

The remarkable growth in supply has not kept pace with demand and in late 1989, a severe inventory problem began to develop and prices began to decline sharply in preparation for the Christmas season. In 1989, prices in France were 15-20% lower than in 1988. At time of writing there were estimated to be approximately 3.8 million pieces of frozen lobster in inventory. This is the equivalent of about 2 million pounds of processed lobster. The product consists primarily of lobster of 300 gram size and smaller which is difficult to market even in a rising market. In France this product competes with other similarly priced products notably tiger shrimp and even farmed salmon. You may recall that a similar inventory problem occurred in 1988. At that time the PEI government stepped in with assistance to convert popsicle packs into meat packs.

A similar trend is apparent with popsicle pack in Japan. In 1988 prior to the illness of the emperor, exports increased by 300%, making Japan second only to France. Also, the Japanese purchase only spring lobster and pay a premium for quality. The legacy of the emperors long illness and death combined with overproduction of smaller lobster in 1989 has resulted in sharply diminished demand in Japan. The colour red is a symbol of celebration in Japan and demand for all kinds of red seafood was particularly affected. However, because of the growing popularity of lobster, particularly frozen lobster long term demand is expected to be good. Our embassy in Tokyo is proposing a promotional campaign for lobster in the coming year and frozen lobster is expected to be the primary beneficiary of this initiative.

I would like now to turn to the question of how to improve the promotion of lobster in brine.

In certain European markets the popsicle pack suffers from an image problem. It is sometimes perceived as a lower quality substitute for live lobster and is treated more as a trading commodity than a specialized product with a well established market niche. Because of its bulky nature, importers often cite high storage and shipping costs while consumers may be uncertain about how to prepare and serve the product. I might add that provinces such as PEI have done much to change this situation by producing high quality, multilingual promotional literature which educates both importers and consumers on the purchase, handling and preparation of lobster.

As part of an export strategy for lobster we would hope to see a promotional plan for lobster in brine which upgrades the popsicle pack into a true luxury product. This will require the support of the lobster industry. Efforts will also be required to open up new markets, for example, the United States where the popsicle pack is virtually unknown and to build upon newer markets which have been opening up in Europe, notably in Scandinavia.

The feasibility of converting more of the smaller lobster into speciality products also needs to be examined. Currently less than 5% of Canadian lobster production comprises custom packs such as