

# Private Sector *Trade Note*



## CARICOM's Rock Lobster Trade<sup>1</sup>

### ► GLOBAL FROZEN ROCK LOBSTER TRADE OVERVIEW

Frozen rock lobster (also referred to as "Spiny Lobster") represents an important global market even though import spending contracted by approximately 3.3% annually between 2001 and 2009. This industry represents a source of employment for numerous "fisherfolk" across CARICOM and involves many linkages to the local tourism and related industries including agribusiness distribution and restaurants.

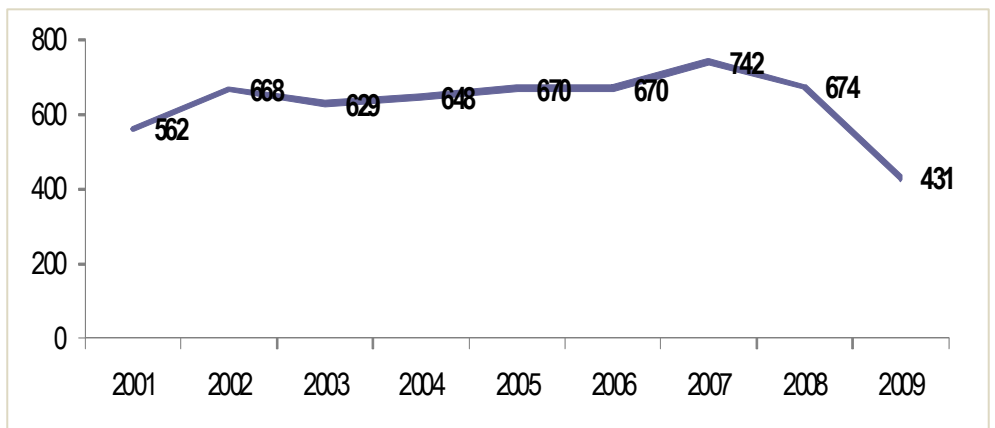
However, between 2001 and 2009, global rock lobster import spending declined, whereas, global import spending on all products expanded by 9.2% annually. Therefore, frozen rock lobster (HS 030611) represented a receding international market (compared to global merchandise import spending trends for all products). In 2009, global importers spent US\$431mn on imports of frozen rock lobster (HS

030611). (see figure 1).

The top merchandise import markets for frozen rock lobster in 2009 included The USA (US\$207mn); France (US\$59mn); Japan (US\$38mn); Spain (US\$29mn);

Belgium (US\$19mn); and Chinese Taipei (US\$13mn). Between 2005 and 2009, some of the most dynamic import markets for frozen rock lobster included Indonesia (671% average growth in import spending);

**Figure 1: Global Frozen Rock Lobster Import Spending (US\$bn).**



Source: TradeMAP. [http://www.trademap.org/Country\\_SelProductCountry\\_TS.aspx](http://www.trademap.org/Country_SelProductCountry_TS.aspx) Retrieved May 9, 2011.

Chinese Taipei (54%); Belgium (37%); Mexico (14%); The United Kingdom (8%); Portugal (3%); Greece (3%); Australia (3%); and Singapore (1%). These markets exhibited growth in the face of a global recession, and an overall industry contraction in import sales, and represent seemingly solid markets for frozen rock lobster for CARICOM exporters.

Trade in frozen rock lobster still represented a robust trade opportunity for CARICOM exporters. In 2010, trade in rock lobster showed signs of recovery from the global economic collapse of recent years. Even though information is still preliminary, in 2010, almost all of the top markets in 2009 increased their import spending, signaling some recovery from the global economic contraction for this industry.

The USA increased its import spending for frozen rock lobster to US\$278mn in 2010. France increased spending on imported frozen rock lobster to US\$82mn; Japan's import spending increased to US\$52mn; also Spain increased import spending to US\$37mn; Belgium increased spending to US\$29mn; and Chinese Taipei to US\$19mn.

Based on the increases in these top markets, which traditionally accounted for over 95% of global import spending on frozen rock lobster, a strong increase in global import spending on this product is forecast when all the data are captured.

