European Parliament

# Research for PECH Committee – Impacts of the COVID-19 pandemic on EU fisheries and aquaculture

### KEY FINDINGS

- Initially**,** all operators were caught unaware by the sudden **closures** of **HoReCa** channels. **Small operators** were among the **first victims** of the **economic shocks**.
- More than lockdowns, social distancing and travel restrictions, it was the **contraction of demand** that had the **stronger impact on labour**.
- Estimates for **aquaculture** point to a **17%** reduction in **sales volume** and an **18%** reduction in **total income**, with a harsh impact on the **shellfish segment**.
- **Extra-EU-27 imports decreased** by 1% in volume and 7% in value.
- There was an **increase** in **household consumption**, but it did not offset the decrease in out-of-home consumption.
- **Direct** sales, **online** sales and **home** deliveries have gained **fresh impetus**.

## Background

**Fisheries** and **aquaculture** were among the food sectors most **immediately impacted** by COVID-19. Initially, most countries tried to ensure **health** and **safety**, by closing **ports**, quarantining **foreign vessels**, closing open-air fish **markets**, disinfecting **ports** and fishing **boats**, providing **masks for workers** and raising awareness about **sanitary measures**. At the same time, several measures were taken to ensure **social protection** and guarantee decent **working conditions** for fishers and fish farmers. Other measures were

The present document is the executive summary of the study on the "*Impacts of the COVID-19 pandemic on EU fisheries and aquaculture*". The full study, which is available in English can be downloaded at: [https://bit.ly/3dBZCnQ](https://bit.ly/3dBZCnQ)

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taken to ensure the continuity of **food supply**, such as expanding **home deliveries** and **direct sales**, and supporting national and local production through **consumer awareness campaigns**.

Lockdown measures **disrupted employment** in several ways, including:

- reducing fishing activities strongly impacted by **sanitary measures**;
- limiting access to labour for **seafood businesses** strictly dependent on migrant workers, due to **temporary border closure**;
- **squeezing demand**, as a consequence of the closure of restaurants, cafés and hotels, which **put a halt** on the activity of many **fishing fleets** and **production plants**;
- increasing job **instability**, due to job cuts from **companies** suffering from **higher operational costs**.

**Many** of these impacts were **short-lived**, as rules were changed and guidelines put in place to allow fishers and fish farmers to return to work. The **longer-lasting** effects to workers were a result of **changes in demand** and **price volatility** for fisheries and aquaculture products. Hence, while lockdowns, social distancing and travel restrictions created some labour disruptions, it is the **contraction of demand** that seems to have had the **stronger impact on labour**.

## The impact of COVID-19 on fisheries and aquaculture

All operators were caught unaware by the **sudden closures** of **HoReCa** channels. **Small operators** were among the first victims of the economic shocks. Initially, **small-scale fisheries** that predominantly sell fresh fish **were particularly affected**, due to limited stock capacity, lack of freezing capacity, and liquidity constraints.

**Fisheries targeting high-value** species or selling to the HoReCa sector **suffered the most**; on the other hand, fisheries mostly targeting the **retail segment** barely reported **any variation**. After just a **few weeks** from the first outbreak(s), the EU fishing activity showed a **slight recovery**, though with **mixed effects on prices**. Fisheries previously selling to HoReCA turned to **selling to retail**.

Unlike fisheries, **aquaculture** is an **industrial activity**, which means that a farmer can exert some **control on supply** (and on prices). Initially many farmers who had previously sold to HoReCa decided to **keep growing** their produce or to **stock** it, in order to **avoid a plunge in prices**. When they realised that demand would not recover any time soon, they had to find **alternative market channels**. Some initial estimates point to a **17% reduction in sales** volume and an **18% reduction in total income**, with a **particularly harsh** impact on the **shellfish** segment.

## The impact of COVID-19 on imports

In 2020, **extra-EU-27 imports** amounted to **6.15 billion tonnes** and **EUR 24.21 billion**; only a minute **decrease** of **1%** in volume and **7%** in value compared with the 2017-2019 average. However, there was a **sharp drop** in **April 2020**, which was the peak of the **first wave**, when volumes and values **decreased** by **15%** and **22%,** respectively, from the same period in the last three years.

