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the support it needs to thrive.



Review of Covid-19 impacts on the UK seafood industry:

October-December 2020

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Introduction

This report is the third in a series of reviews on the impacts of the Covid-19 pandemic on the UK seafood sector. It takes a high-level view of the whole of the seafood supply chain to explore the impact on UK seafood markets, seafood business operations and consumer behaviour. This report covers October to December 2020.

In the UK, we export a large proportion of the seafood we catch and import much of the seafood we eat. Our seafood supply chain is heavily integrated into the global seafood supply chain. Therefore, the global responses to this world-wide pandemic have had wide-ranging consequences for the UK's seafood supply chain.

We have drawn on qualitative and quantitative data available at the time of writing. This includes official statistics, industry insights and published news articles. This report also includes data we collected during our regular [fleet survey](#). Links to data sources and other resources are provided at the end for further information.

Report Status

This report builds on our earlier "[Reviews of Covid-19 impacts on the UK seafood industry](#)" which cover from January to September 2020.

We will continue to produce reports exploring impacts on the UK seafood industry in 2021.

Acknowledgements

A special thanks to those who have shared invaluable industry insights with Seafish. Our thanks also go to our regional, economics and insight teams and other colleagues across Seafish who have provided input and feedback on this report.

Industry Impacts Overview

Following the relative optimism of the summer months, both business and consumer confidence dropped during October to December. From September onward, restrictions continued to increase across the UK and in important trading nations on the continent in response to the rising numbers of Covid-19 cases.

Some infections amongst the seafood processing workforce tested health and safety protocols implemented at the start of the pandemic but did not notably impact production.

Most larger vessels kept fishing, aside from Northern Irish mobile-gear vessels which were offered a further tie up scheme in October and November. Much of the small-scale fleet continued to face poor prices. Some persisted with direct sales. Others opted to utilise government support and tie up early, avoiding poor winter fishing conditions in November and December.

Heightened restrictions disrupted both domestic and international demand for British seafood. While retail sales remained strong to the end of the year, the re-closure of much of the foodservice market at home and abroad challenged businesses once more. Christmas is an important period for seafood sales across both retail and foodservice. Restrictions during the festive period saw record highs in retail and record lows across foodservice.

Global transport remained slower and more expensive through the end of the year. Strict limits and Covid-19 checks on exports to China further hampered global seafood trade during this period.

Market volatility and operating uncertainty throughout this period were further compounded by the fast approaching 'end of the transition period.' By October, businesses across the supply chain engaged in trade with the EU had shifted much of their focus away from Covid-19 and onto Brexit planning. Businesses worried about the possible impacts of the UK and EU not reaching a favourable trade agreement. There was a focus on planning for a worst case, 'no deal' scenario. By the end of the year, however, Covid-19 issues regained prominence.

The approval of several Covid-19 vaccines in November and December showed a path back to 'normality'. Rising case numbers however drove all four UK nations to return to full lockdown measures by the end of December. This decision was largely driven by a new faster-spreading Covid-19 variant that was identified in southeast England in mid-December.

The new variant also caused further trade disruption ahead of Christmas. A number of European countries closed their borders with the UK until a testing scheme could be implemented to prevent the new variant surging on the continent. This closure came at a particularly bad time. Many businesses were in the midst of moving product for the Christmas market. Also anticipating bottlenecks at the border from 1 January, many were moving extra volume at the end of December.

The EU-UK Trade and Cooperation Agreement was signed on 24 December ensuring tariff free trade between the UK and EU. Many exporters were still concerned about disruptions at the border in the new year. Despite the agreement, additional paperwork and checks will be required under the new system.

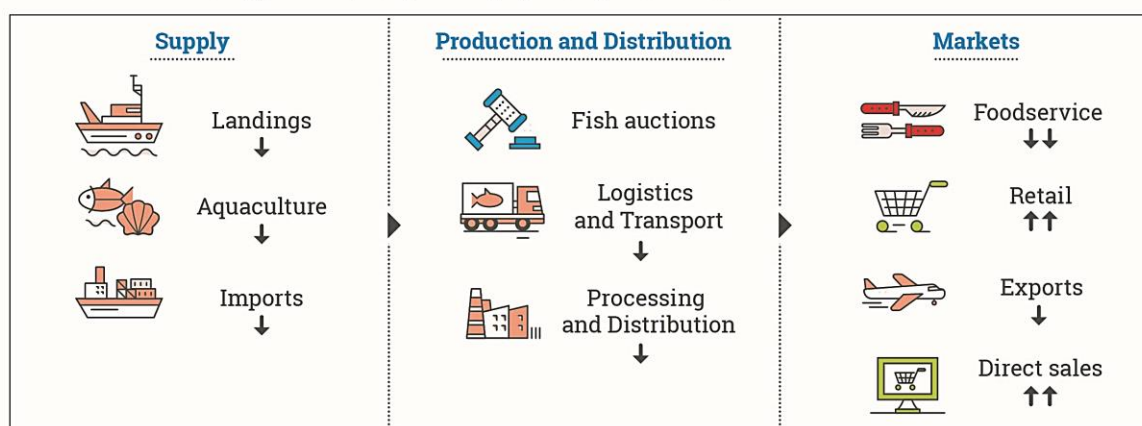
The following diagram provides a high-level overview of the direction and magnitude of Covid-19 impacts on different parts of the UK seafood supply chain from October to December 2020.

Supply Chain: Restrictions return (October-December 2020)

Shocks: Restrictions increased in the UK and important trading nations. Some shocks were similar to the first lockdown. Global transport and trade remained slower, more expensive and more unpredictable. Retail sales increased once more. Much of foodservice shut down but diversification helped many businesses fare better than during the first lockdown. Health and safety protocols in seafood processing factories were tested, but production was not notably impacted. Landings were depressed, with some fishermen choosing the certainty of government support over fishing in poor weather for volatile markets. The end of the EU-UK transition approached, compounding operating uncertainty.

Effect of shocks compared to same period in 2019

- ↑↑ Strong positive effect
- ↑ Mild positive effect
- Similar
- ↓ Mild negative effect
- ↓↓ Strong negative effect



Further detail on individual business impacts within each area of the supply chain are not captured in this diagram, but explained in more detail in the following sections of this report.

