

Export Market Development Guidebook

Rock Lobster (HS codes 030631, 030621, 030611 and
030691) in the US
July 2021



Australian Government
Australian Trade and Investment Commission



Euromonitor
Consulting



Introduction

Market Volumes and Dynamics

Local Production Dynamics

Trade Dynamics

Channel and Consumer Preferences

Distribution

Pricing Analysis

Competitive Environment

Import and Trade Regulatory Landscape

Opportunities and Challenges

Introduction

Project Background and Objectives

In December 2020, Austrade was allocated AUD42.9 million in funding to boost its support for Australian agri-food exporters.

Austrade primarily focuses its services on impact and reach. As part of its services, Austrade aims to increase assistance to an additional 2,000 agri-food exporters each year, as well as work with industry bodies to deliver specific advice to exporters about opportunities in existing and new markets.

Euromonitor International is collaborating with Austrade in delivering such services via the provision of enhanced market intelligence reports that help Australian exporters make informed decisions.

The key objectives of the research are as follows:

- Understanding market volume and dynamics
- Evaluating the role played by local production versus trade
- Assessing the different channel/customer preferences and wider implications these have on demand for Australian products
- Understanding distribution landscape in terms of key players operating within the different channels
- Understanding pricing dynamics across different channels and the impact on demand for Australian products
- Evaluating competitive environment to assess Australian products' positioning
- Assessing import and trade regulations

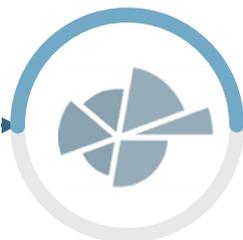
Overview of the research methodology implemented

PROJECT ALIGNMENT AND KICK-OFF



- Project alignment discussion on processes, objectives, goals, communication responsibilities/frequency, reporting needs, and timeline
- Knowledge transfer

TEMPLATE PRODUCTION AND DATABASE ACCESS



- Development of research templates and an initial draft reporting template
- Central sweep of publicly available sources, including **governmental and quasi-governmental sources**, as well as **trade associations, industry publications and analyst groups** tracking agricultural trade and market conditions

PRIMARY RESEARCH AND TRADE DATA COLLECTION



- **Trade data extraction**
 - Retail audits to understand distribution landscape (six stores in New Haven, Connecticut)
 - **Discussions with key players** including, but not limited to, importers, distributors, retailers, and industry associations
- N= 5 interviews

ANALYSIS AND REPORTING



- **Triangulation of results** to create a consensus output
- Multi-layer **quality control**
- **Delivery of the final report** (including the presentation pack, ie a highly visual executive summary of key findings)
- Austrade review, commentary, and report refinement and finalisation

Lists of stores audited and companies interviewed in the US

For the purpose of this research, Euromonitor International conducted detailed store audits in May-June 2021 and trade interviews with the following companies:



Stores audited in New Haven, Connecticut, USA

Shop Rite, Supermarket, Brookfield, CT

Stew Leonard's, Seafood market, Brookfield, CT

Amazon.com, Online

Giovanni's Fish Market, Online

Fulton Fish Market, Online

Great Alaska Seafood, Online



In-depth trade interviews conducted

Inland Seafood, Importer/Distributor

OceanPro Industries, Wholesale/Retail

Vince's Shellfish Company, Wholesale/Retail

Mt. Pleasant Seafood, Retail

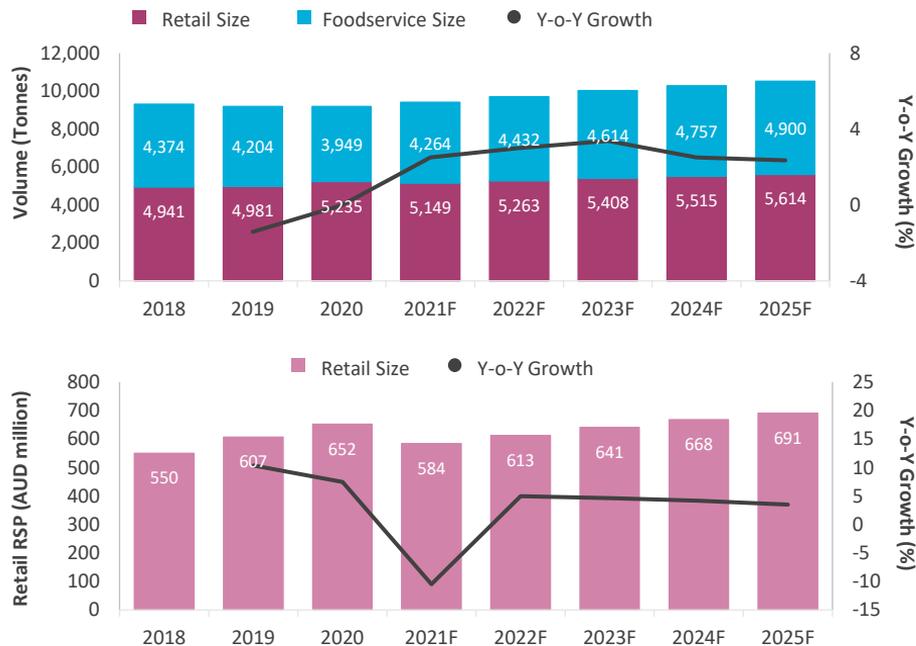
Blalock Seafood, Wholesale/Retail

Market Volumes and Dynamics

COVID-19 and pandemic-related measures led to a slight shift in volume from foodservice to retail. As foodservice activity increases in 2021 with the removal of COVID-19 restrictions, rock lobster consumption is expected to recover quickly. The market demand for rock lobster is primarily seen in frozen rock lobster tails.

