

Bangor Daily News

Will Chinese market prove lucky or lethal for Maine lobstermen?



AP file photo

Lobsterman Bruce Steeves pauses while stacking traps at dawn in Portland, Maine in 2009. Maine lobster dealers are trying to make inroads into the potentially lucrative Chinese market, but there are hurdles to overcome.

By Seth Koenig, BDN Staff

Sept. 9, 2011

PORTLAND, Maine — Neville Perryman, a lobsterman who hauls traps in the waters off the coast of Australia, sells his catch for the equivalent of \$31.60 per pound on the beaches of China.

That's almost 10 times what a lobsterman working in Maine waters gets for his catch, and it makes the populous Asian country look like an awfully attractive place to sell Maine lobster. But entering into the Chinese market is a high-stakes game that, if lobstermen and distributors from the Pine Tree State don't play right, could be lethal for their businesses.

"China is an amazing place," said Perryman, who visited Maine last year as part of an international delegation of lobster dealers. "To trade there is like trading with 30 different countries instead of one. So imagine the logistics."

On Friday, a contingent of Maine delegates, representing seafood distribution and processing firms, was scheduled to return home after a weeklong trip to China, where they met with importers and chefs in multiple locations and networked at the annual Asian Seafood Exposition in Hong Kong.

"There's a very fast-growing [Chinese] middle class with a taste for something western," said Dane Somers, executive director of the Maine Lobster Council. "They have disposable income and they don't mind spending it. There's a great market there, but it's largely untapped at this point. People have been shipping live lobster to China for decades, but it's only within the last couple of years that the market has started to boom."

According to information provided by the Maine International Trade Center, which led this week's seafood trade mission, Maine exported \$969,645 worth of lobster — including frozen or otherwise processed meat — to Hong Kong in the first five months of 2011. That compares with \$51,728 worth at the year-to-date mark one year earlier.

Michael Marceau, head of The Lobster Co. of Kennebunkport, said his wife and business partner, Stephanie Nadeau, traveled with the group to China this week. The Lobster Co. is one of few Maine companies with a history of shipping live lobster to Asian markets, and Marceau said that, despite potentially profitable connections made overseas by his wife, selling to the Chinese is challenging.

“We’ve been shipping to Hong Kong for several years, and business is good there,” Marceau said. “There aren’t very many of us that do this. The connections don’t come easy, but there’s plenty of room. There’s a billion people [in China]. I can’t feed them all.”

To even feed some of them, Marceau must buy only the most hardy lobsters from Maine lobstermen, so that the delectable crustaceans survive the 36-to-48-hour multimodal transport to China, where importers have strict standards about what they’ll accept.

“Landing the product live is important,” Perryman said. “Chinese buyers will allow about 3 percent to 5 percent mortality at most.”

For Perryman, whose catch travels eight hours by plane from Australia to China, his lobsters can easily survive the commute even with delays.

For Maine lobster distributors, there’s no room for error. The cost to transport Maine’s signature seafood to the hungry Chinese consumers is much higher, and if the load arrives with too many dead or lethargic lobsters — or if the multitude of export and import documents aren’t filled out perfectly — the shipment is blown. And one blown shipment can be a business killer.

“At 5 percent [mortality], you’ll start hearing about it,” Marceau said. “They’ll cut your bill. The Chinese have nothing invested until they receive the lobster, until they’ve seen the product. You can put \$9 per pound into your lobster — including buying the lobster, paying for all the costs tied to transporting it, and including your profit — and if you don’t do it right or they don’t pay, you don’t just lose \$5 or \$6 of the lobster. You lose the whole \$9.”

Somers said if a shipment of lobster is rejected in China, “it wipes out your profits for a whole year. You’ve got to start over again next year.”

And that \$31.60 per pound? Both Somers and Marceau said Maine lobsters aren’t fetching anywhere near that amount.

“We can’t go in and get \$20 to \$25 per pound for lobster,” Somers said. “I’ve seen [Chinese] importers aggressively negotiating a price for our live lobsters, and they want it for \$10 a pound — and they’re getting it sometimes, which means nobody’s making any money.”

The Chinese aren’t willing to pay as much because Maine lobsters aren’t as meaty as the spiny lobsters they’re accustomed to buying from the Australians. The spiny, or “rock” lobsters, are almost “all tail,” said Somers.

Then there’s China’s long-held superstitions.

“The meat recovery on your lobster is approximately 23 percent of the whole weight, compared to our Southern Rock Lobster recovery of approximately 43 percent of the whole weight,” Perryman said. “The live color of our [rock] lobster is mostly red, so it is a ‘lucky’ color compared to your green [lobsters] — even though they turn red when cooked.”

Another hurdle, said Somers, is teaching the Chinese about how to transport, handle and, above all, prepare the North Atlantic version.

“There’s the education, there’s meat yield issue, and actually, having spoken to chefs in China, many of them don’t know what to do with the claw and knuckle meat,” Somers said. “They do have demand, but they carry everything under the sun. Their seafood importers have got lots and lots of options, and at this point, their customers aren’t saying, ‘I’ve got to have this.’”

That last issue is what the Maine Lobster Council is working on, said Somers. The group is developing an educational page in Chinese to attach to its website, and hopes to increase the profile of the famous Maine lobsters in the eyes of wealthy Chinese diners.

“Nothing creates more interest than good competition,” Somers said. “If we can get some high-end, five-star restaurants to carry Maine lobster, other restaurants will say, ‘I need to have that on my menu.’ At that point, you’ll have some momentum and the margins will improve for everybody. But it takes time.”