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August 23, 2012

The Honorable Karen Gordon Mills
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Mills,

I am writing to request that you provide a status report on the implementation of a key provision of the Magnuson-Stevens Fishery Conservation and Management Reauthorization Act (MSRA) of 2007, which required a concerted effort to expand domestic seafood processing. I also respectfully request that you and your office work with the Maine lobster industry to expand the economic benefits of this domestic resource.

As you are aware, lobster prices in Maine have been at historic lows for the vast majority of this summer. While this has occurred in part because of a strong harvest, it is has fundamentally been the result of an extraordinary shift in the molting season of lobsters, which has left the market with an abundance of soft-shell lobsters that cannot be easily transported. This has curtailed demand to local markets and processing facilities.

In 2008, I wrote the attached letter to your predecessor, requesting that the Small Business Administration (SBA) work to expand the domestic seafood processing industry, consistent with the MSRA. Specifically, the legislation included a critical mandate requiring that the Secretary of Commerce, the SBA, and other Federal agencies develop methods to encourage investment in domestic seafood processing facilities for fisheries that currently send large percentages of their catch overseas to be processed and marketed. This is a timely issue, as processing of roughly 50 percent of Maine lobsters takes place in New Brunswick, Canada, and the Canadian lobster industry disrupted the delivery of Maine lobsters earlier this month because of a concern that the processing of the abundant supply of Maine lobsters would erode prices in the New Brunswick area. At a time when it has been revealed that this billion dollar industry is highly reliant on foreign processors, it is imperative that we follow this law and provide resources to expand domestic processing.

As a result, I would like to request an update on the SBA's activities to expand domestic seafood processing since my 2008 letter. In addition, it has come to my attention that the there are underlying subsidies in foreign countries that create an uncompetitive environment for our domestic lobster industry. These unfair trade practices must be addressed, and accordingly, I would request a meeting with the SBA, the lobster industry, my staff, and officials from the State

of Maine to discuss these matters and to ultimately develop a strategy to ensure that this domestic resource is being maximized for economic growth.

Thank you for your attention to this matter and I look forward to your response.

Sincerely,

OLYMPIA J. SNOWE
Ranking Member