Markets

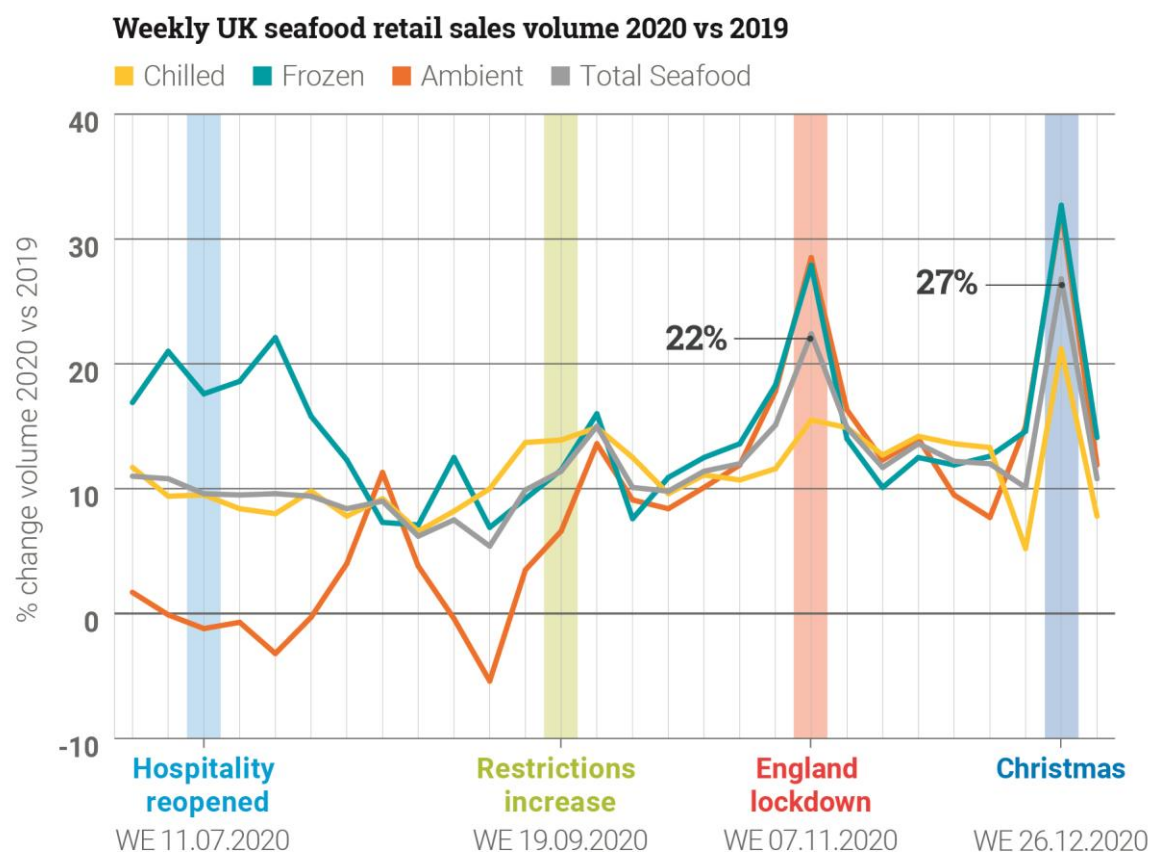
Key points

- Both multiple retailers and independent fishmongers saw strong sales to the end of the year, benefiting again from foodservice closures.
- The foodservice sector struggled through this important sales period, with delivery and takeaway options providing a lifeline to many businesses.
- Seafood exports remained below 2019 levels throughout this period, hampered by both global Covid-19 restrictions and uncertainty around the EU-UK future trade agreement.
- Direct sales continued to grow for many businesses that established themselves during the first lockdown in spring.







Retail

Retail sales remained strong, benefitting from foodservice closures at the end of the year. Seafood retail sales volume was up 14% compared to October to December 2019. For 2020 overall, total seafood retail sales were up nearly 11% on the previous year, both in terms of value and volume. Chilled and frozen sales growth was strong throughout the year with ambient sales peaking when restrictions were at their highest.



Increased restrictions in October to December didn't see the same degree of stockpiling as the initial lockdown in March. During week ending 21 March 2020, seafood sales volume peaked at +63% compared to the previous year. During October to December, sales peaked in the first week of November (+22%) as England entered a national lockdown and in the week before Christmas (+27%).

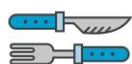
UK retail 2020 compared to 2019				
	Chilled	Frozen	Ambient	Overall
Volume (Oct-Dec)	+13%	+16%	+15%	+14%
Volume (Jan-Dec)	+8%	+14%	+12%	+11%

Christmas is always an important time for seafood sales in retail but 2020 was an exceptional year. Seafood sales volume was up 27% during the week preceding Christmas, compared to 2019. Frozen products performed extremely well, helping people manage uncertainty around their Christmas plans. Many species performed well, including perennial favourites tuna, cod, salmon and haddock. Anchovies (+110%), hake (+77%) and cockles (+74%) enjoyed the largest sales growth during the festive period.

Anticipating more people eating at home and tighter budgets for many households, some large retail chains decided to cut food prices in the run up to Christmas. Some processors also reported that their retail customers planned to reduce product lines around Christmas, impacting on their non-Christmas lines.

In November, supermarket Sainsbury's announced plans to close all wet fish counters in their stores. While this raised concerns across the industry, many independent fishmongers saw this as an opportunity to take on this trade.

Anecdotal evidence from independent fishmongers suggests they remained busy through this period. Many increased delivery days, times and areas to meet strong demand for home deliveries.



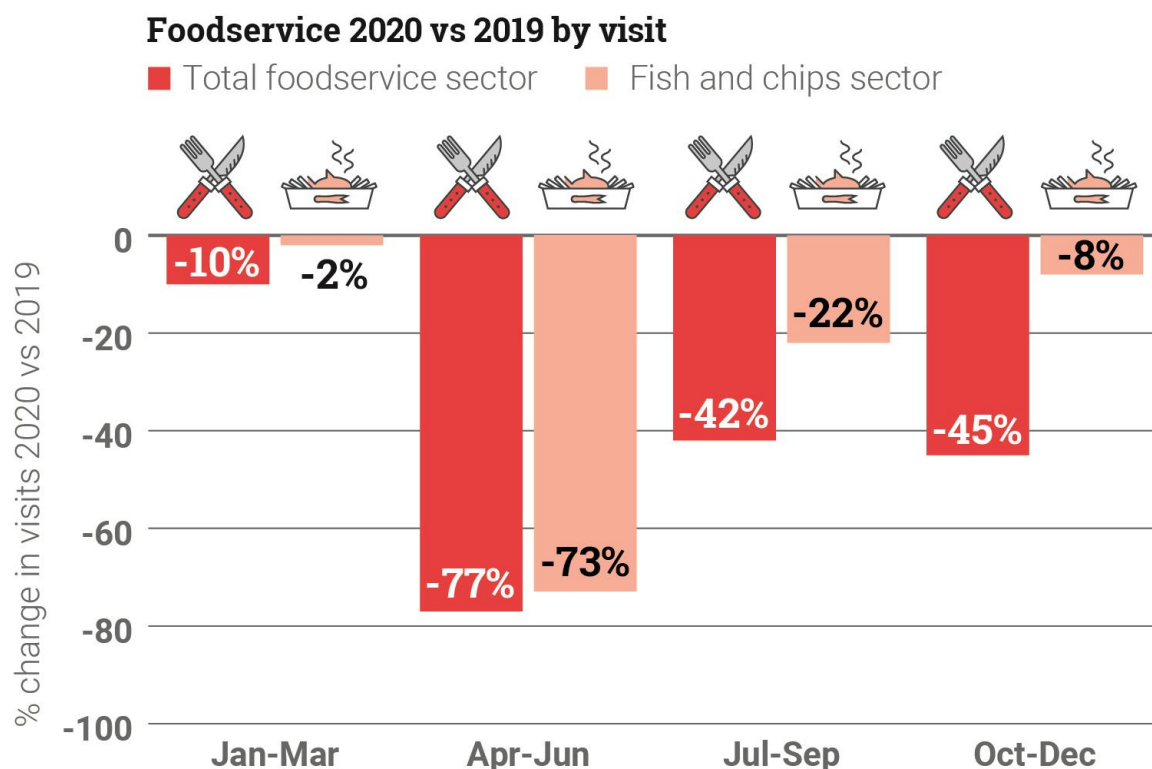
Foodservice

Foodservice impacts varied regionally depending on the level of restrictions. Southwest England remained under the lowest level of restrictions in October meaning foodservice and hospitality sales continued at reasonable levels. By November, restrictions increased across the UK, including a national lockdown in England. This meant that Christmas trade was effectively cancelled. December is typically the number one month for food eaten out of the home, with sales 15% higher than average. The loss of this key period hit the foodservice sector hard **as John Lavery, owner of Fish City in Belfast, explained:**

"The week between Christmas and New Year is usually one of our busiest of the year. We normally rely on this boost in sales to see us through the quieter months of

January and February. Unfortunately, due to lockdown restrictions, we had to close on Christmas Eve after reopening for just over two weeks. As a result, our December sales were down 70% on normal trading."

