



Repacking of Foreign Crab Meat in North Carolina

Presented to: Marine Fisheries Commission

DEPARTMENT OF ENVIRONMENTAL QUALITY

Marine Fisheries

Shannon Jenkins and Shawn Nelson | May 14, 2020



Information Paper

- Request by Commissioner Cross to examine the possibility of making it unlawful to repack foreign crab meat or possess foreign crab meat in North Carolina that has been repacked
- Concerns expressed by Commissioner Cross:
 - Recent publicity regarding foreign crab meat being fraudulently represented as local blue crab product hurts North Carolina's crab meat reputation.
 - The consumer may not realize that repacked foreign crab is not "Product of USA".



Crab Picking in North Carolina

- Facilities in NC are permitted according to MFC Rules 18A .0100-.0191 (Handling, Packing, and Shipping of Crustacea Meat)
- 14 certifications in NC to either pick or repack crab meat
- Fresh crab meat
- Pasteurized crab meat



Picked Blue Crab Meat, retrieved from <http://localsseafood.com/nc-seafood-guide/picked-blue-crab-meat/>.

Repacking

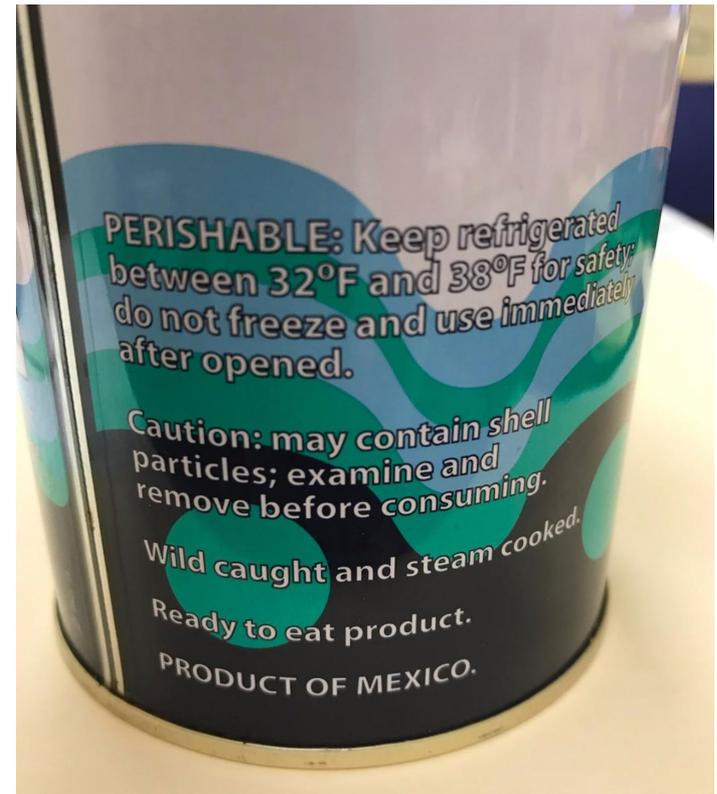
- Transferring crab meat from the original packed container into another container using sanitary techniques
- Processors who repack usually do so in order to market the product in their own branded containers
- Domestic sourced crab meat
- Foreign sourced crab meat

Repacking of Foreign Crab Meat

- Sources include Asia and South America with countries such as Indonesia, Vietnam, China, Mexico, Brazil, and Venezuela
- Imports include the meat from two types of “swimming crabs” that are related to blue crab: *Portunidae* (family that includes blue crabs) and *Callinectes* (blue crab genus)
- Processors who repack meat from foreign sources typically receive pasteurized product in cans and then repack the product directly into their own branded plastic containers
- Must label the repacked container with their name, address, certification number followed by the letters “RP”, and a code indicating the repack date

Other Labeling Requirements

- Containers that are repacked with foreign crab meat are required to be “labeled in accordance with Federal labeling requirements” as directed in MFC rules 15A NCAC 18A .0136 and .0173
- Country of Origin: Federal law requires that articles of foreign origin must be legibly, permanently, and conspicuously marked to indicate the country of origin to an ultimate purchaser in the U.S.
- Typical placement on container is either pre-printed on side of container or sticker on lid with check box for country of origin
- Virginia and Maryland also currently allow foreign crab meat to be repacked, provided the country of origin is properly indicated on the product container



Recent Fraud Examples

- The owner of a NC processor was sentenced to 12 months and one day in prison, followed by three years of supervised release, and is required to pay a \$250,000 fine for his role in falsely labeling millions of dollars' worth of foreign crab meat as "Product of USA." The business is also required to pay a fine of \$500,000.
- The owner of a VA processor pleaded guilty in federal court to falsely labeling millions of dollars' worth of foreign crab meat as "Product of USA".
- Both firms admitted that they were not able to process sufficient quantities of domestic blue crab to meet customer demand and used foreign crab meat to fulfill customer orders to make up for the shortfalls.



Product of USA, retrieved from <https://www.dailypress.com/news/newport-news/dp-nws-caseys-seafood-sentencing-20180911-story.html>

Summary of Findings

1. Negative publicity regarding fraud may have an effect on the reputation of the N.C. crab meat industry and decrease consumer confidence in authentic “Product of USA” crab meat.
2. A prohibition of foreign crab meat in North Carolina (unless it remains in the original packed container) would have an economic impact on some NC crab processors and a significant number of grocery stores and retail outlets that market that type of product.
3. A prohibition could result in significant enforcement challenges for DMF Marine Patrol:
 - Travel
 - Determination of whether product has been repacked



Crab Lump, retrieved from <https://www.walmart.com/ip/Phillips-Crab-Lump/402165770>.

Summary of Findings

4. A prohibition may result in legal issues regarding interstate commerce due to the *Commerce Clause* of the U.S. Constitution.
5. A request for legislative action might be most appropriate for any change in the lawfulness of repacked foreign crab meat in North Carolina. An action taken by the N.C. General Assembly would highlight the importance of strengthening the domestic crab meat market.
6. If the MFC considers taking action by rule, 15A NCAC Subchapter 03L Section .0200 (Crabs) would be most appropriate place in the MFC rules for any change in the lawfulness of repacked foreign crab meat in North Carolina.

Summary of Findings

7. If the MFC considers taking action, a more-focused alternative could be to prohibit the repacking of foreign crab meat by N.C. crab processors only, but this would still allow repacked foreign crab meat from other states to be marketed in North Carolina.

8. Another alternative could be to require more specific “country of origin” labeling requirements regarding size and placement on container in order to be more conspicuous for the consumer. For example, Maryland requires the following for foreign crab meat:
 - Country of origin labeled with a minimum 12-point type on the principal display panel
 - Common name and scientific name of the crab



Shannon Jenkins
PO Box 769
Morehead City, NC 28557
(252) 726-6827
shannon.jenkins@ncdenr.gov