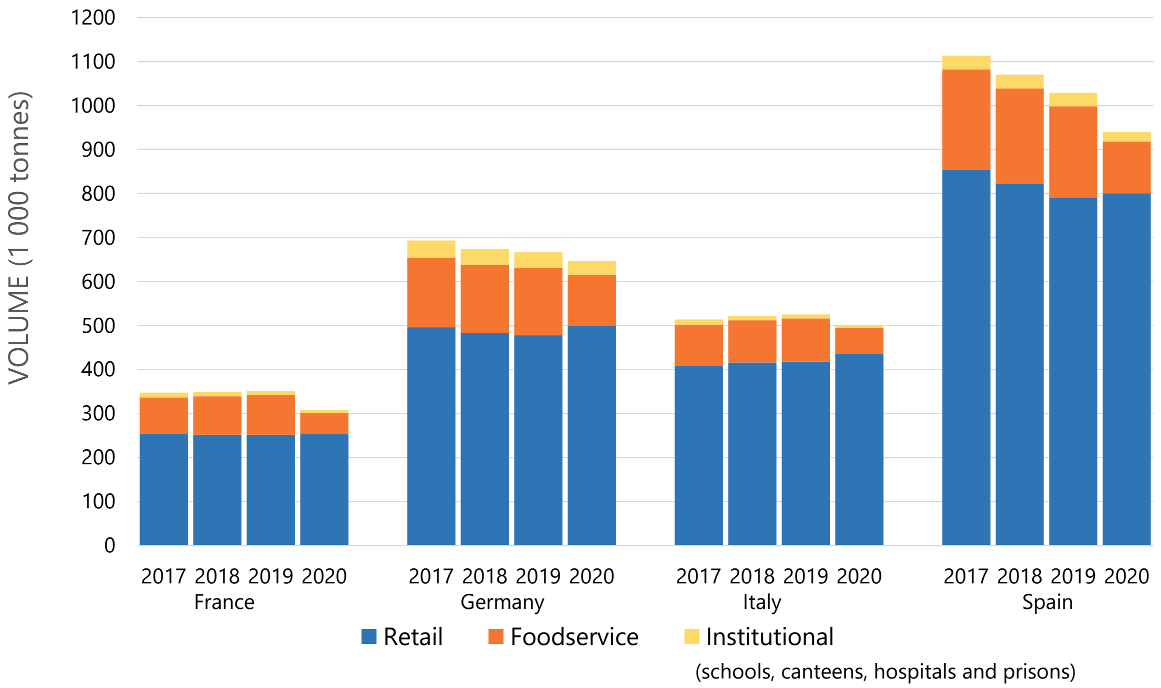
## The impact of COVID-19 on consumption

Even though food **retail shops** remained **operational** everywhere, **panic hoarding** of foodstuffs, mainly observed in the **early phases** of national lockdowns, accompanied by a temporary **reduced**

**supply** of **fresh products**, led consumers to stock up on **non-perishable foods**, thus increasing sales of prepacked, frozen or canned fish.

Compared with 2019 the sales of **unprocessed** fisheries and aquaculture products **decreased** in 2020 by 12% in France, 9% in Spain, 5% in Italy and 3% in Germany (see Figure 1). However **retail sales** actually **increased**, while sales through **foodservice and institutional** channels **decreased**. As for **processed** fish products, anecdotal evidence from retailers suggests a **stable and strong demand** for processed products, especially for canned, frozen and smoked fish.

**Figure 1: Sales of unprocessed fisheries and aquaculture products in France, Germany, Italy and Spain by channel, 2017-2020**




Source: Euromonitor International, Fresh Food, 2021

The **increase in household** consumption did not offset the **decrease in out-of-home** consumption, possibly because some products are inherently **difficult to cook** at home, so consumers preferred **easier alternatives** to fish.

# Conclusions

The vast **majority of disruptions** of COVID-19 on the sector took place at the **onset of the pandemic**. The entire **supply chain** experienced a **marked recovery** through the **second half** of 2020, at least **in terms of volumes** produced or traded. However, with lower prices and higher transaction costs, the **profitability** of the entire value chain **decreased**, with the notable **exception of retail**.

The "**better-than-expected**" response of the sector was the product of **operators' resilience**, as well as of **EU and national** governments enacting **mitigation measures**. Preliminary data indicate that in 2020, the EU Member States spent **more than EUR 78 million** from their **EMFF budget** for a total of **5 811 COVID-19-related operations**.

Finally, COVID-19 has posed **many a challenge** to the sector, but it has also opened **new opportunities**. **Direct** sales, **online** sales and **home** deliveries have gained **fresh impetus**, and, even though old habits might creep in again at the end of the pandemic, the **business professionals** interviewed for this study **believe** that COVID-19 brought in a **structural change**.

# Policy Recommendations

To strengthen the resilience of the sector in view of future shocks, we recommend to:

- Designate fishers, farmers, processors and distribution **workers as essential**.
- Establish **exceptions to travel restrictions** for temporary migrant workers and the enterprises that support the sector.
- Explore the possibility of **banking fishing quotas** from one year to the next. To make up for lower catches in a given year, quotas could be exchanged from one year to another. The exact quota that can be "banked" should be defined based on sound scientific advice.
- **Increase transparency** with a system that gives auctions and buyers a picture of the catch in terms of its **volume and species** in advance of its landing in a port.
- Optimise the **cash flow of transfers** of support measures so to account for natural variations in production cycles due to, for example, seasonality.
- Introduce a **storage mechanism** when exceptional shocks hit the sector.
- Implement **promotional campaigns** to support **local** fisheries and aquaculture products.
- Strengthen databases and **market intelligence** tools.

# Further information

This executive summary is available in the following languages: English, French, German, Italian and Spanish. The study, which is available in English, and the summaries can be downloaded at: https://bit.ly/3dBZCnQ

More information on Policy Department research for the PECH Committee:
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