In the period October to December, total foodservice visits were down 45% compared to the same period in 2019. Visits across each individual foodservice channel¹ were down on 2019 levels during this period. Fish and chip shops recovered quickest, with total number of visits down only 8% year on year in October to December (compared to 22% in July to September and 73% in April to June). Overall in 2020, total foodservice visits were down 43% compared to 2019.



Some restrictions eased slightly at the start of December but only for a matter of weeks. Many restaurants anticipated they wouldn't be open for long and only offered a limited menu when they did reopen.

Restriction levels changed rapidly at the end of December. This made it difficult for many foodservice businesses to plan for, or justify the cost of, re-opening for indoor dining. In Wales, for example, businesses were initially told that lockdown would begin on 28 December. This was then brought forward to 20 December costing restaurants a full week of planned Christmas trade.

On-again, off-again operations also came with unexpected costs as irregular use of kitchen equipment led to equipment failures and expensive repairs.

¹ Food service channels are defined as: Full-service restaurants (FSR); Travel & Leisure; Workplace/college/university; Fish&Chips; QSR excluding Fish&Chips; Casual dining

The challenges facing foodservice and hospitality businesses during this period also impacted on their suppliers.

Natalie Hudd, Director of Sales for Direct Seafoods, commented:

“By October 2020, we were already seeing a downturn in trade. The November lockdown decimated our trade yet again due to the bulk of our customer base sitting in the restaurant, pub, hotel, contract catering and sports and leisure sectors. Hopes of a resurgence in trade at Christmas were dashed by the widespread implementation of the tier system which left much of the country unable to trade and customers simply giving up on the idea of any festive custom.

As we work with short shelf life product, stock management proved a real challenge during this period. Having to freeze product to avoid wastage, and then work to move it once restrictions were lifted was not easy. Additionally, the very small customer base that continued to trade throughout lockdown left us struggling to justify sourcing costs for such low volumes.”

In mid-November, the UK government announced that restaurants, pubs and cafes would be able to provide takeaway services for another year without having to go through the usual planning application process. This extension to April 2022 was intended to provide businesses with more certainty as they planned for economic recovery.

Delivery and takeaway services, including at-home meal kits, have reportedly helped many foodservice businesses stay afloat. Some businesses adapted the exterior of their premises to sell food through hatches and windows to preclude customers from entering premises.

There were also reports of businesses choosing to manage their own deliveries to avoid high fees from delivery services such as *Deliveroo*, *Just Eat* and *Uber Eats*.

Many businesses had established or improved these sales channels during the first lockdown in spring. As restrictions returned in autumn they had an established ‘Plan B’ business model to fall back on.

Seafood delivery orders grew across nearly all foodservice channels in 2020, up 6% overall compared to 2019. Growth was particularly strong for full-service² restaurants, seeing an overall increase of 18% for seafood delivery visits in 2020.

Sales via drive through also increased in 2020, with total foodservice visits via drive through up 4% on 2019. Some fish and chip shops were particularly well suited to diversification into drive through sales. In early December Papa’s Fish and Chips, a well-known business in East Yorkshire, opened the first fish and chip ‘Drive-Thru’ in the area. They [explained](#) that they had wanted to offer a drive through service for a long time but it took the outbreak of Covid-19 to give them the push they needed.

Further innovations have been seen as many businesses providing takeaway embraced digital communications. Without the benefits of passing trade, businesses had to find new ways to attract customers. Hooked Fish and Chips (@hookedchipshop) in Cheshire saw some of their videos on [TikTok](#) achieve in excess of 200,000 views.

² Sit-down restaurants.

Delivery and takeaway services weren't viable for all businesses. Some remained closed for most of this period while dining-in was suspended. Many of those heavily reliant on tourist trade and only a small local customer base found it unviable to remain open. By shoring up their finances in the short-term these businesses hoped to be in a more robust position to re-open when restrictions start to lift.

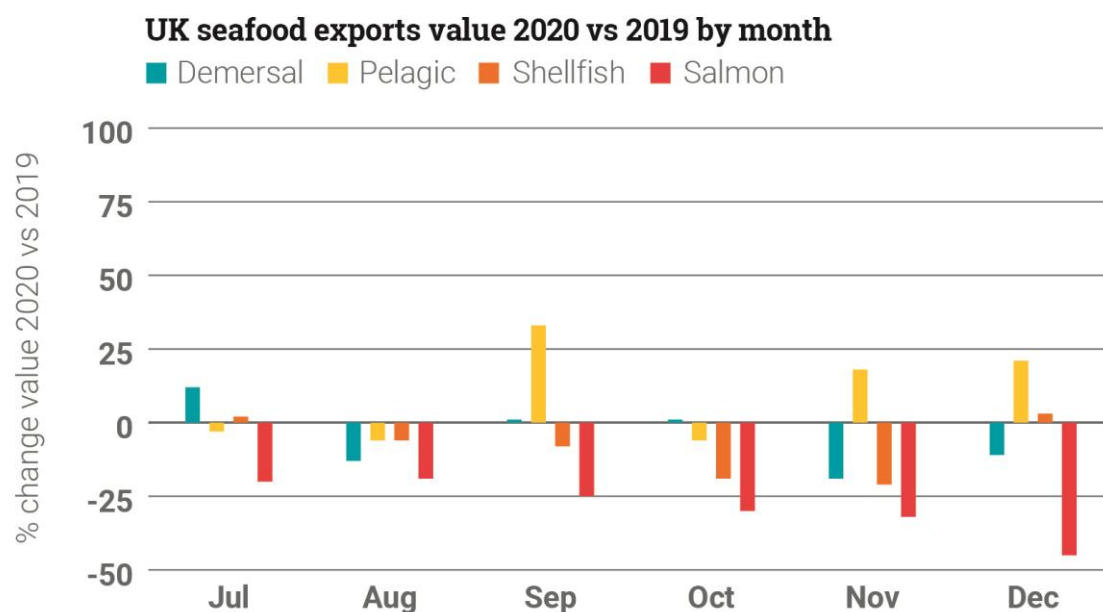
Despite innovations and adaptations in delivery, online ordering and click&collect, most businesses weren't able to make up for lost dine-in custom. Ongoing concerns were raised that many foodservice and hospitality businesses wouldn't survive this further period of restrictions.

During this period pub and hospitality trade bodies [reported](#) 76% of businesses were making a loss. Some hospitality groups called for a change in restrictions and additional government support to save jobs and businesses. The fish and chip industry also called for a long-term or permanent cut to VAT after the temporary reduction in VAT was credited with helping buoy businesses through the pandemic.



Exports

Salmon and shellfish exports were down the most in terms of both value and volume in October and November, compared to the same time in 2019. In December, however, shellfish exports improved, while salmon export value further declined. After stabilising in September and October, demersal³ export value dropped at the end of the year. Pelagic export value remained strong through this period.

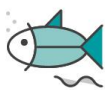
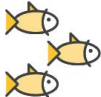





³ Full species list presented in the reference page at the end of the document.