Slight shift to retail in 2020, anticipated reversal in 2021 onwards is expected to support overall demand for rock lobsters

Rock Lobster Consumption in the US 2018-2025



Source: Euromonitor International estimates as per UN Comtrade and Trade map trade statistics, additional secondary research and trade interviews

Note: Rock lobsters covers HS Codes 030631, 030621, 030611 and 030691.



Rock Lobster

Total consumption: 9,183 tonnes, 2020

- Rock lobsters, known regionally as **spiny lobster**, **crayfish**, **bugs**, **Florida lobster**, **California lobster**, and others, comprise a relatively small part of the US shellfish market. US consumers are much more familiar with native American lobsters (*Homarus americanus*) chiefly differentiated by prominent front claws, and widely known as Maine lobsters.
- A **shift to retail was seen in 2020 due to COVID-19 restrictions on foodservice activity**, as consumption dipped in 2019/2020. Though foodservice demand was supported by alternative methods of home delivery and pick-up activities for consumers, pandemic lockdowns, capacity limits and social distancing requirements are being progressively removed. This is allowing **foodservice consumption to recover**, with overall growth expected to return, as these effects of the pandemic dissipate.
- US rock lobster demand is primarily supplied through imports**, especially from the Caribbean which supplies approximately 75% of US rock lobster consumption demand.

Local Production Dynamics

Florida and California contain the leading commercial rock lobster fisheries in the country. As the typical rock lobster season runs from October to mid-March, increasing retailers' sales, as well as direct-to-consumer online sales and fish piers, kept the industry going through 2020-2021.

Local production slowed in 2020, however early recovery is anticipated as demand increases

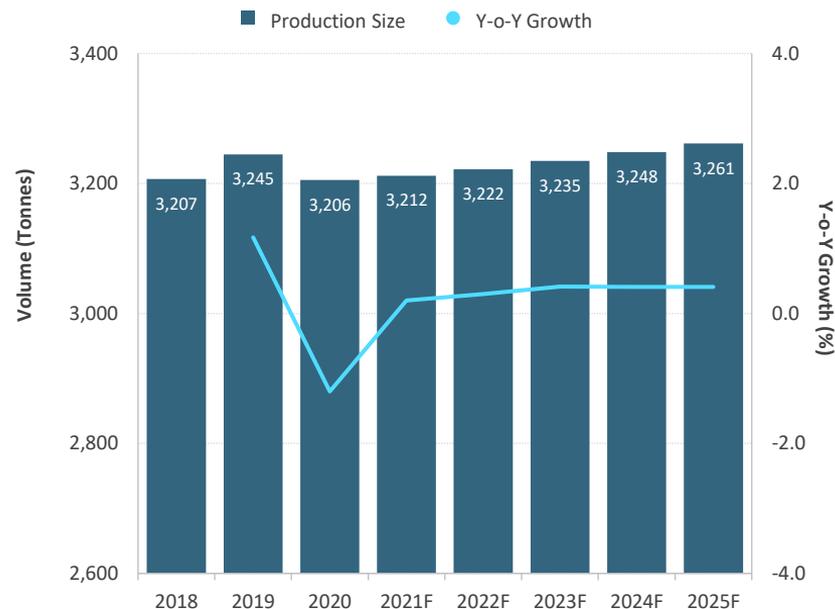
- Local production, supplying approximately 26.1% of domestic consumption in 2020, was impacted by the **COVID-19 pandemic**. Especially due to restrictions on dine-in locations where rock lobster is most sought.
- Current shortages of live rock lobsters have been noted in some areas as the 2021 fishing season does not open again until August. Meanwhile, frozen or canned rock lobsters can be found year-round at accessible prices in almost every supermarket.
- As **foodservice demand resumes in 2021**, production is expected to increase with higher prices anticipated initially. Some industry players believe high prices to be only temporary as volumes grow.
- Two types of rock lobster can be found in the US**, *Panulirus interruptus*, caught along the southern Atlantic and Californian coasts, and *Panulirus argus*, typically found in Florida waters and representing the most abundantly caught species.



Rock Lobster

Production CAGR, 2021-2025: 0.4%

Rock Lobster Production in the US 2018-2025



Source: Euromonitor International estimates as per FAO database

Trade Dynamics

Import volumes supply approximately 74.3% of US consumption in 2020. US exports, approximately 26.1% of domestic production, are made primarily to Asian countries. Florida- and California-origin rock lobsters were a leading export to China with 80-90% of live local catch sent there.

Imports may remain strong and continue to supply the majority of US consumption over the forecast period as well



Source: Euromonitor International estimates as per UN Comtrade and OECD statistics, trade interviews, and secondary research

Note: Rock lobster covers HS codes 030631, 030621, 030611 and 030691.

Import and export forecasts are made without extensively analysing trade and non-trade barriers. The forecasts are based on historic performance and prospects as gathered from trade discussions.



