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**Announcement of Federal Funds for Virginia Cobia Farms and Virginia Tech
Public-Private Partnership**

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May 17, 2010

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Saltville, Virginia

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I am pleased to join you at Virginia Cobia Farms today to mark two major developments in our region's promising aquaculture industry. Today's announcements will enable Virginia Cobia Farms to expand its presence, creating jobs here in Saltville, and will foster the development of inland marine aquaculture to meet the current U.S. demand for healthy, contaminant-free seafood.

First, I want to announce that the U.S. Department of Agriculture, at my urging, has awarded Virginia Cobia Farms a federal Small Business Innovation Research grant of \$80,000 provided over the next nine months to develop feed products or water additives that will improve inland shrimp production in the U.S.

The purpose of the U.S. Department of Agriculture's Small Business Innovation and Research program is to create opportunities for small businesses to undertake cutting-edge, high quality research that would have a high potential economic payoff if successful.

Virginia Cobia Farms is ideal for this endeavor. The company develops technology for inland seafood production using environmentally beneficial practices. Currently, Virginia Cobia Farms produces 50,000 pounds of cobia each year and employs 12 individuals in Saltville.

Last year, the global seafood trade exceeded \$100 billion in value. Currently, the United States imports about 80 percent of its seafood. Marine shrimp make up 35 percent of that total. The nation's commercial wild seafood supply faces challenges from natural disasters to manmade problems such as overfishing and pollution. Events like the recent oil spill in the Gulf of Mexico can have a significant effect on our nation's wild seafood supply.

Aquacultured seafood products, many of which are imported, are filling this gap in seafood supply; however, the use of antibiotics or chemicals is difficult to control in imported seafood.

To address this problem, Virginia Cobia Farms, working closely with Virginia Tech here at the Southwest Virginia Aquaculture Research and Extension Center, will use the federal Small Business Innovation and Research Funds to improve the production performance and economic efficiency of inland marine shrimp aquaculture, which will in turn provide a safe and healthy supply of shrimp to U.S. consumers. The domestic production of shrimp will enable better control over the use of antibiotics or other chemicals in the shrimp, ensuring that the supply of shrimp for U.S. consumers will be healthy and contaminant-free.

The \$80,000 federal grant will provide funds to support scientific and technical personnel

and for other expenses relating to the project. In addition, Novus International, a large, privately held animal nutrition and technology company, has provided \$30,000 toward the project and will assist in commercializing the technologies developed by the project.

With the support of Novus International and Virginia Tech's Southwest Virginia Aquaculture and Research Center, Virginia Cobia Farms is in an excellent position to receive additional funds from the Small Business Innovation and Research Program's second phase of funding. The Phase II funds would be aimed at creating jobs through the commercialization of the technologies developed by Virginia Cobia Farms. I look forward to my continued work with Virginia Cobia Farms to secure additional federal funds for this project.

I would also like to note that last year, Virginia Cobia Farms received a previous allocation of Small Business Innovation and Research funds. A federal grant of \$79,933 was provided over nine months to develop new production techniques for juvenile cobia under low-salinity water conditions. Cobia is a fish noted for its mild taste and heart health benefits, but it is not yet a widely distributed seafood. It is native to Virginia's coastal waters; however, it is not practical for the commercial fishing industry to supply cobia because cobia do not travel in schools like many other fish that can be caught in large numbers.

With this allocation of federal funding, Virginia Cobia Farms has been working to identify the optimum age of cobia juveniles to make the transition from high salinity water to a lower salinity environment. With this knowledge, the company is working to identify the feed formulations that will produce optimum cobia growth so that cobia can be more widely distributed in the United States.

Today we are also here to announce a new and unique public-private partnership between Virginia Tech, Virginia Cobia Farms and other aquaculture and technology companies to help meet the nation's growing need for safe and healthy domestic seafood products. The new partnership will also accelerate the development of the advanced technologies that will create a sustainable, domestic aquaculture industry through the use of environmentally-responsible, energy efficient aquaculture practices. Developing a domestic aquaculture industry in an inland location enables the industry to overcome the challenges that face the current U.S. fishing industry, such as storms and coastal water quality problems.

Southwest Virginia is the ideal location for aquaculture production. It is located well within

a day's drive from points east of the Mississippi, making delivery of seafood products swift and convenient. Additionally, the region's excellent workforce, many members of which hold skills in agriculture and manufacturing, is poised to fill jobs created by the aquaculture industry.

Additionally, Virginia Tech's Saltville Aquaculture Research and Extension Center, where we gather today, presents a significant resource for the industry. Its presence helped to attract Virginia Cobia Farms, which has since made a \$6 million investment in the region.

Virginia Tech is a leader in aquaculture research, hosting the biennial International Conference on Recirculating Aquaculture for sixteen years. Its aquaculture research includes projects in marketing, fish nutrition, increasing heart healthy Omega-3 fatty acids in fish and recycling of saltwater used in production. The school has received a federal grant from the U.S. Department of Agriculture of \$635,000 to promote the sale of aquaculture products and provide educational programs to the food industry. In addition, the Virginia Tobacco Commission has contributed \$435,000 to Virginia Tech for the development of saltwater and freshwater shrimp aquaculture products, a portion of the work for which will be completed here in Saltville.

Virginia Tech's partnership with Virginia Cobia Farms will accelerate the development of the aquaculture industry in our region, creating new job opportunities for Southwest Virginia residents at state-of-the-art seafood production facilities. I look forward to my continued work with Virginia Tech and Virginia Cobia farms as this economic development opportunity for our region expands.

I would like to take the occasion of these remarks to thank a number of individuals without whom today's announcements would not be possible.

I want to thank Dr. H. William Harris, President and Chief Scientific Officer of Virginia Cobia Farms, for the investment he has made in Southwest Virginia's economy. I also want to thank Tracy Mitchell, Director of Business Development for Virginia Cobia Farms, for her outstanding efforts.

I also want to thank Virginia Tech's president Charles Steger as well as Ralph Byers and Dr. Alan Grey with Virginia Tech for their work to support this promising economic development

opportunity for our region.

I also want to thank Delegate Joe Johnson and State Senator Phillip Pucket for their support of the aquaculture projects in the Virginia General Assembly and on the Virginia Tobacco Commission.

Ronald Orr, Chairman of the Saltville Industrial Development Authority, deserves our recognition today for his outstanding work to locate new and expand existing business opportunities in Saltville.

Finally, I would like to thank Becky Coleman, my Senior Advisor, for her work in expanding economic development opportunities for our region.

I commend all here on this promising partnership, and I look forward to touring the Saltville Aquaculture Research and Extension Center's current projects.



Billingsley and Brantley discuss the production of salmon in a facility for new jobs in the state