	Demersal	Pelagic	Shellfish	Salmon
Jul	12%	-3%	2%	-20%
Aug	-13%	-6%	-6%	-19%
Sep	1%	33%	-8%	-25%
Oct	1%	-6%	-19%	-30%
Nov	-19%	18%	-21%	-32%
Dec	-11%	21%	3%	-45%

Exports to China remained particularly challenging. Towards the end of October, the Qingdao government claimed Covid-19 could survive in a cold environment and could be transferred from goods to people. This view, that Covid-19 could be transmitted by food packaging, was not taken by other governments or the World Health Organisation. China however increased Covid-19 testing of imports and mandated that frozen seafood packages be fully sanitised before release. These measures were in place through the end of 2020 for frozen food and seafood, leading to increased costs, delays and longer handling times. The Beijing Xinfadi wholesale market also suspended storage and sale of chilled and frozen seafood due to Covid-19 concerns. This further hampered seafood sales to China.

Added trade restrictions with China had knock on effects along the supply chain. For example, Chinese authorities called for Export Health Certificates to be issued by the country of origin. In response, the Netherlands stopped issuing Export Health Certificates for seafood destined for China originating from a third country. This change primarily disrupted the trade of frozen headed and gutted whitefish during this period.

UK exports 2020 compared to 2019	 Demersal	 Pelagic	 Shellfish	 Salmon	 Overall
Value (Oct-Dec)	-10%	9%	-12%	-36%	-22%
Volume (Oct-Dec)	-2%	10%	-8%	-24%	-7%
Value (Jan-Dec)	-10%	5%	-20%	-26%	-20%
Volume (Jan-Dec)	-3%	13%	-16%	-22%	-7%

Seafood trade with Europe was also increasingly difficult. Exports had begun to flow more readily during the summer, but as restrictions increased at home and abroad during autumn, demand from the continent dropped off once more. UK foodservice wholesalers and their suppliers saw reduced orders from France, Spain, Italy, the Netherlands, Ireland and Belgium. Some exporters supplying into retail on the continent saw an initial increase in demand as European foodservice markets closed down in November. This did not last long however and demand up to Christmas remained poor.

Ever-changing Covid-19 restrictions continued to cause market uncertainty. Meanwhile the end of the Brexit transition period drew nearer causing further uncertainty around the UK's future trading relationship with the EU. Concerns about potential border delays and additional paperwork worried many businesses exporting live and fresh seafood to Europe.

Businesses also had concerns around seafood trade from Great Britain to Northern Ireland. Specifically, issues were anticipated around Catch and Export Health Certificates required

from 1 January 2021. There were already some reports of suppliers refusing to deliver goods to Northern Ireland in December, prior to the end of the transition period.

On 20 December, a new strain of Covid-19 was detected in southeast England. Authorities in France, Germany, Italy, Belgium, the Netherlands, Austria, Ireland, Sweden and Bulgaria closed their borders to passengers and freight traveling to and from the UK. This travel ban impacted all ferry and Eurotunnel 'accompanied freight' (the main form of transport for all fresh produce) leaving the UK. UK seafood exporters were hit hard.

Though short-lived, ultimately lasting 48 hours, the ban came at a critical time. As well as serving Christmas markets, many businesses were trying to fulfil winter contracts before 31 December to avoid potential logistical issues at the end of the transition period. These businesses experienced severe fresh seafood trade disruptions as a result of the border closure.

Donna Fordyce, Chief Executive of Seafood Scotland, reported that the Scottish shellfish sector was likely the worst hit. The border closure decimated sales of fresh seafood to the continent during their busiest week of the year.

"The shellfish guys have really suffered throughout the whole of Covid. This was a bitter blow on top of an already damaging year. This industry is really worried about the viability of some of the fishing fleet given the nature of the markets over the past months in Europe."

Seafood Scotland and the Scottish Seafood Association estimated that losses from the border closure totalled as much as £10 million. These financial losses led businesses to call for compensation from the government.



Direct sales to consumers

Direct selling continued for many small-scale fishermen. Many businesses with a direct sales arm (for example a shop, van, etc.) seemed to go from strength to strength. Online platforms were improved, new supply routes found, and delivery networks expanded as they worked to fulfil customer orders. Some smaller businesses even went national with their deliveries. Learning from their experiences during the spring lockdown, these businesses were ideally placed to adapt to increased restrictions. While they may not have anticipated it at the start of 2020, many ended the year well established in the direct sales market.

Martin Yorwarth, owner of Yorwarth's Fresh Fish in East Sussex, explained how he has grown his business through direct sales:

"Pre-Covid we did a mix of exporting and retail sales through our shop. But as the pandemic unfolded we lost our export markets. We developed a new business model centred around direct sales via home deliveries, our retail shop and local markets."

"Since changing our business model we have acquired new customers while maintaining our original customer base. Our turnover grew significantly in 2020, with customers recognising our consistent high quality supply of day-caught product."

"By the second lockdown in November, we were well prepared to keep the shop trading, with extra safety measures in place, and increase our direct delivery service."

Now, our long-term plan is to continue with domestic markets both locally and across the UK, possibly expanding internationally in the future.”

Not all fishermen that tried direct selling during the first lockdown returned to it during this period of further restrictions. Generally, those who had reverted to their traditional supply chains during summer opted to tie up as these markets closed again. Due to poor weather, the end of the year is traditionally seen as a difficult time for fishing. By utilising government support schemes some fishermen were able to guarantee an income.

Onshore seafood businesses followed a similar pattern. Those well set up for direct selling and online ordering following the first lockdown continued in these markets as restrictions increased. Those who had seen it as a short-term solution in the spring did not necessarily opt to return. Some big names also entered the direct sales market during this period.

Leading UK foodservice wholesaler Bidfood launched 'Bidfood at home', a UK-wide click&collect and home delivery service. This new service provides access to over 3,000 lines of Bidfood's extensive range of food, drinks and non-food supplies direct to the public.

“When we first went into lockdown, Bidfood quickly pivoted from only providing services to businesses. We extended our offering to the general public struggling to access their usual food shops. Following this initial success, our permanent home delivery platform launched in November 2020. As shopping habits continue to evolve, the new platform will support shoppers around the UK to get the supplies their families need direct to their homes,” explained Britta Ashu, Head of Digital Marketing at Bidfood UK.

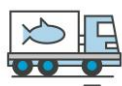
The continuation of direct sales by smaller businesses, and the fact that larger players also saw opportunities, suggest growth may continue. Indeed, a survey of recipients of funding from the Rapid Response Grants Programme⁴ suggested that business models may have been permanently altered. 82% of respondents said they planned to continue their diversified business models and direct sales beyond the pandemic. What may have begun as a lifeline could well be a lasting legacy of Covid-19 in the UK seafood sector.

⁴ The COVID-19 [Rapid Response Grants Programme](#) was an emergency fund providing grants to seafood businesses. Funded by the Fishmongers' Company's Fisheries Charitable Trust and Seafarers UK it provided support to fishing and seafood businesses and food charities. The £500,000 fund launched in April 2020.

Production & Distribution

Key points

- **Businesses managed logistics challenges well until the end of the year when Covid-19 border closures in Europe hampered trade.**
- **Processing businesses supplying export markets on the continent faced additional challenges as they tried to plan for different EU-UK future trade agreement scenarios on top of managing Covid-19 impacts.**
- **Processors relying on imported whitefish benefitted from lower raw material prices.**
- **Larger processing businesses that had to manage Covid-19 cases amongst staff were generally able to do so safely without reducing production capacity.**
- **Lack of testing in some areas made it difficult for employees and employers to distinguish between Covid-19 and other illnesses common in winter.**



Transportation & Logistics

Fish auctions stayed open through this period, with Covid-19 measures allowing operations to continue as restrictions increased. Billingsgate Fish Market also kept busy to the end of the year. Fresh product was supplemented by frozen imported product where necessary to meet demand.