Rock Lobster

3.5% CAGR Imports, 2021-2025
0.4% CAGR Exports, 2021-2025

- Nicaragua, Brazil, Honduras and the Bahamas are lead importers providing a combined 74.3% of rock lobster imports in 2020. The US showed dramatic shifts to Nicaraguan supply in 2020 - driven by Hurricane Dorian in 2019 that devastated the Bahamas, formerly the top imported rock lobster supplier. Australian is the eighth largest importer to the US for rock lobsters.
- Overall US rock lobster consumption, 73.9% supplied by imports in 2020, will continue to drive a 3.5% CAGR over 2021-2025 for imports. This is reflected as foodservice demand recovers and retail consumption also continues to grow. Market demand for rock lobsters is primarily seen in frozen rock lobster tails.
- US rock lobster exports, primarily to Asian countries, are projected to post a modest 0.4% CAGR over 2021-2025, representing 26.6% of US production capacity in 2021.

Caribbean rock lobster imports dominate US import volumes as US corporations invest in efforts to improve MSC sustainability criteria in the region

Nicaragua

1,455 tonnes (21.3%), 30.2% CAGR 2018-2020

AUD74.3 million (20.3%), 38.5% CAGR 2018-2020

- The largest producer of Caribbean spiny lobster in Central America. Nicaragua exported to the US at an **average price of AUD51.0 per kg in 2020**.
- Nicaragua's Spiny Lobster Fishery Improvement Project is supported by leading US companies, Costco, Hyatt, Sysco and Kroger; to combat the critical issue of illegal, unreported and unregulated fishing that currently weakens Nicaragua's management of the resource.

Brazil

1,442 tonnes (21.1%), 2.9% CAGR 2018-2020

AUD72.4 million (19.8%), 1.3% CAGR 2018-2020

- One of the top rock lobster-producing countries in the world, Brazil exported to the US at an **average price of AUD50.5 per kg in 2020**.
- Increasing Brazilian trade with Asian countries and further stock management initiatives may impact US trade volumes in the future.

Honduras

1,253 tonnes (18.3%), -4.0% CAGR 2018-2020

AUD66.9 million (18.2%), 4.4% CAGR 2018-2020

- The second largest producer of Caribbean spiny lobster in Central America - supplying most of its production to the US market. Honduras exported to the US at an **average price of AUD53.4 per kg in 2020**.
- Recent adoption of the **Honduras Spiny Lobster Fishery Improvement Project (FIP)** to improve the sustainability of fisheries in the country and establish a traceability system for spiny lobsters.

Bahamas

927 tonnes (13.6%), -17.5% CAGR 2018-2020

AUD55.5 million (15.2%), -10.5% CAGR 2018-2020

- Battered by Hurricane Dorian in September 2019, the Bahamas' lobster industry was significantly impacted with substantial portions of the infrastructure damaged or destroyed in areas where nearly one third of rock lobster catches were made.
- The Bahamas exported to the US at an **average price of AUD59.9 per kg in 2020**.



"Cold water lobster tails are always the way to go. The meat is firmer and tastier, they are a better tail overall. I think Australia has both [cold water and warm water lobster tails], there's some confusion about that in the market."

- Sales Manager, Import/Export Wholesale Distributor

"Australian rock lobster is very expensive. We only supply them for special orders. We stock Honduras rock lobster, but really they are all pretty pricy."

- Manager, Seafood Market

Awareness of Australian rock lobster products was relatively low during trade discussions, with some expressing that they were not familiar with them at all. However, most expressed a willingness to learn more, as they are familiar with other popular Australian food products such as beef, lamb and wine.

Channel and Consumer Preferences

Market demand for rock lobsters is primarily seen in frozen rock lobster tails. Frozen rock lobster tails are commonly available in retail channels including hypermarkets/supermarkets, seafood markets and online - often displayed along with frozen American lobster tails.

Typically bought as a treat or for a special occasion, lobster demand is growing as consumers' awareness grows

Special events and holidays



Lobster dinner cruise

Lobster is relatively expensive in comparison to other crustaceans and seafood but seen as **worth paying more for on special occasions** and celebrations. Holidays and other special events such as **graduations, anniversaries, birthdays and weddings** are said to generate the most demand for both personal use and as gifts.

Alternative to Red lobster, said to have different taste and texture profile

Rock lobster provides an **alternative to Red lobster** that is favoured by some consumers, said to be **firmer, sweeter and sometimes larger** than other lobster types available. **As typically priced the same or even more per kg**, rock lobster is only available by the tail.

Frozen rock lobster tails are most common, with live, fresh, and previously frozen alternatives available in select markets.



Frozen lobster tails and meat in supermarket display. Bottom right is rock lobster tail

Raising awareness of the health benefits of lobsters and increasingly health-conscious consumers



Rock lobster featured in fish market

There is an **increasing consumer inclination towards a protein-rich diet**, while lobsters are also a rich source of numerous essential nutrients, including omega-3 fatty acids, magnesium, vitamins E and B12. A demand can be seen from **the convenience of these products**, with easy availability of canned, frozen and vacuum-packed variants. Manufacturers are now launching value-added and premium grade products **to cater to the diversified tastes and preferences of consumers** such as the preparation of various exotic delicacies including lobster paella and Thai lobster soup.

Caribbean rock lobsters are the most common across retail, while Australian rock lobsters are available online or through special order

Hypermarkets/Supermarkets

Seafood Markets

E-Commerce

Product Offer

- Frozen rock lobster tails, typically 6-10oz size, are most common and occasionally larger. Sold as packages from 2-4 tails on a tray, larger single tails of up to 20oz are sold individually. Nicaragua, Honduras, the Bahamas and Brazil are most common sources, and often labelled as “warm water” lobster.
- Live rock lobsters may be more commonly found in areas more suitable for live distribution. However, they are said to be less hearty and subject to higher mortality than the more common live Red lobsters.

