Tariffs 'instant pain' for US lobster firm

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A Maine lobster company had been preparing for a good year of sales to China.  
"We were gearing up for a really big year," said Michael Marceau, co-owner of The Lobster Co in Arundel, Maine.  
But then came China's additional 25 percent tariff on US lobster imports in response to tariffs on Chinese goods imposed by US President Donald Trump.  
Marceau told Maine Public Radio that until recently, his company packed up to 15,000 pounds of live lobster in shipping containers every day bound for China.  
Renovations to expand the plant had begun but now are on hold.  
That's because China's tariff for US lobsters is at least 32 percent. Chinese buyers can get the same species from Canada with only a 7 percent tariff.  
"This is instant pain," said Steph Nadeau, chief salesperson and co-owner of the business and Marceau's wife. "A hand grenade. It's not going to be good."  
The Lobster Co employs 18 people and buys crustaceans from dozens of lobstermen up and down the coast.  
Nadeau said there will be times when Chinese demand could outweigh the tariffs, but not enough to keep the business as good as it has been. That's likely to mean layoffs and less business for lobster boats that they've depended on for decades.  
Nadeau said she sells 50 percent of her lobsters to the Chinese mainland. "The last order I shipped was last Tuesday. ... We might live through this fall. We won't live through this winter."  
China imported a record of over 17.8 million pounds of US lobster in 2017, breaking the previous year's record of about 14 million pounds. The value of the imports also surged from $108.3 million in 2016 to $142.4 million last year.  
Thanks to China's growing taste for United States' seafood, the US shipped $837 million in aquatic products to China in 2017, up 21.28 percent year-on-year, according to Beijing-based China Society of Fisheries.  
China also imports lobster from Canada, Australia, New Zealand, Japan, Mozambique, Mexico and Jamaica.  
Jeff Bennett, an analyst at the Maine International Trade Center, said the state sold at least $57 million worth of lobster to China last year.  
The Maine Lobster Dealers' Association says lobster is the state's second-largest export to China. It estimates loss of revenue this year at $60 million. There are about 4,500 licensed lobstermen and distributors in Maine, and 10,000 other workers in the industry.  
Nadeau said her longtime buyer in China is forging new relationships with Canadian dealers. She said dealers will soon be "beating each others' brains in" competing to unload product that won't be going to China.  
Tom Adams, CEO of lobster distributor Maine Coast, told NBC that 20 percent of his exports previously went to China. "We will lose a crucial part of the market that we've developed over the years here in Maine — losing sales and revenue ... possibly making us eliminate jobs." Fifty-four employees work at Adams' company in York, Maine.  
"Europe and China combine to make up anywhere from 30 to 40 percent of our exports every year," Annie Tselikis, executive director of the Maine Lobster Dealers' Association, told WGME TV station in Portland, Maine. "So this will be a huge hit."  
Tselikis said some distributors are looking at selling more aggressively in other markets.  
"We are also looking at opening up new markets or expanding tertiary markets in places like Singapore, Hong Kong, Vietnam and potentially some untapped markets like Brazil," she said.  
But she said some distributors say they might not be able to hold on until the China-US trade dispute is resolved.  
"Trade policy is very complicated; typically you don't see decisions like this happen overnight. We are hopeful there will be some resolution relatively soon," she said.

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