Most transportation and logistics functions continued to operate at reasonable levels during the increased restrictions, albeit more slowly and at higher cost for long-haul transportation. Concerns continued to be raised about the ongoing imbalance in shipping containers. Covid-19 restrictions throughout 2020 severely disrupted global inbound trade, leaving insufficient empty containers in China for export. If left, this global imbalance of empty shipping containers could impact UK imports in 2021.

Trade with China continued to prove challenging. Exporters sending product there faced specific logistics issues associated with increased import checks and sanitisation measures at Chinese ports.

Specific, short term issues with getting product into and through France emerged at the end of December. A surge in cases of a new variant of Covid-19 in England caused a number of European countries to impose a travel ban. As a result, the port of Dover closed to lorries, many of which were transporting fresh produce, including seafood. This caused critical delays and issues at the border.



Processing

While processing businesses continued to face unprecedented levels of operating uncertainty through the end of the year, the degree of impact varied. Those supplying retail reported being better prepared for increased demand as restrictions increased. Less panic buying was expected though some worried about retailers reducing their product lines over

the Christmas period. Other processors continued to struggle to balance heightened retail demand with the increasingly volatile foodservice market.

Some small businesses reliant on foodservice and hospitality trade closed again, having re-opened during the summer when restaurants resumed dine-in service. This was the second or third temporary shutdown for some of these businesses.

Some businesses supplying into foodservice worried about the impacts of the prolonged financial challenges that the sector had faced. There were concerns that knock on effects through the supply chain, such as ongoing issues with bad debt, could adversely impact them in the coming months.

Businesses supplying export markets on the continent faced additional challenges. On top of managing Covid-19 impacts they were trying to plan for an as yet unknown relationship with the EU. Some businesses suggested that the financial impacts of the new restrictions would be worse than the spring lockdown because of these concurrent factors.

Businesses located in or trading with Northern Ireland had to put in considerable effort to fully understand the requirements and implications of the Northern Ireland Protocol. These requirements then had to be implemented to keep businesses running, adding additional operating pressures. Some businesses selling to or through Northern Ireland sent more material than usual before the end of the year. They aimed to create a buffer ahead of the end of the transition period and any potential disruption.

Processors reliant on product from the Northern Irish fleet faced issues with continuity of supply in October and November. Up to half of the Northern Irish nephrops fleet⁵ reportedly took part in a tie-up scheme during this period. This made it difficult for some processors to source enough raw material to meet demand. It also highlighted the knock-on impact that interventions can have elsewhere in the wider supply chain.

“With vessels tied up we lost our primary supply base,” explained Andrew Rooney, owner of Rooney Fish in Kilkeel. “During this time, we should have been preparing for Christmas, our biggest sales period of the year. But instead we ran out of stock and couldn’t meet orders. I ended up furloughing staff until supply improved.”

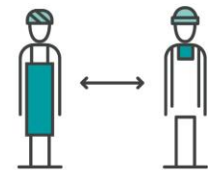
Covid-19 restrictions and the approaching end of the transition period also impacted how processing businesses sourced raw material. Many altered their buying strategies, only buying in raw material when they were sure they had hard orders to meet.

Businesses relying on imported whitefish benefitted from lower raw material prices. As a result of foodservice closures in 2020, high value product previously sold fresh into the foodservice market was instead frozen. This relative oversupply in the frozen whitefish market led to a reduction in average raw material price for processors. Many of these businesses were able to stockpile raw material because prices were low. Cold stores returned to near full capacity ahead of Christmas and the end of the transition period. Unlike during the spring lockdown, fish and chip demand remained strong, keeping whitefish demand up for suppliers.

⁵ The Northern Irish fleet accounted for 23% of all UK nephrops landings, by weight, in 2019.

Some incidences of Covid-19 cases were reported at seafood processing factories across the UK. At smaller sites, positive Covid-19 tests forced some businesses to close temporarily.

Larger sites were able to manage cases and maintain operating capacity, challenging initial concerns that food factories could become 'super spreaders'. Businesses reported that general guidance and best practice in managing Covid-19 risks were well-known across the sector so many were well prepared to respond to outbreaks.



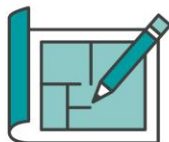
Social distancing



More personal
protective
equipment (PPE)



Staggering
shifts



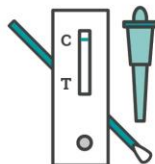
Redesigning
work spaces



Moving
training
online



Cohorting



Rapid
testing



Incident
management



Risk
assessments

However, there were additional resource and cost pressures incurred in ensuring risks were managed and minimised.

Jess West, Group Human Resources Manager for International Fish Cannery, Nolan Seafoods and Nor-Sea Foods commented:

“Throughout the whole pandemic, the company worked hard to keep staff safe. Our first step was to form a cross-site Covid-19 management team, meeting daily. Site safety has been an ongoing process and we have worked closely with the Health and Safety Executive and acted on any ideas and feedback given.

Towards the end of 2020, more measures were completed and introduced. This included screens between individuals, screens set up in our canteens to eliminate face to face contact, extra cleaning regimes and ongoing staff briefings, communication and monitoring.

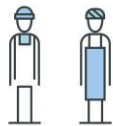
Hours lost for Covid-19 reasons were relatively low across most of our sites. Only Nolan Seafoods required additional measures in December to further reduce risk. These included fully enclosing each individual filleting station and increasing guidance and monitoring, especially in high footfall areas.”

Some large scale Covid-19 testing and risk management initiatives emerged during this period. Defra invited English seafood processing businesses to take part in a pilot Covid-19 testing scheme starting in December. This scheme was part of the UK Government's [Covid-19 Winter Plan](#) and aimed to routinely test asymptomatic employees to prevent transmission.

Following an outbreak of community transmissions affecting food processors in northeast Scotland in mid-November, an Incident Management Team was quickly formed. It included representatives from industry, Food Standards Scotland, Scottish Seafood Association, Seafish, Seafood Scotland, the NHS and environmental health officers. It aimed to:

- Understand the problem;
- Create a shared understanding of risks;
- Support businesses and the community to bring rates down as soon as possible.

To help track and manage outbreaks, the Health and Safety Executive (HSE) and environmental health officers increased their inspections of food processing sites. These visits were designed to help businesses minimise the risks of transmission and improve health and safety protocols.



Workforce

There were [819,000 fewer workers](#) on UK company payrolls in November than in March 2020. Hospitality was the worst hit sector, accounting for a third of these job losses, followed by retail.

Indications for the period October to December suggest that job losses could continue to increase in 2021. Even businesses seeing strong sales over the period reported making cuts. For example supermarket chain Sainsbury's announced plans to cut 3,500 jobs, including those at all of its meat, fish and deli counters.

Covid-19 is also expected to have reduced worker mobility, with more workers staying in positions they might have otherwise left. Some seafood businesses raised concerns that once things begin to return to normal worker mobility will increase, creating vacancies to be filled.

Staff illness also impacted different parts of the industry. Some employees and employers reported that lack of testing made it difficult to distinguish between Covid-19 and common winter illnesses. Businesses across processing, retail and foodservice all reported staffing problems linked to illness or patchy availability of Covid-19 testing for workers with symptoms.

Some supermarket workers cited safety concerns over encountering shop customers not wearing face coverings. Nevertheless, businesses across the supply chain reported a strong commitment to 'do things properly' and keep employees safe while maintaining operations.

Many low activity fishermen reported self-isolating – and not fishing - for most of the year. Age and existing conditions meant many found themselves in the high-risk group for whom Covid-19 is often more severe. Poor market prices and inconsistent demand seen through the end of the year offered little financial incentive to fish. Some reported that they were considering retiring earlier than planned through a combination of health and financial factors. This cohort of the fleet will account for just a small proportion of overall UK landings by weight and value. However, their exit from fishing would be of social and cultural significance to the overall industry.