- Frozen rock lobster tails in multipacks as in supermarkets are typically available with Nicaragua, Honduras, the Bahamas and Brazil common sources for rock lobsters.
- Individual fresh and frozen tails, are typically sold in larger sizes, ranging from 10oz to 20oz.
- Live rock lobsters are available in select regions in accordance with local preferences and demand.

- Multipacks of frozen rock lobster tails are most common, with component tails typically grouped by size ranging from 4-6oz, 6-8oz and 8-10oz. Larger tails up to 28oz are typically sold individually.
- Tails from most countries of origin are available depending on the e-commerce supplier. Specific mentions of Australia, the Bahamas, Brazil and South Africa were seen on prominent sites.
- Live rock lobsters are available seasonally, with California identified as a source.

Australian Brands Positioning

- Australian rock lobsters are not typically highlighted as different or unique in hypermarkets and supermarkets.
- When available, it is presented alongside other lobster meat, tails and seafood options.

- Interviews suggest that Australian rock lobsters are more difficult to obtain and typically more expensive, so they may not be kept in stock. However, they can be specially ordered when not already available.

- Australian rock lobsters are presented as premium to Caribbean-origin rock lobsters, especially cold water rock lobster tails from Western Australia.

Frozen rock lobster tails are displayed in seafood department freezers while fresh tails are displayed on a bed of ice to highlight freshness

Hypermarkets/Supermarkets

Fish Markets

E-Commerce

Shelf spacing/Marketing

- Frozen rock lobster tails are typically offered in seafood department freezers alongside other lobster type tails and other crustaceans.
- Live lobsters are displayed in large saltwater tanks, usually located in seafood departments towards the back of the store which are staffed to assist in retrieval. Country of origin is typically displayed on signage associated with the tank.

- Frozen rock lobster tails are displayed in freezers.
- Fresh tails are typically displayed on a bed of crushed ice with country of origin prominently featured, and often combined with other colourful crustaceans such as giant shrimp and prawns. American lobster tails may also be displayed in the immediate vicinity.
- Preparation recommendations may be provided.

- Sponsored products are listed first in response to targeted search terms with others then listed according to the site's search algorithm, which considers ratings and reviews.
- Product images, descriptions, and prices encourage click through for more information.
- Country of origin is typically identified on the product or in the description.

Procurement

- Vertically integrated supply chain systems are common, allowing local stores to order from centralised systems that respond from regional warehouses with daily shipments.
- Central purchasing and supply chain management may source products directly from manufacturers or wholesale suppliers as needed to ensure consistent supply and favourable prices. Direct importing by major retailers is common.

- Direct purchasing from local manufacturers or importers is preferred to ensure freshness and quality where possible.
- Regional and national wholesalers import and distribute rock lobsters for local use, some specialising in seafood and shellfish.

- Direct purchasing from local manufacturers/importers is preferred to ensure freshness and quality where possible, especially for live lobsters.
- Regional and national wholesalers import and distribute rock lobsters for local use, some specialising in seafood and shellfish.



Frozen Brazilian rock lobster display in supermarket



Fresh rock lobster tails on ice in typical seafood market setting



Frozen rock lobster tails sold in bulk through the internet



Giant frozen rock lobster tail in club store



Florida spiny lobster fisheries



Live lobster in seafood market

Rock lobster tends to be less expensive when compared to other lobster types in the US, making it a favoured choice within the foodservice channel

A premium menu favourite



Filet mignon and rock lobster "surf and turf"

"Surf and turf" is an American favourite that is served as a seasonal or regular menu item across many full-service restaurants.

A pairing of seafood such as lobster, prawns, shrimp, squid or scallops and premium beef steak, "surf and turf" is a noted premium dish.

The choice of seafood is typically based on local preferences, availability and the venue or chef.

Warm water rock lobster tails are said to be chosen as a premium yet more affordable lobster solution while cold water rock lobster is typically more expensive.

Fine dining

An alternative to other lobster types available, rock lobster is said to be sweeter and less briny with less of an ocean flavour.

Served in upmarket restaurants, rock lobster is said to be a relatively popular dish with more affluent patrons that are high income earners.

Popular dishes include steak and lobster, lobster thermidor, lobster truffle, lobster ravioli, lobster bisque, sous vide and lobster salad.



Fine dining, rock lobster sous vide

Caribbean rock lobsters are more common in foodservice due to availability and proximity, making the competition for Australian rock lobsters particularly stiff

Full-Service Premium Restaurants

Product Preferences

- Rock lobsters are typically obtained as fresh or frozen tails.
- Caribbean-origin rock lobsters are the most common rock lobsters. Some prominent national chains, for example, Red Lobster and Hyatt Hotels, are working with Caribbean suppliers to ensure quality and sustainability in pursuit of Marine Stewardship Council (MSC) certification.
- While “surf and turf” is often a regular menu item in full-service premium restaurants, the choice of lobster as the “surf” component varies.
- Rock lobster dishes can also appear on menus as lobster meat, lobster rolls, soups and bisques.

Australian Brands Positioning

- Though highly regarded for many food products, such as beef, lamb and wine, Australia's rock lobsters are not as well known.

Fine Dining Restaurants

- Chef preferences and opinions vary on the merits of warm water rock lobster versus cold water rock lobster.
- While some prefer warm water rock lobsters, available live from the Caribbean and Mexico, others prefer cold water rock lobsters, typically only available as frozen tails.
- Always a premium menu item, it is said that patrons choose rock lobster dishes for special occasions and celebrations.
- Some restaurants display live lobsters in tanks to increase consumer interest and engagement with the category.

