

Heritage Salmon Seeks Buyer

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By Aaron Porter

ELLSWORTH — Heritage Salmon, one of the largest and strongest salmon farming companies to invest in Maine since aquaculture first took hold here in the early 1990s, is very seriously for sale.

Heritage's parent company, George Weston Ltd., announced last week that the salmon producing company is up for grabs. Weston is a Canadian-based food production and distribution company focused on baked goods and its majority stake in Canadian supermarket chain Loblaw Cos. Ltd.

"Unfortunately salmon aquaculture is not a part of that," said Weston spokesman Geoffrey Wilson last week. He said Heritage hasn't been a great fit at Weston for some time. Back in 2001 when Connors Bros., the major seafood division of Weston, was sold off, the salmon farm component wasn't included in the package even though it was for sale.

At that time, what had seemed a sunny future for aquaculture in Maine was clouded by environmental lawsuits brought by the U.S. Public Interest Research Group. The state's three largest salmon growers were accused of operating in violation of the federal Clean Water Act.

None of the fish farms in the state were issued the required pollution elimination permits required under the act. And although the Environmental Protection Agency and Maine Department of Environmental Protection hadn't designed the permits that salmon farmers needed, Fjord Seafood and Stolt Sea Farm eventually were found to be in violation of the federal law.

Before U.S. District Court Judge Gene Carter made a decision in the summer of 2002, Heritage had settled with the plaintiff, avoiding the court-ordered remedies. Those included long fallowing periods for all the farms operated by the two companies found in violation.

At the time, Heritage was praised by many environmentalists for agreeing to conditions that would, among other things, phase out the use of salmon with any European genetics. By agreeing to those terms, Heritage avoided some of the harshest orders imposed by Carter and seemed to be in a better position to prosper than the other companies.

Last year, Fjord sold all its farm holdings in Maine to New Brunswick-based Cooke Aquaculture, citing the conditions of the court order as reasons it couldn't continue in the state.

Meanwhile, Heritage made a very different strategic sale. Wilson said the company sold all its Chilean salmon farm interests in late 2004 for \$20 million. That leaves the company with farms in Maine, New Brunswick and British Columbia, hatcheries and processing facilities in Maine and New Brunswick, and a total of 915 employees, according to Wilson.

The Maine Department of Marine Resource's inventory of aquaculture leases indicates that Heritage has six leases of its own. In addition, the company has relationships with other growers including Trumpet Island Salmon Farm in Blue Hill Bay.

In spite of the company's comparatively good positioning with regard to the ailing Maine industry, the outlook wasn't good enough for Weston.

"The environment hasn't improved," Wilson said of the salmon market. The strong supply of farmed salmon in the marketplace is keeping prices down. And while "it tends over time to right itself," according to Wilson, Heritage isn't going to wait.

"We are actively pursuing a sale at this point," he said. He wouldn't confirm whether the company was negotiating with a specific buyer.

"We will be working closely with Weston to make the transition to new ownership as smooth as possible for everyone involved — including our employees, our customers and our suppliers," wrote Heritage President Fraser Walsh in a statement last week. "In the meantime, it's business as usual."

Sebastian Belle, executive director of the Maine Aquaculture Association said Weston's intent to sell is not a surprise, but he refrained from commenting on the likely sale until it is completed.

aporter@ellsworthamerican.com