Changes coming into effect at the end of the Brexit transition period increased interest in food hygiene training amongst fishermen. Demand for this training remained strong through the end of the year. In particular this demand came from vessels where the catch is exported to the EU or is processed and frozen on board. Covid-19 also contributed, with interest from fishermen selling their catch direct to consumers.

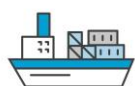
Many onshore training programmes continued to be delivered online. Feedback suggests that participants (85%) are more likely to use remote and e-learning or a mixture of training delivery methods in the future. Savings in time and cost were noted as benefits of online training. Some apprenticeships were also delivered remotely during this period.

The availability of seagoing training, on the other hand, continued to be limited during this period. Fishermen's safety training requires some practical training which is not possible to deliver online. Training providers were only able to offer reduced services, impacting the availability of training to the catching sector. In response the Maritime and Coastguard Agency took the decision to relax requirements, allowing crew more time to complete the required training. However, the inability of crew to complete and refresh mandatory basic safety training is an ongoing safety concern.

Supply & Primary Production

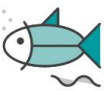
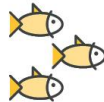



Key points

- Total seafood import volume was on par with 2019 levels during this period, while value remained slightly below 2019 levels.
- UK landings were low and prices were suppressed during this period due to market uncertainty and concerns around the combined impact of a potential 'no deal' Brexit trade agreement and Covid-19 restrictions.
- 72% of vessel owners expected a decrease in profits in 2020 compared to 2019.
- UK aquaculture businesses faced challenges in managing the mounting uncertainty of Covid-19 and Brexit impacts during this period.



Imports

Total seafood import volume was on par with 2019 levels during this period, while value remained slightly below 2019 levels.

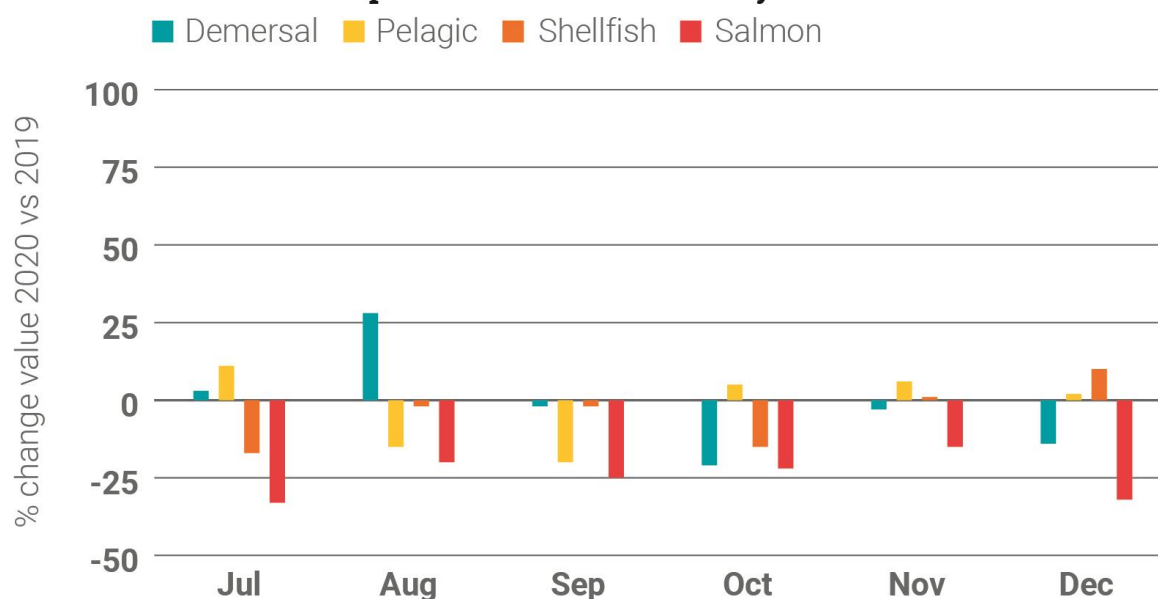
UK imports 2020 compared to 2019	 Demersal	 Pelagic	 Shellfish	 Salmon	 Overall
Value (Oct-Dec)	-13%	4%	-3%	-24%	-5%
Volume (Oct-Dec)	-7%	2%	-14%	-13%	0%
Value (Jan-Dec)	-9%	-7%	-11%	-15%	-7%
Volume (Jan-Dec)	-8%	-7%	-21%	-10%	-5%

Demersal import value remained low relative to volume benefitting importers at the end of the year. Low prices and relatively low stores – typical for the time of year - allowed importers and processors to re-stock before Christmas and the end of the transition period, when border disruptions were anticipated.

“To avoid supply chain disruptions at the end of the transition period, many businesses producing frozen product worked to build up stock through the end of the year. Key retail species like cod, haddock and pollock were in particular demand,” explained Simon Dwyer of the Grimsby Fish Merchants Association.

In November and December, ahead of the festive period, shellfish import value and volume were up on 2019 levels. Salmon import value and volume did not see the same festive boost, remaining below 2019 levels through this period.

UK seafood imports value 2020 vs 2019 by month



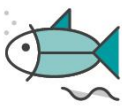
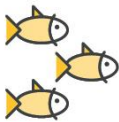

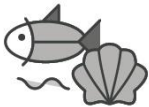
	Demersal	Pelagic	Shellfish	Salmon
Jul	3%	11%	-17%	-33%
Aug	28%	-15%	-2%	-20%
Sep	-2%	-20%	-2%	-25%
Oct	-21%	5%	-15%	-22%
Nov	-3%	6%	1%	-15%
Dec	-14%	2%	10%	-32%

Reports of increased costs in global trade continued during this period. Air and sea freight both saw a reduced service. Sea freight also faced issues around a displacement of empty shipping containers. The drop in price of imported frozen raw material – normally the largest operating cost for processors - allowed businesses to absorb increased transportation costs. The longer shelf life of frozen material also helped businesses to manage delays and other logistical issues caused by Covid-19.



Landings

Reports from fish auctions across the UK suggest that landings were low and prices suppressed due to market uncertainty. There were concerns around access to markets with the combined impact of the UK's future relationship with the EU and Covid-19 restrictions.

UK landings 2020 compared to 2019				
	Demersal	Pelagic	Shellfish	Overall
Value (Oct-Dec)	-23%	-5%	-24%	-16%
Volume (Oct-Dec)	-12%	11%	-13%	1%
Value (Jan-Dec)	-20%	12%	-34%	-17%
Volume (Jan-Dec)	-10%	13%	-18%	0%

Initial plans to ease restrictions over the festive period provided some confidence in the market for higher-value species such as lobster. Though markets improved slightly in the run up to Christmas, they were not as buoyant as they would normally be at that time of year.

Ultimately the decision was taken across all four home nations to restrict Christmas gatherings and close restaurants over the festive period. This drove a decline in fish and high-end shellfish sales and prices by mid-December.

In response, initiatives like Call4Fish launched campaigns to encourage people to eat more seafood over the festive season. There was a particular focus on high-end species such as crab and lobster that would normally go to restaurants.