- Perceptions of Australian rock lobsters were found to vary as some consider them warm water lobsters, while others consider them cold water lobsters, assigning value based on their personal bias and revealing some confusion in the market.

From fully-integrated supply chains to personal relationships, procurement options have grown dramatically across US foodservice

Full-Service Restaurants

Procurement

- National full-service restaurants such as Red Lobster and Hyatt Hotels typically source their own supplies directly from providers and provider associations through **vertically integrated supply chains**.
- Other independent restaurants rely on national or regional wholesale distributors or seafood specialist distributors for their supply of seafood products, including rock lobsters.
- A **host of regional and local suppliers** import, wholesale, and distribute specific requirements according to local needs.

Fine Dining Restaurants

- Preferring to establish **local relationships**, fine dining restaurants typically work closely with a **trusted group of suppliers** that coordinate the necessary supply chain functions to import and distribute supplies according to their needs.
- When supply of specific items is challenging, as is said to be the case with some rock lobster products, restaurants will broaden their approach considering other local, regional, and even national providers that can fulfil their requirements.

Distribution

Frozen rock lobster tails are widely available in modern retail as an alternative to American lobsters



Costco Wholesale Corp

Membership-only big-box retailer with national operations responsive to regional requirements

Contact:

999 Lake Drive
Issaquah, WA 98027
USA

Tel: +1 425 313 8100

Walmart Inc

Retail chain operating hypermarkets, department stores, and grocery stores with national operations responsive to regional requirements

Contact:

702 SW 8th Street
Bentonville, AR 72712
USA

Tel: +1 800 925 6278

The Kroger Company

America's largest supermarket chain, with national operations responsive to regional requirements, operates regionally under Kroger, Ralphs, Smiths, others

Contact:

1014 Vine Street
Cincinnati, OH 45202
USA

Tel: +1 513 762 4000

Albertsons Companies Inc

America's second largest supermarket chain operating nationally and responding to regional requirements, operates regionally as Albertsons, Safeway, Vons, others

Contact:

250 East Parkcenter Blvd
Boise, ID 83706
USA

Tel: +1 208 395 4722

Year-around national distribution of frozen rock lobster tails is enabled through e-commerce and overnight distribution solutions



Amazon.com Inc

E-commerce generalist handling the widest range of consumer products - www.amazon.com

Contact:

410 Terry Ave N
Seattle, WA 89109
USA

Tel: +1 206 266 1000

Fulton Fish Market

Online seafood wholesaler/retailer - www.fultonfishmarket.com

Contact:

800 Food Center Drive
Bronx, NY 10474
USA

Tel: +1 718 378 2356

Giovanni's Fish Market

Online seafood retailer - www.giosfish.com

Contact:

1001 Front Street
Morro Bay, CA 93442
USA

Tel: +1 805 772 1276

Kolikof

Online meat and seafood retailer - www.kolikof.com

Contact:

1718 22nd Street
Santa Monica, CA 90404

Tel: +1 800 353 0430

National full-service restaurant chains often feature steak and lobster as premium menu items



Red Lobster Hospitality LLC

Casual dining seafood restaurant chain

Contact:

450 South Orange Avenue
Orlando, FL 32801
USA

Tel: +1 800 562 7837



Darden Restaurants, Inc

Casual dining full-service restaurant chain

Contact:

1000 Darden Center Drive
Orlando, FL 32837
USA

Tel: +1 800 793 4126



TGI Fridays Restaurant Company

Casual dining full-service restaurant chain

Contact:

4201 Marsh Lane
Carrollton, TX 75007
USA

Tel: +1 972 662 5400



P.F. Chang's

Asian-themed casual dining restaurant chain

Contact:

7676 E Pinnacle Peak Road
Scottsdale, AZ 85255
USA

Tel: +1 480 888 3000

Importers act as wholesalers and distributors for a range of seafood products including rock lobsters