► **CARICOM FROZEN ROCK LOBSTER TRADE OVERVIEW**

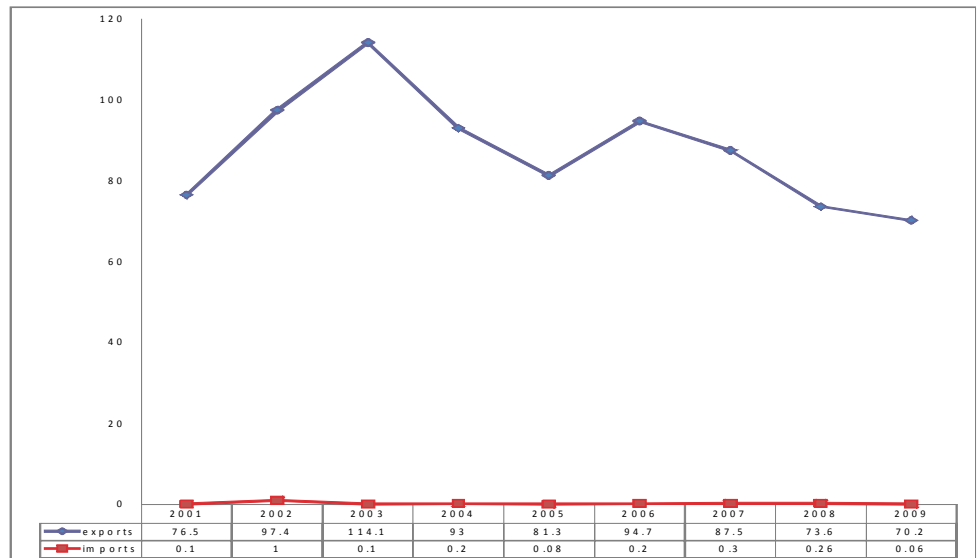
CARICOM is a major player in the global frozen rock lobster trade. The frozen rock



lobster market has tremendous opportunity based on the competitiveness of the regional industry (signaled by the robust trade surplus observed since 2001). In 2009 CARICOM exporters generated US\$70mn in international sales of frozen rock lobster, whilst CARICOM economies

outturn for this product based on the 3.3% average contraction in import spending observed during this period. Ultimately, the region's market penetration rate (i.e. the share of global imports that CARICOM exporters captured), increased from 13% in 2001 to 16% in 2009. Therefore,

**Figure 2: CARICOM Frozen Rock Lobster Trade (US\$m).**



Source: TradeMAP. [http://www.trademap.org/Country\\_SelProductCountry\\_TS.aspx](http://www.trademap.org/Country_SelProductCountry_TS.aspx) Retrieved May 10, 2011.

spent US\$64,000 to import this product (see figure 2 below). CARICOM Member States' export sales of frozen rock lobster contracted by 1.1% annually between 2001 and 2009, whilst frozen rock lobster exporters to CARICOM experienced a 6.2% annual contraction of their export sales.

whereas in 2001, CARICOM frozen rock lobster exporters captured 13% of global import sales, by 2009, the region's exporters of frozen rock lobster captured 16% of global import sales of the product, thus gaining 3% market share over the period.

This implied that the region gained some international competitiveness even though the trade surplus contracted slightly from US\$75mn in 2001 to US\$70mn in 2009. Between 2001 and 2009, CARICOM's export sales of frozen rock lobster contracted by 1.1% annually, significantly outperforming the world import spending

The Bahamas was the top exporting Member State in 2009, generating 86%<sup>2</sup> of the region's export sales of frozen rock lobster. Other main exporters of frozen rock lobster in 2009 included Belize (US\$6.1mn) and Haiti (US\$3.9mn) which along with The Bahamas accounted for over 99% of sales of frozen rock lobster. Haiti was the most dynamic CARICOM

***“CARICOM is a major player in the global frozen rock lobster trade. The frozen rock lobster market has tremendous opportunity based on the competitiveness of the regional industry”***

exporter of frozen rock lobster between 2001 and 2009 growing export sales by 3.3% per year. Between 2001 and 2009, Belize also exhibited some dynamism growing export sales by 2.5% on average, with Guyana, Suriname and Jamaica showing intermittent export performance.

The region's exporters of frozen rock lobster are generally not price competitive. The Bahamas, the dominant exporter, was able to sell the product at a price which was 20% more expensive than the global average export price in 2009. Belize and Haiti's export prices were about 33% more expensive than the world average price in 2009.

