



Lobster

Tighter supplies; prices on the way up

New minimum weight requirements for lobster in the United States of America may put a squeeze on supplies, especially if Canada adopts the same regulation. This would undoubtedly push prices upwards. On the other hand, as China is considering lifting its ban on Australian rock lobster, North American lobster may face some competition in that market.

Supplies

New minimum weight requirements are set to come into effect for the US East Coast lobster fisheries, to be implemented gradually from 2025 through 2028. For instance, in July 2025, the minimum weight will be increased from 0.98 lbs to 1.18 lbs. This will most likely mean that lobster catches in the area will decline by some 30 percent, according to harvesters.

The new regulation is a conservation measure that should improve the biomass in the longer run, but it will definitely result in some short-term challenges. A drop in supplies would also most likely put pressure on prices, both for live lobsters and for lobster meat.

If Canada decides to follow the United States on the same path, supplies of lobsters will fall even further. Meanwhile, Canadian authorities are planning to establish marine protected areas around the province of Nova Scotia. Naturally, this has caused harvesters in the area to worry, but representatives from the Department of Fisheries and Oceans (DFO) have assured them that coastal areas will not be affected by the new marine protected areas.

Severe weather conditions around the Western Cape in South Africa affected lobster fishing in March and April. Because of the poor weather conditions, small-scale fishing cooperatives called for a three-week extension of the season, which had opened on 16 December 2023 and was due to close on 1 April 2024. The Ministry of Forestry, Fisheries and the Environment subsequently agreed to a short extension until 19 April 2024.



Markets

The lobster fishery on Canada's east coast is the most profitable in the country, with an annual (recorded) value of more than CAD 2.0 billion (USD 1.5 billion). However, there is also a lucrative black market for lobsters in Canada, where containers full of lobsters, all paid for in cash, are being shipped out with no records of either landings or sales being filed. While the problem of tax evasion is serious enough in itself, the lack of records constitutes another major concern for Canadian authorities because of the resultant uncertainty regarding the actual state of the stock, and this naturally makes fishery management very difficult.

Some markets, like the European Union, require government certification that any imported product is legally caught and recorded. However, other importing countries do not require such certification, and consequently these markets attract unrecorded shipments.

In May, it was reported that lobster catches in Atlantic Canada were at a record high level. So high, in fact, that it was difficult to sell it all. Processors were working at full capacity, but the lobsters kept piling up, which some claimed was partly due to a reduced demand for lobsters in China. As expected though, it was a temporary problem as the season closed at the end of that month and the lobsters in storage were gradually sold in the weeks after. A shortage of supplies may even be seen in the near future.

North American lobster prices declined sharply as a result of the record landings in Canada in May. Export prices for live Canadian lobsters shipped to China peaked in March, and then started on a steep slide until mid-June when they hit bottom, according to traders. The low prices brought a number of processors back into action, and production of lobster tails increased sharply, causing prices for this product to fall. As the harvesting season is over, supplies of lobster have dropped and prices are expected to rise again.

International trade

World imports of lobsters declined by 7.9 percent in volume during the first quarter of 2024 compared to the same period in 2023. China imported 5.8 percent more than in 2023, and was the largest importer, accounting for 12 451 tonnes or just over 40 percent of the total. In contrast, US imports fell by 23.5 percent to just 7 201 tonnes and EU imports were down by some 17.4 percent to 3 835 tonnes.

Lobster imports

China	+5.8%	↑
United States	-23.5%	↓
European Union	-17.4%	↓

Among the exporters, Canada saw a dramatic 40 percent decline in exports, from 20 983 tonnes during the first quarter of 2023 to just 12 452 tonnes in the first quarter of 2024. In the same period under review, exports to China (the largest importer of Canadian lobster), dropped by 46.5 percent to 5 092 tonnes, while exports to the United States went down by 29 percent to 4 645 tonnes. Canadian shipments to the European Union were also lower by almost 23 percent.

Australian lobsters have been blocked from the Chinese market since November 2020 as a result of the deterioration of the Sino-Australian economic relationship at that time. Australian exporters therefore had to seek other markets in Asia such as China, Hong Kong SAR and Viet Nam. However, there now seems to be light at the end of the tunnel. Negotiations are on-going and the industry is optimistic that the ban could be lifted soon.

One country that has benefitted from the Chinese ban on Australian lobster is Cuba. In recent years, shipments of Cuban spiny lobsters to China have increased, allowing exporters to gain a foothold in that market. At the same time, Australian rock lobster continues to face stiff competition from the North American species (*Homarus americanus*), exports of which increased significantly in 2023 in both volume and value compared to 2022. For instance, China imported 37 911 tonnes (USD 662.9 million) of North American lobster in 2023, compared to 31 377 tonnes in 2022 (USD 527.6 million), representing increases of 21 percent and 26 percent, respectively.

With regard to product form, as much as 65 percent of the Canadian lobsters and 88 percent of the US lobsters exported to China in 2023 were live. Exports of Australian rock lobsters to major markets saw a change in preference before COVID-19 when practically all the lobsters were sold as live; following the pandemic, that volume has now dropped to 70 percent, with the rest being sold as frozen products.

Outlook

Although lobster prices hit their lowest level in June and are expected to rise again later in the year, demand in China is uncertain. While some reports are forecasting weaker demand, at the same time, restaurants seem to keep buying North American lobster as never before.

With a possible re-opening of the Chinese market for Australian rock lobsters, competition could intensify, and this would put some pressure on prices in China.

Depending on economic developments, demand in western markets (mainly the United States and the European Union) may improve, especially if prices remain relatively low.