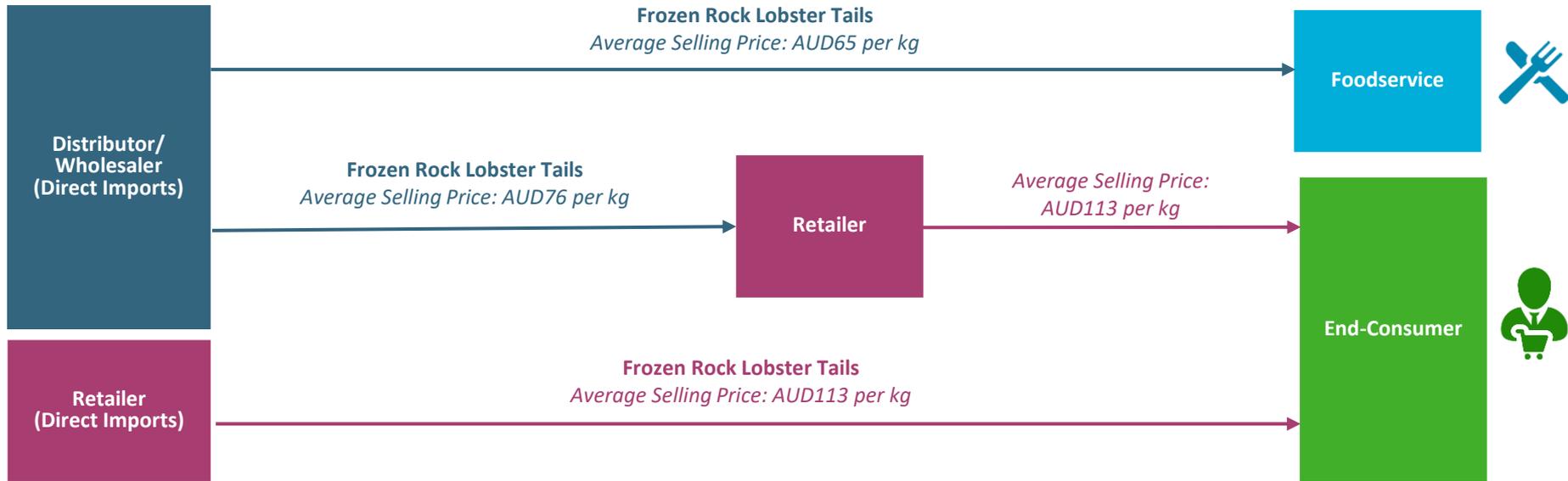
Company	Type	Contact Details	Website
Red Chamber Group	Import, export, and distribution of seafood products including lobster	1912 E Vernon Ave Vernon, CA 90058 USA Tel: +1 323 234 9000	www.redchamber.com
Casile Inc	Importer and distributor of Caribbean rock lobster	575 Madison Ave 10th floor - Suite 132 New York, NY 10022 USA Tel: +1 212 605 0132	www.casileinc.com
Southern Rocklobster Ltd USA	Importer and distributor of rock lobster	2308 Mountain View Rd El Monte, CA 91733 USA Tel: +1 310 344 4707	www.southernrocklobsterusa.com
CenSea, Inc	Importer and distributor of seafood products including rock lobster	Suite 110 Northbrook, IL 60062 USA Tel: +1 800 323 1815	www.censea.com

Pricing Analysis

The average retail price of frozen rock lobster tails across the US was observed to be approximately AUD113 per kg. Seafood markets where fresh rock lobster tails are seen, ranged from approximately 10-30% more expensive than hypermarkets/supermarkets. Online prices often are even more expensive, approximately 30-50% higher, though include overnight shipping.

Rock lobsters can be imported directly by retailers or obtained through wholesale/distributor supply chains; some distributors also sell to consumers via e-commerce

Imported Products Supply Chain



Source: Euromonitor International estimates as per store audits and trade interviews

Note: Average selling price includes tariffs and local taxes such as retail taxes.

Australian rock lobsters are commonly more expensive on average than other origins; South Africa being the outlier, with the highest-priced products

Hypermarkets/Supermarkets

Seafood Markets

E-Commerce

Price Competition

- Rock lobsters in hypermarkets/supermarkets are limited to frozen tails. Retail prices are dependent on country of origin, typically ranging from **AUD110-158 per kg**, with an overall average of **AUD113 per kg**.
- Rock lobsters from the **Caribbean** are the most prominent, typically ranging from **AUD110-117 per kg**.
- **US** rock lobsters are approximately **AUD158 per kg**.

- Rock lobsters in seafood markets are available as frozen tails and fresh tails. Frozen tail prices are similar to hypermarkets/supermarkets pricing, while fresh tails are slightly higher.
- Fresh tail prices vary by country of origin - typically ranging from **AUD127-226 per kg**, with an overall average of **AUD130 per kg**.
- **South African** fresh tails are most expensive at approximately **AUD260 per kg**, while **US** fresh tails average approximately **AUD180 per kg**.

- Rock lobsters available through e-commerce are typically frozen tails and are shipped overnight to purchasers at the highest overall prices.
- Ranging from **AUD166-340 per kg**, the overall average price is approximately **AUD 170 per kg** for frozen tails due to the variety of options available.
- **South African** rock lobsters are most expensive at approximately **AUD340 per kg**. **Caribbean** rock lobsters range from **AUD166-175 per kg**. **US produced** tails are about **AUD237 per kg**.

Australian Brands Price Positioning

- Australian frozen rock lobster tails are higher priced than the average retail variant in the channel at **AUD187 per kg** with **low retail presence** apparent.

- Australian fresh rock lobster tails are higher priced than the average retail price at **AUD215 per kg**. Both Australian and South African rock lobsters are typically available through **special order**.

- Australian rock lobsters are priced at approximately **AUD280 per kg** - at a **premium** to the more typical variant.

Competitive Environment

A diverse array of seafood importers, wholesalers and distributors supply US rock lobster market demand in both foodservice and retail channels. Generic and store branded rock lobster products dominate the market for both live and frozen rock lobsters.

Across the fragmented US supply chain, private label store brand rock lobsters are most frequently sold

Supplier	2020 rankings	Unique Value Proposition
Red Chamber Group	1	<ul style="list-style-type: none"> Importer, exporter, processor, harvester and national distributor of seafood and other fine foods serving customers across the supply chain. Operating facilities on both east and west coasts of the US, Red Chamber also operates international processing facilities.
Casile Inc	2	<ul style="list-style-type: none"> Importer and distributor of wild caught ocean harvested products, including rock lobsters, primarily to supply foodservice with a focus on Brazil and Honduras, and minor imports from Nicaragua and Panama.
Southern Rocklobster Ltd USA	3	<ul style="list-style-type: none"> Importer and exporter of high-end seafood items focused on Australia and New Zealand products, supplying distributors who serve foodservice and retail channels.
CenSea Inc	4	<ul style="list-style-type: none"> Importer of frozen seafood from nearly 25 countries to supply a diverse array of customers including restaurant chains, foodservice distributors, retailers and wholesalers.
Ocean Garden Seafood Company	5	<ul style="list-style-type: none"> Importer, exporter and sales company focused on supplying foodservice distributors who serve the foodservice and retail channels; restaurants and supermarket chains.

