacific urges lawmakers to consider jobs, science-based policy, fair and equitable treatment Will seek NAFTA arbitration if ban on Atlantic salmon farming is approved

(OLYMPIA, Washington) Cooke Aquaculture Pacific today made what may be its final public pitch to lawmakers before they vote to approve a ban on the state's existing salmon farming industry, urging a Senate committee to consider instead the impact on rural jobs supported by the industry and to make public policy based on sound science.

"To be clear: Any ban on Atlantic salmon farming will be based purely on emotion and ideology, not science," said Joel Richardson, vice president of public relations for Cooke Aquaculture Pacific.

Washington's salmon farms have operated in Puget Sound since the 1980s under an assortment of owners throughout the years, with the latest – prior to Cooke Aquaculture Pacific – being Icicle Seafoods.

"With Icicle on the brink of bankruptcy in 2016, Cooke announced it would purchase all of Icicle's farms and retain the entirety of its rural workforce, securing the livelihood of Washington families who depend upon aquaculture for their income," said Richardson. "Cooke also invested in state-of-the-art technology and net-pen infrastructure to ensure the long-term viability of the company and the economic benefits it provides. Cooke was proud of this decision: We believed we were saving a thirty-year Washington industry that would have otherwise gone under, and were very excited to start bringing these farms up to our global standards."

Cooke obtained state regulatory approval needed to complete the purchase, including approval by the Department of Natural Resources (DNR) for the assignment of the four operating leases to Cooke. At no time during the purchase did any state agency or official, including DNR or the Commission of Public Lands, express any concern about Cooke's acquisition of Icicle's production assets or the possibility of salmon escapes, or suggest in any way that Icicle's operations were out of compliance with any state laws, regulations or leases. In February 2017, with some of its acquired nets pens near the end of their useful life, Cooke applied for DNR permits to install new state-of-the-art pens, including at the Cypress facility, once the pens were emptied of stocked fish.

Richardson said the company was not prepared for the subsequent widespread disparagement by public officials of Cooke as a company or salmon farming as an industry following the August collapse of its Cypress Island net pen structure.

"The criticism by members of the Legislature, the Governor and the Commissioner of Public Lands was and is surprising, as it both reflects and relies upon cherry-picked findings peddled by advocacy groups who misuse scientific literature to exaggerate the very low risk posed to native salmon," said Richardson. "The state's own Department of Fish & Wildlife has consistently reported that the escaped fish from Cypress Island carried no pathogens and are not able to survive in the wild or compete or interbreed with wild salmon. Although there have been plenty of fears expressed, there's no scientific basis for claiming that Atlantic salmon threaten native salmon."

Since the August incident, Richardson said, Cooke has sought to be fully transparent and responsive to all stakeholders having an interest in protecting Washington's native salmon stocks, including state regulators, lawmakers and tribal authorities. These efforts have included:

- Engaging in a multi-tier escapee recovery plan immediately after the escapement, at a cost of \$3.5 million, significantly reducing the number of escaped salmon;
- Investing greater than \$1.5 million to clear the seafloor of debris that has accumulated over multiple decades;
- Cooperating with DNR in inspection of its facilities;
- Compensating tribal fisherman more than \$1.3 million for their recovery efforts;
- Investing greater than \$1 million to replace the infrastructure at the rest of the Cypress Island facilities;
- Continuing down the path of other planned facility and infrastructure upgrades, including collecting data to perform mooring analyses and engineering of mooring systems at all facilities;
- Offering to fund long-term scientific testing of Puget Sound waterways to closely monitor any impacts of the accident;
- Reaching tribal agreement to fund long-term scientific monitoring of the Upper Skagit;
- Offering to provide additional resources to tribal salmon conservation and enhancement programs;
- Offering suggestions for best regulatory practices that have worked in other states like Maine and in locations all around the world, and
- Providing legislative amendments to address concerns about potential interbreeding by limiting farmed salmon to single-sex species.

"We believe these are the right steps to take, and we think the public and state officials would expect this level of commitment from any responsible company after a regrettable accident," said Richardson. "To us, it almost appears as though state officials would rather reject our efforts at accountability so that they may punish us all the more."

Richardson said the response of state lawmakers and other officials seeking to outlaw farmed Atlantic salmon in Washington waters is disproportional to the actual impact of the August incident, as well as being discriminatory against a foreign company.

"Their punitive response, frankly, does not reflect the values or reality of an economy dependent on agriculture, marine- and natural resource-based industries," said Richardson. "This response is also discriminatory against Cooke, a Canadian company. We note that the Legislature did not seek bans of U.S.-based companies or industries in the past after pipeline explosions, refinery accidents, oil spills or floods of raw sewage. Unlike those accidents involving domestic companies or agencies, not one human

was injured and not a single wild-fish was killed by the accident occurring at the company's Cypress facility. "

Richardson said the difference in how Cooke is being treated is legally significant.

"In the more than thirty years that salmon has been farmed in Puget Sound, there have been other larger fish escapes from domestically-owned aquaculture facilities prior to Cypress," said Richardson. "Not one of those incidents resulted in lease termination by DNR or even so much as a single penalty by the state, let alone an attempted ban by the Legislature. The only difference between then and now is ownership by Cooke, a foreign investor."

Ultimately, Richardson said, the lack of fair and equitable treatment of Cooke and the attempted confiscation of Cooke's \$76 million investment in Washington amounts to economic protectionism against Cooke as a foreign company. Opponents of salmon farming have frequently sought to disparage Cooke in public testimony and in the press by characterizing the company as a "foreign corporation."

Richardson noted that DNR manages 20 aquatic lands leases for net pen facilities, including four with Cooke, ten with the Department of Fish and Wildlife, and three with Native American tribes, for finfish such as Pacific salmon and steelhead trout. Yet DNR's intense new focus on managing its fish-farming leases is solely focused on Cooke, and the agency has not issued any default or termination notices to any domestic company.

Similarly, House Bill 2957 applies to "nonnative marine finfish aquaculture" – simply another way of referring to Cooke, the only entity farms in Washington waters "nonnative" salmon – and expressly states that the Legislature intends to phase out nonnative finfish aquaculture in Washington's marine waters.

"There's a trade agreement that provides for relief in exactly this type of situation where a foreign company is treated worse than, and is disadvantaged against, its domestic counterparts," said Richardson. "If the Legislature approves a ban on our operations, Cooke will seek to recover our confiscated investment, plus costs and lost profits, through mandatory arbitration against the State of Washington under Chapter 11 of the North American Free Trade Agreement. We respectfully request the Senate to postpone a vote on HB 2957 until it has had an opportunity to consider the possibility of being required to pay Cooke for the confiscation of its investment."

CONTACT: Joel Richardson

Vice President Public Relations, Cooke Inc. (506) 694-4939 office / (506) 721-1093 mobile

<u>Joel.Richardson@cookeaqua.com</u> / <u>www.cookeseafood.com</u> / <u>www.cookepacific.com</u>