The top export market for frozen rock lobster was the USA accounting for 51% of export sales in 2009 (see figure 3 below). Other dominant export markets in 2009 are detailed below and include France, Belgium and Canada, all markets with which qualifying CARICOM exports receive duty preferences<sup>3</sup>.

CARICOM's exporters do not receive any special tariff advantages for their exports of this product to the USA as there are no duties applied on this product on imports from all countries. In 2009, The Bahamas was the second ranked exporter to the USA for this product behind Brazil. All top exporters of frozen rock lobster exhibited declines in sales to the USA except St Helena, Chile, Japan and Spain who showed strong growth in exports to the USA between 2005 and 2009.

The Bahamas was France's (including

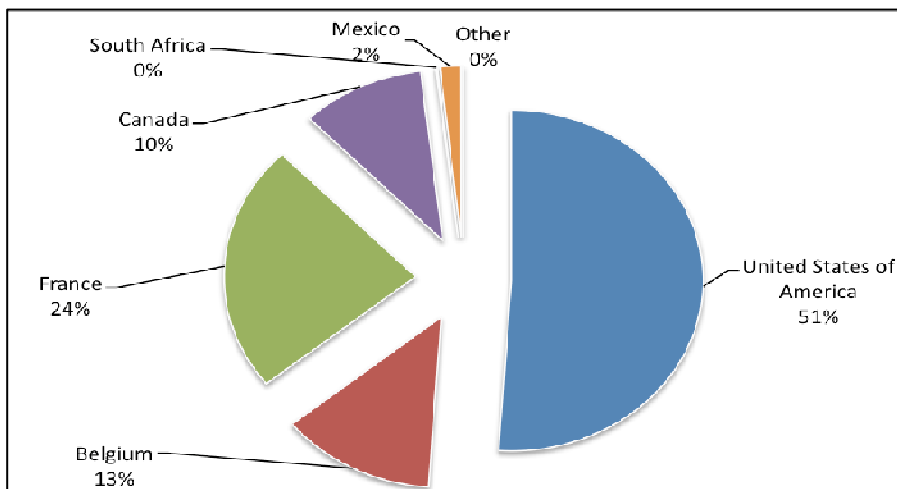
DOMs) main supplier of frozen rock lobster in 2009 capturing almost a third of the import sales. The Bahamas continued to outcompete exporters from Cuba, Spain, Nicaragua, the USA and Australia even though it is not price competitive within these markets.

Spain and Nicaragua<sup>5</sup> both also receive the duty free treatment that The Bahamas (and any other beneficiary of the CARIFORUM-EU Economic Partnership Agreement (EPA) receives. However, Cuban exporters of this product had to pay 4.3% duties to access the French market in 2009. Spain showed much dynamism into the French market as between 2005 and 2009, their export sales expanded by 12% per annum. Nicaragua was amongst the most dynamic exporters of frozen rock lobster having expanded export sales by 36% per annum between 2005 and 2009. Exporters from the USA had to pay a 12.5% tariff to access the French market in 2009, but still managed to expand their sales by 2% per annum between 2005 and 2009. Some of the most price competitive exporters to France included Spain, the USA, India, Ireland and Belgium. Therefore, the tariffs on this product seem to work in conjunction with the price competitiveness of the product as some countries penetrated the market even without any of the trade preferences that may be benefitting exporters from The Bahamas.

The Bahamas was the top exporter of frozen rock lobster to Belgium in 2009, and based on preliminary data, maintained their top market position in 2010. Exports of frozen rock lobster from The Bahamas to Belgium can qualify for duty free treatment. The Bahamas outcompeted countries such as Nicaragua, the United Arab Emirates (UAE), Ecuador, France, The Netherlands and Germany which all had similar duty free benefits except for the UAE, which paid a 4.3% duty to access this market. The Bahamas was the most dynamic exporter of frozen rock lobster to Belgium, as between 2005 and 2009, export volume expanded by 132% per annum, and export sales by 43% per annum. However, Nicaragua also expanded its export sales between 2005 and 2009, but has not been gaining significant import share as in 2009 The Bahamas still supplied almost 60% of Belgium's imports.