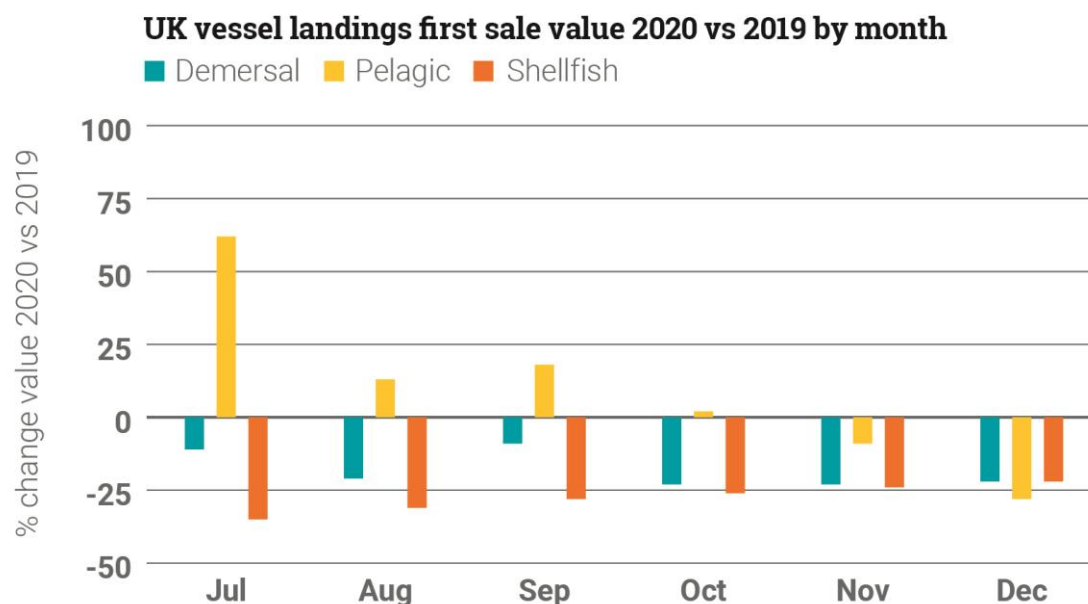
Demersal landings value was down around 25% in each month (October, November and December) compared to 2019 levels during this period.

Shellfish landing value was also down approximately 25% in October, November and December.

Some Scottish and Northern Irish scallop vessels faced specific issues due to Isle of Man harbour [restrictions](#). Fishermen⁶ were banned from disembarking in Isle of Man harbours to prevent the spread of Covid-19. These restrictions impacted on visiting vessels during the Isle of Man scallop season which began on 1 November. Buyers reported scallop sales down as much as 40% in November.

Pelagic landings value was down nearly 30% in December as the fleet had already used up most of the annual pelagic quota.

⁶ [38 of the 79 boats](#) licensed to fish in Manx waters come from Scotland and Northern Ireland.



**previously reported data have been updated to reflect most recent MMO data release.*

	Demersal	Pelagic	Shellfish
Jul	-11%	62%	-35%
Aug	-21%	13%	-31%
Sep	-9%	18%	-28%
Oct	-23%	2%	-26%
Nov	-23%	-9%	-24%
Dec	-22%	-28%	-22%

In some cases, fishing businesses reported that poor weather in November kept prices higher than usual, partially mitigating against trade losses. But as the weather worsened and markets remained unreliable, some inshore fishermen opted to utilise government funds for self-employed workers rather than going to sea during this period.

Up to half of the Northern Irish Nephrops fleet reportedly took part in a tie-up scheme for mobile-gear vessels. Vessel owners could access government support of up to 50% of their average earnings in return for tying up. This tie-up period lasted six weeks from mid-October to the end of November.

Those targeting shellfish for export to Europe spent much of this period trying to get to grips with new documentation requirements and vessel inspections in preparation for the 1 January changes.

Vessel operators whose landings were destined for European markets were particularly susceptible to these markets' volatility during this period. When these markets closed, processors stopped procuring raw material from UK vessels, causing demand and price to drop. Where possible, fishermen relied on strong relationships with buyers to manage supply and price during this period.

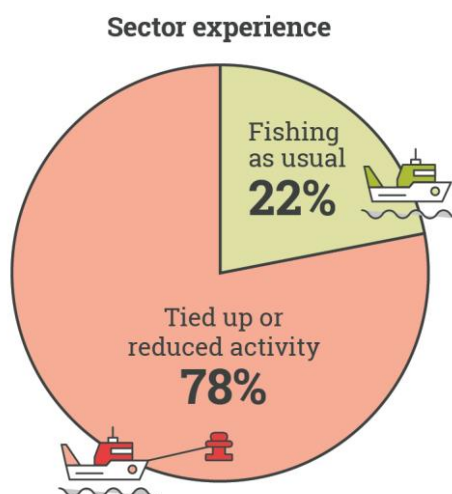
Beshlie Pool, Executive Officer of South Devon and Channel Shellfishermen Ltd, explained:

“We saw our fleet and merchant members working together closely to keep product moving, with merchants sometimes driving themselves into difficulties to support the fleets that land to them.”

Prices for some ‘domestic’ species were reportedly stronger than those destined for export. Despite reasonable prices for some domestically consumed species in October and November, prices collapsed just before Christmas. This was a result of increased UK restrictions and Covid-19 border closures, particularly the French border, which impacted demand at home and abroad.

Seafish Covid-19 Fleet Survey results

Many fishing businesses faced volatile market demand and struggled with price through much of 2020. By October, 78% of vessels owners reported they had tied up or reduced activity at some point in the year in response to restrictions⁷.



The rapidly changing operating environment fishermen faced forced many businesses to adapt their operations. Nearly 40% reported changing their fishing patterns as a result of Covid-19 restrictions, targeting different species, working different grounds or changing trip length and frequency.

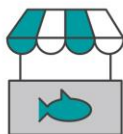
Many vessel owners also changed their sales and distribution channels or switched between supplying international and domestic markets to get better prices. Some vessel owners altered shift patterns or crew but this was the least reported adaptation.

⁷ Based on Seafish fleet survey of 209 responses from across the UK fleet (September-October 2020). Note: the majority of respondents represented low activity vessels and pots and traps vessels.



Fishing patterns
(e.g. trip length/frequency,
fishing grounds,
target species)

39%



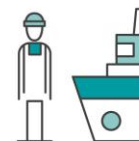
Markets
(e.g. international
vs domestic)

28%



Sales & Distribution
(e.g. direct and/or
online sales, deliveries)

23%

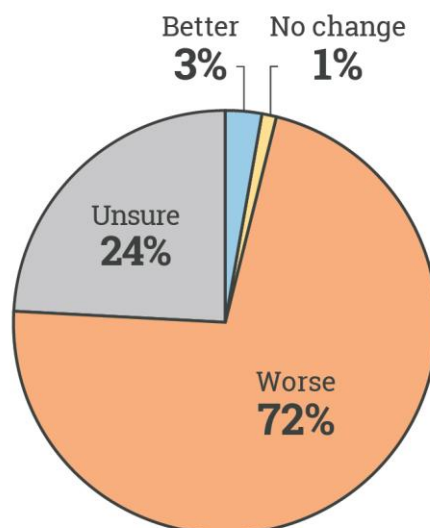


Labour & crew
(e.g. shift patterns,
crew from
non-EEA countries)

9%

With the challenging operating environment and reduction in landings across the year, 72% of respondents expected a decrease in profits in 2020 compared to 2019. Nearly a quarter were unsure what to expect and only 3% expected an uplift in profits.

**Expected business profits
2020 compared to 2019**



Further analysis of Covid-19 impacts on the UK catching sector will be published in spring 2021.



Aquaculture

The lead up to the festive season is an important time for UK producers of farmed seafood. Salmon, mussels, oysters and other species prove popular in- and out-of-home in the UK and abroad at this time of year.