Source: Euromonitor International estimates

Note: Importance or ranking is based on observations made during store audits and product offering at location. It is not viable to derive market share as retail supply of rock lobsters is highly fragmented.

Quality, variety, size, taste and sustainability characteristics are prominently featured in rock lobster promotions

Wild caught warm water lobster tails by Costco Club Stores



Colourful warm water lobster tails

A wide collection of lobster tail seafood from Costco at low warehouse club prices. Premium quality and variety is valued. Wild caught warm water lobster tails, currently sourced from Brazil.

Spiny Lobster Tail by Hy-Vee Grocery



Sustainably sourced

Harvested in a manner that provides long-term sustainability and minimises damage to the environment and other sea life. Hy-Vee remains committed to responsible sourcing and features the consumer-friendly Responsible Choice logo on its seafood.

Jumbo Australian lobster tails by Giovanni's Fish Market



20-24oz frozen lobster tails

“The prized, finest lobster tail in the world.”
The tails are prized for their rich flavour, and offer a sweet, succulent and tender taste. Harvested from the warm waters of Australia, they are softer and more tender than cold water tails.

Import and Trade Regulatory Landscape

Being a large import-dependent market, the US has very complex trade regulations for importers to abide by. Rock lobster imports fall under the guidelines set by the National Marine Fisheries Service (NMFS), the Fish and Wildlife Service (FWS) and the Food and Drug Administration (FDA) - all to ensure the quality and safety of consumption in the US.

A strong US-Australia relationship allows for relaxed price and customs during trade.

Country requirements hold product quality to the highest standards – in turn determining import entrance to the US and product pricing



Packaging Requirements

Packaging requirements focus on avoidance of contamination to ensure product quality

- As price is often dependent upon product quality, it is critical to ensure that products arrive in the best possible condition at their destination. The **quantity of the product sold in a package must be truly stated on the main display panel of the package**, in units of the metric system. The word “net” should always be used when expressing quantity in mass.
- There are no specific guidelines for rock lobsters or other seafood. However, **IATA guidelines for packaging of live products are usually followed**, as live lobsters are typically shipped through airfreight.
- General packaging requirements are also limited, with a clear focus on avoidance of potential contamination of products.
- The importer must **comply with the FDA’s Hazard Analysis and Critical Control Points (HACCP) policies** - in which one must analyse the risk of contamination when importing and create a plan to monitor the risk of imports becoming contaminated.

Source: Euromonitor International as per US Food and Drug Administration, US Customs Border and Protection, and the International Trade Administration



Labelling Requirements

Recent labelling reform requires increased transparency of product information

- In accordance with Food and Drug Administration (FDA) and US customs requirements, key labelling of seafood products to the US must include:
 - The specific species of lobster and English translation of product name
 - Country of origin
 - Food allergen labelling
 - Labelled by weight, count, volume per package or count per unit weight
 - Storage instructions and temperatures that will maintain the product quality
 - Durability of shelf life, indicating the date of minimum durability
- Food traders are required to comply with all label requirements as laid out in the Food Regulations section of the Sale of Food Act (SFA). The SFA does not require a registration and does not provide label vetting services.
- Recent reforms to the mandatory **Country of Origin labelling regulations now require greater transparency** on the percentage of Australian content.
- Rock lobster labelling **guidelines only apply to products being sold directly to consumers** through retail channels.

Due to complexity of import regulations, it is recommended that foreign importers work with US customs brokers



Transportation Requirements

Airfreight is the preferred transportation method, however the most expensive for importers

- The majority of seafood imports from Australia to the US are shipped, generally the mode of choice for lower unit value products. However, as Australia is common for live rock lobsters, **airfreight is preferred to reduce time in transit** and preserve the quality. Depending on the state, the **average lead time by airfreight from Australia to the US is 5-10 days**.
- When importing food to the US, **one of the most important aspects is filing Prior Notice with the FDA**. Timeframe for submitting a notice will depend on the mode of transportation of the imported goods and must be submitted no later than two hours prior to arrival.
- **Minimum size limits have been put into place for rock lobster imports**. As such, no person may import rock lobsters with less than a 5oz. (142g) tail weight. The rock lobster tail must also be in whole tail form with the exoskeleton attached.

Source: Euromonitor International as per US Food and Drug Administration, US Customs Border and Protection, and the International Trade Administration



Documentation and Customs Processes

List of US agencies with requirements indicate the seriousness of US customs

- Guidelines for importing seafood into the US are set by the National Marine Fisheries Service (NMFS), the Fish and Wildlife Service (FWS), and the Food and Drug Administration (FDA). The USDA's Food Safety and Inspection Service (FSIS) works to ensure that all imported meat and seafood imports are safe for American consumers.
- Due to the strict nature and number of regulations, **the US Customs and Border Protection (CBP) recommends foreign importers to work with a Licensed Customs Broker** when importing food or animals.
- Nearly all foreign manufacturers, suppliers, and distributors of imported food to the US **must register their facility with the FDA**. This requirement stems from regulations outlined in the FDA's Foreign Supplier Verification Program (FSVP).
- **Importers must complete the USFWS Form 3-177 when importing seafood**. At the time of entry, the CBP and the FWS will review the information on this form and conduct an inspection of the imported seafood.

