

How shrimp got so pricey

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If there were a shellfish social hierarchy, lobster would likely be at the top of the heap. Normally expensive, live ones are often reserved for special occasions.

Shrimp would probably be further down in this hypothetical hierarchy. Still a delicacy, they're normally served en masse as an appetizer.

But thanks to a combination of unusual circumstances, shrimp is about to have its diva moment.

Worldwide shrimp supplies are tightening due to the spread of something called early mortality syndrome (more on that later) through parts of Asia. At the same time, record numbers of lobsters have been landing on Maine's docks. The result: Lobstermen are receiving rock-bottom pay for their hauls, while shrimp suppliers are scrambling to fill new orders at a cost that keeps creeping higher.

Orange County seafood lovers may have to pay a premium for shrimp this fall. Wholesale prices have risen from around \$3.70 per pound in September 2012 to more than \$6 per pound in recent weeks. The price per pound for frozen, raw and peeled extra-large shrimp ranged from \$13.99 to \$15.99 last week at the Whole Foods in The District at Tustin Legacy.

Don't expect too much of a break on lobster, though. Living thousands of miles from Maine's affordable bounty carries a cost. And Pacific lobsters sell for a much higher price, because they're highly prized in China and other foreign markets.

"After a decade of explosive growth, the global farmed shrimp industry has reached a turning point," proclaimed a recent report by Rabobank, which specializes in banking services for agriculture. Titled "Shrimp in a Crimp," the brief detailed how the outbreak of early mortality syndrome in the world's three largest producing countries – China, Vietnam and Thailand – is responsible for the industry's largest ever contraction in supply and record prices.

The disease, which doesn't affect humans, is caused by bacteria and can completely wipe out shrimp farms, said the U.S. Department of Agriculture. It's commonly believed to have started in China in 2009. A similar scourge has hit some parts of Mexico, but it hasn't been officially confirmed as early mortality syndrome.

"One of two things are going to happen over the next couple months," said Andrew Gruel, chef and co-owner of Slapfish, a modern seafood shack in Huntington Beach. "The cost is going to get passed down to the end user. You're going to see the price of shrimp on plates go up two, three or four dollars (per plate) ... or you're going to see the restaurants take the hit, eat the price and hope that the market kind of softens."

Slapfish, which recently advertised its spicy Oregon bay shrimp roll for \$11.50, hasn't had to raise prices yet, Gruel said. It buys directly from fishermen and locked in tens of thousands of pounds of frozen shrimp a little while ago. Slapfish is still taking advantage of the lower cost.

Even so, Gruel will try to absorb the eventual increase in price by focusing on the average annual cost of shrimp rather than each individual spike and drop.

"We're willing to take a hit at one point as long as we can make up for it later on down the road," he said. If

shrimp prices dive next year, he'd keep his prices stable and make up the difference.

"We can't just keep changing the prices on our menu. Consumers get used to a particular number," Gruel said.

Just across San Pedro Bay, Michael Ungaro, co-owner of the San Pedro Fish Market, is grappling with what the price spike might mean for his frozen shrimp meals sold in supermarkets.

"From January to now, the price (to make them) has gone up almost 80 percent," Ungaro said. "The grocery stores exist on a different type of margin. They're really sensitive to every nickel and dime."

While supermarket and restaurant owners may be wringing their hands about how to get enough shrimp this fall, Maine fishermen have been hauling a glut of lobsters out of the Atlantic over the past couple of years.

The number brought to shore and sold rose from slightly fewer than 70 million in 2008 to more than 126 million in 2012, reports to the Maine Department of Marine Resources. 2013 figures will be released next year.

The large catches may be due to a combination of factors: Warmer water temperatures could be spurring a longer growing season; fewer predators, such as cod, are around to eat the crustaceans; fishing gear has improved; and more fishermen are on the water.

Depending on the quality of lobster, wholesale prices dipped as low as \$2.20 per pound in August on the East Coast, reported the Portland Press Herald.

Prices advertised in Orange County grocery stores recently ranged from a sale price of \$5.99 per pound for a live "U.S.A." lobster at H Mart in Irvine up to \$18.99 per pound for a live Maine lobster at Bristol Farms in Newport Beach.

Meanwhile, some restaurants are selling previously frozen Maine lobster dinners for \$15 and live ones for \$20 and up per pound.

Local suppliers and restaurateurs point to a number of reasons for the difference in East and West Coast pricing.

Patrick "Paddy" Glennon, vice president of sales at Santa Monica Seafood, says lobsters fetching record cheap prices have softer shells. Part of their weight can sometimes be attributed to water since it is compensating for the space the lobster needs to grow in its new casing.

While the market here has softened a little, many of the cheapest lobsters are staying on the East Coast, Glennon said. They don't always travel well.

Gruel said that if lobsters haven't been processed, they must be shipped alive, which adds to their expense on the West Coast.

"When a lobster dies it releases a toxin that will deteriorate the meat," Gruel explained. "It won't necessarily make you sick, but it'll ruin the whole product."

You have to cook the lobster soon after you've killed it.

Ungaro ships his lobsters in the belly of American Airlines flights, which, along with insurance, contributes to his cost. The San Pedro Fish Market seats 2,000 and serves 10,000 to 15,000 customers weekly.

Ungaro used to serve California spiny lobsters. The clawless rock lobster is commonly caught between October and March off the coast from Point Conception in Santa Barbara County down to Magdalena Bay in Mexico.

"It's always been a huge staple, especially in the local (Italian) community during the holidays," Ungaro said. "But for the last couple years you're like, sorry, they're \$30 to \$40 a pound. I can't afford them."

Blame the rise of the Chinese middle class. High-end Chinese restaurants sell rock lobster as a luxury product, sometimes served at celebrations alongside a course of caviar and washed down with a flute of

champagne.

More than 800,000 spiny lobsters landed on California's shores in 2012-13 and fishermen sold them at one point during the season for over \$23 a pound.

"It's a tender product, it's high-quality and it's all being shipped to Asia," Gruel said.

"They pay cash; they pay the maximum price on the dock," adds Santa Monica Seafood's Glennon.

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