Aquaculture demand and production continued to face challenges during this period. Businesses tried their best to manage mounting uncertainty from Covid-19 and the future EU-UK trading relationship. For example, to avoid potential export issues a number of mussel and other shellfish farms reportedly increased harvesting and exporting before

Christmas. Some then planned to temporarily mothball in the new year to avoid any immediate trade issues following the end of the transition period.

“Our strategy was always to get as much product out before the end of the transition period as possible then take a step back in early 2021 to avoid any teething problems at the border,” explained James Wilson, a mussel producer operating in the Menai Strait.

There were hopes that the usually lucrative Christmas period would allow losses from earlier in the year to be recouped. These faded as lockdowns in Europe caused foodservice markets to close.

James went on to say, “We were initially optimistic that we would be able to make up for lost sales earlier in the year by the time our main selling season starting up in September. But we were soon hit by the second lockdowns in Holland and France in October and November and we were down to 40% of normal trade.”

Scottish salmon producers were in a similar position at the end of the year. The run up to Christmas is typically a big time for Scottish salmon.

“The 4-6 weeks before Christmas is absolutely vital for the sector, more salmon gets sold than at any other time in the year with up to a quarter of smoked salmon sales taking place in this time,” explained Hamish Macdonell, Director of Strategic Engagement for the Scottish Salmon Producer’s Organisation.

During the year, salmon producers had experienced logistical issues with their distant markets in China and the USA. The proportion of Scottish salmon going into Europe in 2020 therefore increased from around half to two-thirds by the end of the year. Pre-Christmas sales into Europe were even more important for producers aiming to make up for losses caused by disruption earlier in the year and so businesses were hit hard by the December border closures.

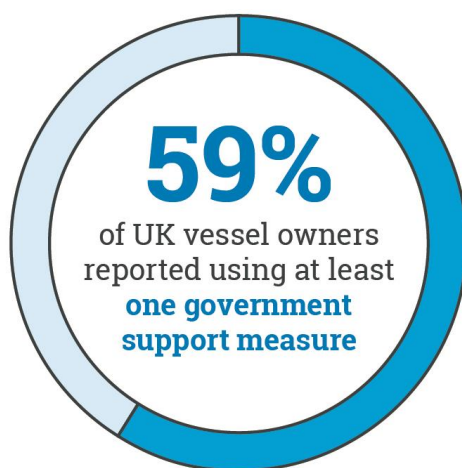
“Even the most pessimistic view of the eventual Brexit deal did not see a full border closure and businesses certainly didn’t expect a closure before Christmas,” added Hamish. “As a result of the closure we saw businesses scrambling to find domestic markets for orders stopped at the border and fish due to be harvested being held back. Orders that did eventually get through were arriving two to three days late and getting rock bottom prices.”

Government Response⁸

As restrictions continued to increase during this period, the UK Government announced further support. The Coronavirus Job Retention Scheme (furlough) and temporary [cut in VAT rates](#) to support the hospitality industry were both extended.

In November 2020, uptake of the furlough scheme had a second peak. It supported over 750,000 and 1,000,000 jobs in the 'wholesale and retail' and 'accommodation and foodservice' sectors, respectively. In December, the furlough scheme supported over 15,000 jobs in the 'agriculture, forestry and fishing' sector.

According to the Seafish Covid-19 fleet survey results, 17% of respondents had used the furlough scheme by October. Overall 59% of respondents reported using at least one government support measure.



Additional support measures were also offered to the catching sector during this period. The Northern Ireland Producer Organisations successfully secured a second round of government support to assist the Northern Ireland fleet through two vessel support schemes.

The first was for static gear vessels and provided approximately £10,000 per vessel to cover fixed costs. These vessels were not required to tie-up so they could continue to fish for the Christmas market.

The second was for mobile-gear vessels and allowed them to claim up to 50% of their average earnings if they tied up from mid-October to end-November (six weeks). Up to 50% of the Northern Irish nephrops fleet reportedly took up this offer.

Finally, the Marine Management Organisation (MMO) re-purposed the balance of the European Maritime and Fisheries Fund (EMFF) for grants.

Half a million pounds was allocated to projects for ports or harbours impacted by the Covid-19 pandemic. £300,000 was set aside for fishing vessel owners or licence holders for health and safety improvements. Grants of up to £100,000 each were made available for existing projects that were aimed at mitigating impacts of Covid-19 at ports and harbours and bringing benefits to the local area.

⁸ <https://www.gov.uk/coronavirus/business-support>

References and Data Sources

Retail

Data Source: Nielsen Scantrack UK year ending 26.12.2020

Reference:

- Seafood in retail factsheets:
<https://www.seafish.org/insight-and-research/retail-data-and-insight/>

Foodservice

Data Source: The NPD Group (December 2020) Foodservice COVID-19. *Foodservice data are only available at the level of Great Britain, rather than United Kingdom.*

Reference:

- Q4 Seafish COVID-19 Seafood in foodservice factsheet:
<https://www.seafish.org/document/?id=0ff91013-e604-4f6b-b847-7e7a553c372a>

Trade (Imports and Exports)

Data Source: HMRC monthly data via Business Trade Statistics (BTS), processed by Seafish. 2020 data are provisional. Species groups are defined as follows:

- Pelagic includes: Anchovy, Blue Whiting, Herring, Horse mackerel, Mackerel, Misc. pelagic, Sardine, Sprat, Swordfish, Tuna
- Demersal includes: Alaska pollack, Cod, Coley, Dogfish, Grenadier, Haddock, Hake, Halibut, Ling, Megrin, Monkfish, Other flatfish, Other groundfish, Plaice, Pollack, Ray, Redfish, Seabass, Seabream, Shark, Sole, Toothfish, Turbot, Whiting
- Shellfish includes: Clam, Cold Water Shrimps & Prawns, Crabs, Crayfish, Cuttlefish, Lobster, Mussels, Nephrops, Octopus, Other cephalopods, Other crustaceans, Other molluscs and aquatic invertebrates, Oyster, Prepared and preserved shrimps & prawns, Rock lobster and sea crawfish, Scallops, Sea cucumber, Squid, Warm Water Shrimps & Prawns
- All Others includes: Carp, Catfish, Caviar, livers and roes, Cobia, Eels, Nile Perch, Other freshwater fish, Other marine fish, Other products, Other salmonids, Pink cusk-eel, Ray's Bream, Salmon, Surimi, Tilapia, Trout
- Overall excludes: Non-food

Reference:

- 2020 Seafish Provisional Seafood Import and Export Summary Factsheet (not yet published):
<https://www.seafish.org/insight-and-research/import-and-export-data-and-insight/>
- Seafish Trade and Tariff Tool:
<https://public.tableau.com/profile/seafish#!/vizhome/SeafishTradeandTariffTool/Overview>

Fleet

Data Source: Seafish fleet survey 2020 preliminary results (*not yet published*). For related information see: <https://www.seafish.org/insight-and-research/fishing-data-and-insight/>

Landings

Data Source: MMO monthly landings statistics. 2020 data are preliminary.

<https://www.gov.uk/government/collections/monthly-uk-sea-fisheries-statistics#2020>

Real-time industry data

Data source: Seafish horizon intelligence, October-December 2020. Real time intelligence on notable changes affecting the seafood industry sourced from the general media (media, newspaper articles and social media) and from industry and other stakeholder debates and conversations.

<https://www.seafish.org/insight-and-research/current-and-future-trends/>

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Here to give the UK seafood sector
the support it needs to thrive.

The Seafish logo features the word "seafish" in a white, lowercase, sans-serif font. Above the letters "i" and "s" are three stylized white fish icons, each composed of a series of small, overlapping diamond shapes.

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