Leading ports' infrastructure allows for easy import accessibility to the US via maritime or airfreight transportation

US's Ports of Entry



Port of Miami, Florida

Known as the “Gateway to the Sea”, the Port of Miami is spread over an area of 518 acres. The port uses radiation portal monitors (RPMs), an inspection technology, to help inspect goods and materials without halting cargo movements.

Port of Los Angeles, California

The largest in the US and the busiest in the Western Hemisphere. A leading international gateway and is key to trade between the US and Asia Pacific. The port encompasses 7,500 acres of land and water along 43 miles of waterfront. The port's offerings, including real-time cargo-tracking tools for supply chain partners, including marine terminal operators, railroads, chassis providers, truckers, warehouse operators and more.

Port of New York and New Jersey, Newark

The third busiest port in the US and the largest serving the eastern coast. The port runs along the shoreline in the vicinity of New York City and northeastern New Jersey, as well as the region's airports and supporting rail and roadway distribution networks. Refrigerated cargo services includes over 5,000 reefer plugs portwide, flexibility and a variety of services to meet customers' needs.

*With the fastest growth in the US, the **Port of Newark** experienced an **8.1% increase in imports** year on year in 2020.*

75%

*Combined, these three ports accounted for **75% of rock lobster imports** to the US in 2019.*

*In 2019, the **Port of Miami** invested **more than USD1 billion in infrastructure** to make the port more accessible globally.*

Rock lobsters are duty free, but importers may experience state or local taxes with end-consumers

US Tariffs and Quotas



Rock Lobster: HS codes 030631, 030621, 030611 and 030691

0%

Standard Tariff Rate

0%

Preferential Rate (FTAs) for Australia



Australia-United States Free Trade Agreement

In May 2004, the US and Australia signed **the Australia-United States Free Trade Agreement (AUSFTA)**. Under the FTA, 99% of Australia-origin goods, including seafood, are allowed to enter the US at preferential rates of duty.

Rock lobsters to the US have no quota restrictions.

There is no national sales tax in the US. Sales or use tax varies by state, ranging from 2.9% to 7.5% at the state level. In addition to the state rate, local governments in 35 states impose an additional sales or use tax ranging from 1% to 5%.

Source: Euromonitor International as per Australian Trade and Investment Commission, US Customs and the OEC.

Opportunities and Challenges

The US foodservice and retail channels are set to experience growth over the forecast period. Australian exporters should consider highlighting the good reputation Australian rock lobsters already enjoy among some consumers. Leveraging the positive reputation of other Australian foods such as beef, lamb and wine should help to raise awareness and preference for Australian rock lobsters in the already competitive market.



OPPORTUNITIES

Foodservice channel offers the biggest potential for rock lobster growth

- As the US recovers from the impacts of COVID-19, **the lifting of restrictions on foodservice is likely to boost sales** - driven by pent-up demand for eating out after a long absence for American consumers.
- Rock lobsters have a strong following among devotees and chefs who feature them as a more premium solution compared to American lobsters, claiming them to be sweeter, less briny - with less ocean flavour - and firmer, helping to boost their premium characteristics. The colourful shell of the Australian rock lobster is said to be more versatile in terms of presentation, improving the appearance on a plate.
- As the US imports approximately 75% of its rock lobster supply, the country is extremely import reliant. This creates an opportunity for other importers to penetrate the market, including Australia.



CHALLENGES

Native domestic lobsters strongly entrenched in the market and typically cheaper in price

- Red lobster, celebrated as a New England tradition and domestic favourite, is much more popular than rock lobster. This species often takes the lead in retail stores across the country that offer premium seafood items, due to the price of rock lobster in the market.
- Lower awareness of rock lobsters is apparent, with even less consumer recognition of Australia-origin rock lobsters as a premium product within the rock lobster family.
- Some leading retailers have established significant relationships with Caribbean rock lobster producers, providing encouragement for sustainability improvements and supporting Marine Stewardship Council (MSC) certification efforts. The impact of such relationships is not fully understood but could complicate the consideration of alternative sources of supply, such as from Australia.

Disclaimer

*This report has been prepared by Euromonitor International (**Euromonitor**), for the Commonwealth of Australia, as represented by the Australian Trade and Investment Commission (**Austrade**). The report is intended as a general overview and is not intended to provide exhaustive coverage of the topic. The information is made available on the understanding that the report does not provide professional advice.*

While care has been taken to ensure the accuracy of information in this report, Austrade does not accept any liability for any loss arising from reliance on the information, or from any error or omission, in the content of the report. Any person that seeks to rely on this information does so at their own risk. Austrade recommends the person exercise their own skill, judgement, and care, including obtaining professional advice, in relation to their use or reliance on the information for their purposes.

Austrade does not endorse any company or activity referred to in the report and does not accept responsibility for any losses suffered in connection with any company or its activities.

The information in the reports should be recognised as being impacted by the effects of COVID-19. Kindly note that analysis/content of this report is based on a sample of retail audits and trade discussions, the details of which are clearly laid out as part of the Introduction section of each commodity's full report.

Attribution: Before reusing any part of this report, including reproduction, public display, public performance, distribution, dissemination, communication, or importation, you must comply with the Attribution requirements under the licence requirements that apply to this report.

Thank you

Sowmya Ramaswami, Global Project Manager

✉ sowmya.ramaswami@euromonitor.com

☎ Tel: + 971 4 372 4363 Ext. 2866

Amal Alameh, Project Director

✉ amal.alameh@euromonitor.com

☎ Tel: + 971 4 372 4363

