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Global Agricultural Information Network

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Live Crab and Lobster Exports Boom

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Product Brief

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Report Highlights:

Rising incomes and a strong cultural emphasis on freshness are supporting an entirely new category of exports to China - live seafood. This report focuses on live crabs and lobster, for which U.S. exports to China grew by 550% and 400%, respectively, in 2010.

General Information:

Lobsters and Crabs, Alive, Alive Oh!

Seafood, including crabs and shellfish, has always occupied a privileged position in Chinese cuisine as one of the top menu items. Tourists flock to coastal destinations from Hainan Island to Qingdao to Dalian in search not only of surf and sand, but seafood as well. Chinese cuisine places a heavy emphasis on freshness, and no good seafood restaurant is complete without a wide selection of tanks full of live shellfish, lobsters, crabs and other bottom-dwelling delicacies. Growing incomes and declining local supplies have led to a boom in imports of live seafood from overseas, above and beyond traditional demand for frozen seafood.

According to Global Trade Atlas, U.S. exports of live crabs to China grew by over 550% from 2009 to 2010 to pass \$5 million, and lobster exports to China grew by over 400% to surpass \$1 million. U.S. Customs data tell a similar story: exports of live lobster to China jumped from \$260,000 in 2009 to \$1.3 million in 2010, then jumped again to a total of \$2 million *in just the first quarter of 2011*. Likewise, these data show exports of 'crabs, nesoi' (the category including live crabs) as growing from \$776,000 in 2009 to over \$5 million in 2010, with sales topping \$3.8 million in the first quarter of 2011. Shellfish exports grew at a comparatively modest 12% (geoducks) to 26% (other than geoducks) in 2010, though imports in the first quarter of 2011 jumped by 62% and 54%, respectively, compared to the same period in 2010.

The Vibrant Trade in Live Crustaceans

United States Shellfish Exports To China Calendar Year: 2008 – 2010					
Commodity	Description	United States Dollars			% Change 2010/2009
		2008	2009	2010	
030624	Crabs, Raw (Live Etc), Cooked (Stm Etc) Not Frozen	31,953	779,310	5,083,170	552.27
030622	Lobsters, Live, Fresh, Ch, Dried, Saltd Or In Brine	74,651	259,654	1,308,401	403.9

Source: Global Trade Atlas

The ATO Connection

The U.S. Department of Agriculture's Agricultural Trade Offices (ATOs) have played an important role in building markets for seafood. ATOs work with industry organizations such as the Alaska Seafood Marketing Institute and regional groups such as Food Export U.S.A. Northeast to build distributor contacts and to identify good potential markets for U.S. products. ATO/Beijing supports the U.S. pavilion at the Dalian/Qingdao Fisheries Show, where live Boston lobster and U.S. geoducks were introduced to China. ATO was able to quickly follow up on buyer interest at the most recent show, thanks to support from Food Export USA, who funded travel for two key buyers to the Boston Seafood Show. ATO put together a team of Chinese buyers to attend the show and to visit key U.S. seafood suppliers on both the east and west coasts, providing translation and helping to set up meetings with

suppliers. Shortly after, ATO made contact with a group of shippers and suppliers for a live fish export project, who are interested in adding other live seafood to their package in order to bring down shipping costs. The highlight of all of these activities has been the rapid growth in interest in live shipments. (While live seafood was the headline story, the buying team to the Boston Seafood show also identified strong interest in other products, including sea cucumbers, oysters, frozen squid and fish heads).

In addition to making the connections between exporters, importers and shippers, ATOs also work to build recognition and demand for U.S. products. As always, these activities are done in close coordination with Industry cooperators. For example, the ATO-sponsored Chinese New Year media event at the Ambassador' residence showcased live Alaska King Crab (as well as frozen cod) in Chinese-style dishes developed especially for this event. Industry donations and support from groups like ASMI kept costs for the event to a minimum, while media coverage garnered well over 200,000 hits on major Chinese web portals and stories in several major newspapers. Web footage included video and still photos of all the dishes developed. The Alaska King Crab dish was the clear favorite, getting rave reviews from food reporters. ATO is currently working with ASMI to feature Alaska seafood products (Pacific Cod and Pollock roe) in a competition that will challenge the chefs from 14 hotels to develop new dishes based on Alaska products for their Chinese customers.

