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Cheap foreign product pinching crab industry

The Katrina-depleted fishing fleet still wrestles with high fuel prices, dwindling ranks

by Rachel Strassel



Gary Bauer, owner of Pontchartrain Blue Crab Inc. seafood processing plant, says unchecked crabmeat imports from foreign countries have hurt his business. (Photo by Rachel Strassel)

Louisiana's crab fishermen are still struggling to return to the water almost four years after Hurricane Katrina ravaged their fleet. And for those who are back setting traps at the crack of dawn and hauling in their catch under a scorching sun, the rewards are meager in the face of cheaper product from foreign competition and high operating costs.

There were 1,740 crab fishermen in Louisiana in 2004, said Vince Guillory, a biologist manager for the Louisiana Department of Wildlife and Fisheries. The number decreased to 1,477 in 2005 and to 1,315 in 2006. Estimates for 2007 put the count at 1,373.

The dwindling industry faces growing competition from countries such as China and Venezuela, which provide crabmeat priced at \$4.50 a pound in the United States. Domestic crabmeat went for \$9.50 in late June.

Lowering the price is not an option, said fisherman Peter Gerica, who has fished Lake Pontchartrain's brackish waters for more than 35 years.

"Anytime you drop the price two bucks from where you are at, it's going to kill you," Gerica said.

In just one day last month, Gary Bauer's fleet of fishermen caught 22,000 pounds of crab from coastal Louisiana waters. The owner of the Pontchartrain Blue Crab Inc. processing plant in Slidell considered the catch that day — and the rest of this season's haul — to be slightly better than normal.

But for processors such as Bauer, it's hard to compete with the cost of labor in foreign countries, most of which have no minimum wage.

"Some countries allow their workers to work for a day for what we pay our workers for an hour," Bauer said. "If you have labor that cheap, you can pick the crabmeat completely free of shell."

Not only is labor more expensive in the United States, but there is also a worker shortage. Bauer brings in workers from other countries with government-issued H-2B work visas. With only 66,000 visas issued annually, Bauer competes with other industries for labor.

"It's more costly to bring the workers in, but I need them," Bauer said. "If I lose my workers, I won't be able to pick crabmeat. And if I can't pick crabmeat, then I can't buy crabs and the fishermen are affected."

Bauer and Gerica are members of the Louisiana Crab Task Force, a group of 20 fishermen, biologists, attorneys and economists overseeing the crab industry. Collectively, they have attempted to ward off what they consider unfair competition from abroad, attempting to stop crabmeat imports through court action in 2000 and 2004. But Guillory said fishermen did not have enough money to finish the fight.

"It's had a negative impact on the industry for sure," he said. "The imports hurt the processing industry, and it's difficult for processors to compete."

For consumers, crabmeat price trends have been favorable this year.

Sales have increased and prices are at an all-time low because crabs are more plentiful, said Eric Stacey, purchasing manager for the New Orleans Fish House. Higher-end products, such as a container of domestic jumbo lump crabmeat, sell for about \$25 retail and about \$16 to \$17 wholesale.

But for fishermen, Bauer said times are tough.

Rising fuel costs are clawing away at their profits. Before Katrina, Gerica used between 25 and 30 gallons of gas per day at \$1.50 per gallon. A week ago, fuel prices are up to \$2.62 a gallon, costing Gerica anywhere from \$65.50 to \$78.60 to fill up his boat.

It's a far cry from the \$4 mark reached last summer but not low enough to help the crab fleet rebound completely.

"I don't think we will ever get fuel back to the way it was before the storm," Gerica said. "It doesn't matter if you're a fisherman or taxi driver, it's still going to hurt you."

Since Hurricane Katrina devastated his processing plant, Bauer said it has been difficult to rebuild. He has restored his facility to roughly 80 percent of its pre-storm capacity.

"There was nothing left when we came back," Bauer said. "Most of the fishermen lost everything they had."

Gerica lost both of his houses and four fishing boats. His damage totaled more than \$1 million.

To make things worse, Bauer said the fishermen didn't receive federal aid until a year and a half after the storm, forcing them to delay rebuilding their homes and livelihood.

"The amount of relief and the time it took to get to fishermen from the federal level was embarrassing," he said. "How can you expect people to come back?"

With low profit margins and the daunting expense of rebuilding their fleets, Gerica said many fishermen have given up the profession for good. With storm recovery providing work alternatives and an overall decrease in interest in the crabbing industry beginning in the mid to late 1990s, Guillory does not expect the crab fleet to return to its pre-Katrina size.

But Bauer is optimistic and says that against all odds, his business has a bright future.

"There's a need for the live crabs and the crabmeat," Bauer said. "It's a stable industry that actually has room to grow."•