CLG bite-size meeting. 8 October 2020. The 'new normal' for seafood supply chains.

COVID-19 was an unprecedented shock to the international seafood supply chain, but it is also a clear reminder of the need for healthy and resilient food systems that the public can rely on. This bite-size meeting focused on what the 'new normal' for seafood could look like both in the UK and for international seafood supply chains, and how our understanding of labour market patterns in the seafood industry can help improve training and future career planning.

COVID-19 impact on the UK seafood supply chain. Ana Witteveen, Seafish.

This provided a high level, whole supply chain view of COVID-19 impacts on the UK seafood sector.

- The value of UK seafood exports fell by 19% in January - March and by 28% in April - June, compared to the same periods in 2019. There was no immediate alternative route to market for many species.
- An estimated four out of five food service businesses closed temporarily as a consequence of lockdown. There was a 57% drop in dining sector seafood visits, and a 33% drop in fish and chip shop visits in April and May.
- At its peak, just before lockdown was announced, total seafood weekly sales volume grew by 56%. This was across frozen, chilled and ambient.
- Increased consumer demand for "fresh, local food"; with lots of reports of businesses developing direct sales avenues, but difficult to quantify how much lost market share was replaced by direct sales. Lots of reports of adaptations to business models and how those products that would have been exported were adapted as well.
- New report by the end of the year on quarter three. This will include results from the fleet and processing survey as well.

Discussion

- **Q. One of the upsides was an increase in online sales, and well as in direct sales to the consumer. Is there any durability to that change, or once markets go back to normal will we revert to our previous model?**
- **A.** This has been raised many times and the future is likely to be a mix. Trends show direct sales outlet have dropped back from their peak but are still very positive and viable. In other instances if regular markets do return, and they are the more viable outlet, then they will likely return. We will be monitoring those changes on a quarterly basis.
- **Q. This is fascinating insight, but quite out of date. Is there any way of speeding up these reports? And not just speeding them up but adding granularity at a regional and national level?**
- **A.** We could include more qualitative data in real–time, but with quantitative data, such as the MMO landings, there is always a time lag. It is all about balance – we want to give depth to picture but we also need to substantiate the figures. We are looking at how we can produce interim outputs. At a regional level there are lots of changes and we need to capture those as well.
- **Q. For large suppliers the sheer volume required to be absorbed by the domestic market is huge and not a solution over the short or medium term.**
- **A.** We trade seafood globally and there is no reason to think that all seafood trade will cease. That is not realistic or desirable. This situation has made businesses step back and really look at their supply chains. It is all about resilience and finding commercially viable solutions.

Further information

- **COVID-19 impact on seafood industry**
- **Seafish report. Review of Covid-19 impacts on the UK seafood industry: January-June 2020.**

How COVID-19 has impacted on the seafood supply chain into the UK. Ingrid Kristine Pettersen, Norwegian Seafood Council.

Key points:

- Catch and production levels are more or less as normal with a few exceptions but the demand side has impacted on this. 95% of Norwegian seafood is exported.
- Closure of foodservice outlets (during the main season for cod catches) led to the immediate decline in exports of fresh products – demand and weather-driven.
- Huge impact on shrimp – 20% decrease in catches. Mainly supplied to foodservice sector – bit drop in exports.
- Huge drop in prices for salmon (prices were high at the beginning of the year so Norway had been looking for another record year). There has a growth in volume sales for fresh and frozen salmon fillets.
- Home-consumption has grown in all markets, and there has been a notable increase for frozen, prepared and pre-packed product. This is the same trend as the UK market.
- The cod and salmon trade flows were illustrated.
- COVID-19 has shifted demand from out-of-home to in-home and from fresh to frozen; it has decreased demand overall and increased costs for air freight.

Discussion

- **Q. Is the Far East market showing any signs of recovery?**
  A. China recovered quite fast but South East Asia has been hit very hard.
- **Q. Have COVID measures in processing plants had a significant impact on processing capacity?**
  A. We have had no major COVID outbreaks that have impacted production (in terms losing key workers for a period of time); it is demand that has affected production.
- **Q. With 95% of Norwegian seafood exported you are very reliant on big export markets. We are on the brink of an economic recession and during these periods seafood does not always perform very well. Is this making Norway think about the resilience of the sector and maybe think about the way they produce and package seafood products to mitigate against this?**
- **A.** We are trying to boost sales through the Norwegian Seafood Council. The reality is we cannot produce at the same cost levels as other countries such as China. As a major seafood exporter it is hard to anticipate trends in international markets.
- **Q. Have any efforts been made in Norway to drive domestic demands for Norwegian seafood? And if so, what's being done? This would be a big challenge.**
  A. There is a huge potential in Norway but seafood consumption has been declining. It would not possible for Norwegians to eat all the seafood the Norway produces.
- **Q. Any thoughts about the Chinese assertions that COVID can be transferred on frozen salmon? What are the effects?**
  A. This has had an impact and has affected fresh salmon products (traces of COVID were found on salmon packaging in China). The Chinese are generally suspicious about seafood imports.

Further information

- Norwegian Seafood Council

Skills, Recruitment and Retention in England's seafood industry. Neil Auchterlonie, Seafood 2040/Terry Massey, Pye Tait Consulting.

The Seafood 2040 Strategic Framework (Seafood 2040) is a plan for a seafood industry that is thriving and sustainable. This project is funded under the training, skills, and recruitment recommendation within the Seafood 2040 programme.

Key points:

- This research took part during the period when the country was impacted by COVID-19 but the report was not specifically looking at COVID impacts. In terms of COVI-19 the early reaction was that retail and fish fryers businesses closed their doors, and aquaculture and catchers saw an immediate fall off in demand. Processors whose main markets were in hospitality saw an immediate drop in business. There was an acceleration of change in the industry, with move towards click and collect and online sales, home deliveries, home working, and an accelerated adjustment to and adoption of new technology. The legacy is that some businesses may fail and new ways of working will impose restrictions on all sectors particularly processors.
- The aim was to establish current skills, recruitment and retention levels and planning; to improve understanding of potential skills and training provision gaps; to explore practice in comparable nations; to obtain reference data covering employment patterns in the seafood industry in England; and to recommend actions based on the overall analysis.
- This covered the current findings with regards to employment, training, recruitment, skills gaps, Brexit and recruitment, Brexit and investment in training and development, and COVID-19.
- There were some key practical recommendations.

Discussion

- **Q. In the past there has been a stigma attached to working in a fish factory. This report does a lot of work to push this in the right direction in terms of the people working in the industry. There are a number of issues that the industry has to deal with. In research terms this research was taking part at the same time as COVID-19 so have you been able to apply a COVID lens to this? Has the need for different skills emerged such as e-selling or direct sales?**
  A. The report is 150 pages long and there is a COVID-19 sub-section where we have been able to draw out a lot of the key points.
- **Q. What are the next steps?**
  A. Seafish is working on some of the recommendations and some are already happening. The benefit of the Seafood 2040 initiative is that it brings industry and Government together so this research has already been discussed within the Seafood Industry Leadership Group by industry, Government and public bodies. This research will also feed into other Seafood 2040 work programmes. The resilience of the supply chain is a key factor. As a platform, Seafood 2040 is great for direct engagement.
- **Q. Any thoughts on environmental management awareness, carbon reduction etc? Appropriate training packages? Was this identified as a training need?**
  A. This came out in qualitative interviews with fish fryers predominantly as one of a number of key topical issues coming out in the conversations. Without COVID-19 or Brexit dominating the news this year it is likely the climate change crisis would have been the number one issue.

Further information

- **This report has not yet been published.**
- [Seafood 2040]