Lobster exports

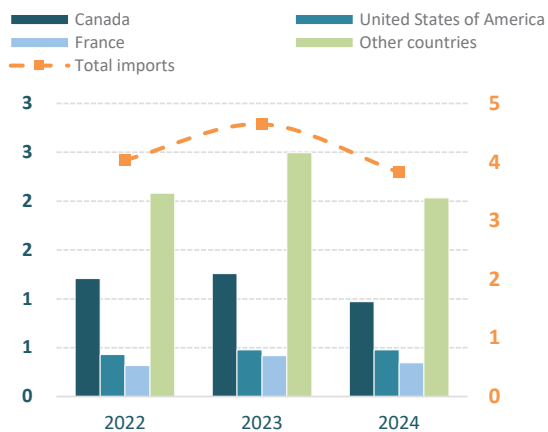
Canada -40% ↓

**World imports and exports of lobsters
January–March 2022–2024 (1 000 tonnes)**

	2022	2023	2024
Imports			
China	11.39	11.77	12.45
United States of America	9.31	9.42	7.20
China, Hong Kong SAR	1.21	1.77	2.00
Other countries	10.33	10.44	9.39
Total imports	32.24	33.40	31.05
Exports			
Canada	16.91	20.98	12.45
United States of America	4.04	4.57	4.08
Australia	1.90	2.39	2.76
Other countries	8.85	9.50	10.16
Total exports	31.69	37.44	29.46

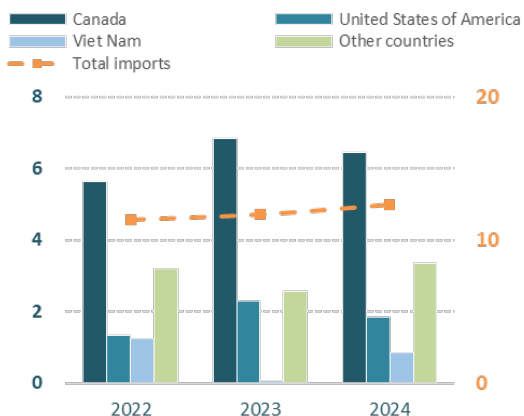
Source: Author's own elaboration based on GTT, 2024. Global Trade Tracker. [Cited 1 July 2024]. www.globaltradetracker.com

**European Union | Imports | Lobster
Top three origins
Unit: 1 000 tonnes, January–March**



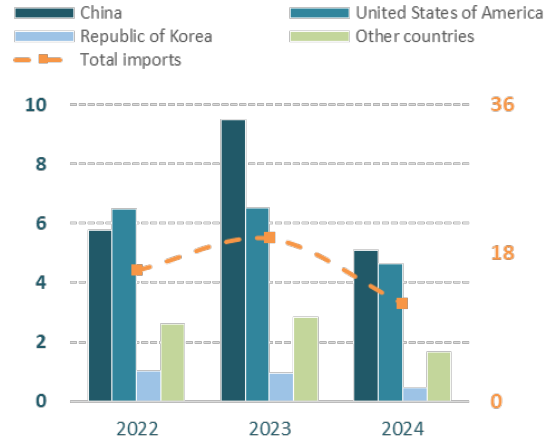
Source: Author's own elaboration based on GTT, 2024. Global Trade Tracker. [Cited 1 July 2024]. www.globaltradetracker.com

**China | Imports | Lobster
Top three origins
Unit: 1 000 tonnes, January–March**

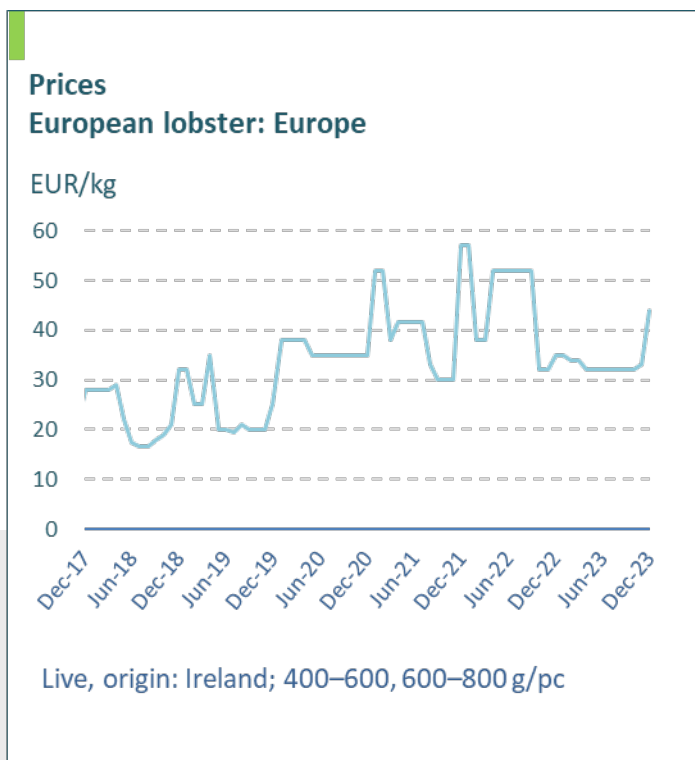


Source: Author's own elaboration based on China Customs data. 2024 China Customs. [Cited 1 July 2024]. <http://english.customs.gov.cn/>

**Canada | Exports | Lobster
Top three destinations
Unit: 1 000 tonnes, January–March**



Source: Author's own elaboration based on Canada Statistics data. 2024. Canada Statistics. [Cited 1 July 2024]. <https://www.statcan.gc.ca/en/start>



Source: Author's own elaboration based on the European Price Report 2024. GLOBEFISH. [Cited 1 July 2024]. www.globefish.org