Key new issues for CARICOM exporters include the new European Union (EU) Catch Certification requirements which stipulate that in order to gain access to the European Union, lobster must be caught on licensed vessels using 'legal' methods. CARICOM Member States are at varying levels of compliance with this new directive, and we urge the industry to

**Figure 2: CARICOM Export Markets for Frozen rock Lobster in 2009<sup>4</sup>**



Source: TradeMAP. Retrieved May 10, 2011.

**Need More Information on Private Sector Trade?**

[www.crnmm.org](http://www.crnmm.org)



understand the state of compliance with these regulations at the national level.

The Bahamas also dominated exports of frozen rock lobster to Canada in 2009 supplying over one-third of import spending. The Bahamas and Haiti jointly supplied almost two thirds of Canada's import spending for frozen rock lobster in 2009. Canada was Haiti's only export market for frozen rock lobster, generating US\$3.9mn in export sales for Haitian exporters. CARICOM exporters of frozen rock lobster to Canada (namely The Bahamas, Haiti and Belize) jointly accounted for almost 70% of Canada's import spending on frozen rock lobster in 2009. However based on the preliminary data for 2010, The Bahamas is expected to lose significant import sales to countries including China and Brazil, which now seem to have the Canadian frozen rock lobster market in their cross hairs. CARICOM's exporters will need to prepare to defend this export market utilizing the 5% tariff preference that they currently qualify for under the CARIBCAN trade arrangement with Canada. However, this preference is scheduled to expire at the end of 2011. The region's imports of frozen rock lobster were sourced mainly from the USA with intermittent imports from France, Nicaragua, Honduras and Vietnam and all these imports attract a 40% CET.

CARICOM firms may need to examine new markets which offer prospects for greater diversification of sales. Dynamic import markets such as Mexico, Indonesia, Chinese Taipei, the United Kingdom, Portugal, Greece and Australia still remain under explored. Some of these markets offer duty free preferences to CARICOM exporters of frozen rock lobster and could present lucrative opportunities for market diversification. Other opportunities not being maximized include the export of live spiny lobster. As mostly tails are being currently exported, there may also be other opportunities in the export of whole lobsters as well as value added lobster products. The industry's competitiveness continues to be retarded by factors including the prohibitive cost of fuel; significant poaching by other Caribbean competitors; and possible collusion by retailers/distributors in export markets. However, from the foregoing, the region still seems to be competing in this industry. The competitive strategy appears to be based on non-price factors including near-shore access to the USA. In this regard, The Bahamas benefits from a customs clearance programme which may be facilitating trade and ensuring that this quality sensitive product is able to obtain a higher price based the freshness factor. Other CARICOM Rock lobster firms that do not benefit from similar customs clearance procedures could examine partnerships with firms in The Bahamas geared towards exploiting some of the locational advantages where feasible. This industry appears to be one in which CARICOM is self sufficient and it has been demonstrating successful use of trade preferences in the defense of its market share locally and within the export market.

\*\*\*\*\*

**Readers are invited to suggest  
topics of interest for future trade  
notes.**

<sup>1</sup> All data from the International trade Centre (ITC) tradeMAP database. [www.trademap.org](http://www.trademap.org) . Retrieved May 6-10, 2011. Significant contributions from Mr. Hank Ferguson, and Mr. Ricky Francis.

<sup>2</sup> The Bahamas official exports in 2009 total value was \$US59.6 million at a per pound price of \$11.70 average and in 2010 exports totaled US\$67.9million at \$14.30 per pound.

<sup>3</sup> In most cases, the frozen rock lobster has to be "wholly sourced" in CARICOM to receive the duty preferences in the export market.

<sup>4</sup> Other includes China, Austria, French Polynesia, Barbados, Guatemala and Mauritius.

<sup>5</sup> Nicaragua receives duty free treatment for this product based on the EU Scheme of Generalized Tariff Preferences (article 8) special incentive regime for sustainable development and good governance.

**Produced by the OTN Information Unit, 2011**

**DIRECT ALL COMMENTS OR QUERIES**

**Mr. Lincoln Price**  
**Private Sector Liaison**  
[lincoln.price@crnm.org](mailto:lincoln.price@crnm.org)