Where It Goes

The bulk of the live seafood entering the Beijing market gets sold at wholesale markets to buyers from the HRI sector. Virtually all of it moves into Chinese-style restaurants, underscoring the strong emphasis on freshness in Chinese cooking – even five-star western establishments are relatively minor buyers compared to the high-end Chinese restaurants. Shipments directly to end users are still relatively rare, and the connection between the importer and buyer is not well-developed, resulting in considerable fluctuations in price as supply and demand move back and forth. Wholesale markets remain the primary sales point for live imported shellfish, but a growing number of established importers are carrying live product, and as this line of business develops, price fluctuations are likely to fall into a more regular seasonal pattern. Distribution of live shellfish on to second tier markets usually starts in Beijing/Tianjin, with buyers visiting the wholesale markets, then arranging their own trucking. The big exception to this is Qingdao, which is both a major seafood import point and a distribution center on to nearby secondary cities (Qingdao even onward ships some seafood to Beijing). A small amount of the less expensive live shellfish makes its way into retail markets, but margins on this business tend to be low.

Breaking It Down

Live Boston Lobster: In just two years, Boston Lobster has become one of the fastest growing imports into China. Wholesale markets report that the total import volume into Beijing is over 2,000 pounds

per day. From Beijing, products are frequently shipped onward to other markets in North China. At present, distributors say that most live Boston lobsters imported into China are moving via Canada. Competition is fierce, driving wholesale prices down to somewhere around RMB74 per ½ kilogram, compared to 6RMB higher for direct imports from the U.S.

Live Dungeness Crab: Live Dungeness crab is the most widely traded live crab to China, with imports being traded onward to locations as remote as Inner Mongolia and even Xinjiang. During the low season in summer, about 100 cases are imported into Beijing each day. At the peak season during winter, daily imports may reach 250 cases, equal to 10,000 pounds. These imports are supplied primarily to Beijing and the provinces of North China, with some occasionally moving as far south as Shanghai. Of the total, the city of Beijing consumes an estimated 15%. Imports of dungeness crabs have increased by around 20% each year. The popularity of imported crabs is related to concerns about food safety, declining catch of domestic crabs, and rising domestic prices for crabs. Dungeness crabs are currently trading in a price range from RMB40 to RMB130 per ½ kilogram in Beijing's wholesale live seafood markets.

Live King Crab: King crabs originate in the Bering Sea region and live king crab in the Beijing markets are imported primarily from Russia and South Korea, with a total import volume around 100 kilograms per day. King crabs exported from the U.S. to China tend to be expensive relative to the competition. South Korea has an advantage in this market as its proximity to and historical ties with China's Shandong province makes shipment to the processors in cities like Yantai and Qingdao relatively quick and easy. Chile exports a different type of king crab which, while similar in size, is sufficiently different in appearance to be easily distinguished from its northern cousin.

It's About More Than Just Shellfish

Live shellfish is a great market niche, and one that appears primed to keep growing – after all, Boston lobster is relatively new to this market. But the boom in live seafood imports is emblematic of a much larger trend. Recent years have seen rapid gains in exports of fresh cherries, also an airfreighted cargo, to China, and other premium products. Organics are also doing well (a recent collaboration between ATOs and the Organics Trade Association saw the sale of two full containers of organics on the spot), taking advantage of growing concerns about health and lifestyle issues. As Chinese consumers' incomes continue to rise, a new class of consumers has come on the scene, whose priorities are quality, safety, and prestige, and for whom price is not the leading factor. These consumers are redefining marketing strategies for a wide range of products, and setting trends for Chinese consumers as a whole.

