

APPENDIX

Market update in relation to COVID19 outbreak - 26.03.2020

General comments:

Following the spread of the COVID19 virus from China to Europe and to most of the worlds' regions, the seafood markets have been put under stress. Generally, demand and prices have fallen, more for the fresh market than for the frozen market. A further distinction can be made between products catering the Italian, Spanish and French markets, that seem to have suffered most at the moment, and the pelagic products that are comparatively less impacted until now.

Products destined to the hotels, restaurants and catering (HoReCa) markets are also particularly suffering from the demand collapse as HoReCa channels are closed in numerous countries. Fresh fish retail stores in Italy, Spain and France are also closing, which already caused the waste of many fish tons since during the past two weeks sale orders were cancelled on short notice.

Large scale and distant water fishing vessels are concerned about the need for crew to be able to disembark and to travel from home to ship to ensure the continuity of fishing in a secured way, with regular crew changes. Access to ports should also be guaranteed.

Additional concerns on health issues have been raised by fishing vessel owners, who are struggling to get medical protective material, requesting a standardised protocol on sanitary procedures and clarity on the liability of the ship-owner in case of infection at work. In addition, the fishing sector is facing restrictions on the free movement of fishermen and therefore a workforce shortage of crew members.

As a consequence, an increasing number of fishing vessels are tied up at port since it is simply uneconomical, unsafe or they lack the necessary supplies to go to sea. Fishing vessels still operating are experiencing important revenue drops. As a result, the EU is facing a risk of lack of seafood supply.

Country specific comments:

Sweden: Low prices and demand have forced some fishing vessels to stay in port and stop fishing. Talks are ongoing with the government to find solutions.

Denmark: The pelagic fleet is working, and factories are still in operation. Crew changes and travel to/from ship is the main challenge.

The demersal fleet encounters issues with the export markets. Talks are ongoing with the government to find solutions and enhance domestic consumption.

Germany: There is fear of a complete or partial shutdown of the whole value chain if the processing industry is affected by the crisis. The market is therefore uncertain.

The closure of HoReCa, amongst which catering is particularly important for buyers in Germany, has led to collapsing prices (for example Baltic plaice going from 2,00 €/kg to somewhere between 1.20 - 1.50 €/kg).

Finally, the close down imposed in some German Länder has dreadful consequences on the number of customers for direct to end consumer sales upon which small scale fisheries and coastal communities are dependant. This is for example the case in the island of Fehmarn, where access has even been banned for all people who do not live or work on the island.

The Netherlands: The pelagic fleet encounters issues for crew changes (because of closed borders, reduced flights and closed ports). There are concerns for exports to the important West-African markets in the next weeks (falling oil prices and worsening exchange rates to the USD leads to less buying power). A quick decision on an increased banking percentage of 25% is needed.

The demersal sector is suffering from low prices (drop of more than 50%) and demand for some species (demand for fresh products has dropped to zero). As an example, in Italy, 80% less Dover sole buyers were active. In reaction, the demersal sector has put in place effort limitation for the Dover sole and turbot fishery (80h/week/vessel) and probably for the brown shrimp fishery an even stronger effort limitation will be put in place as well (with a maximum of 48h/week/vessel). Plaice (frozen fillets) and other species' markets are less affected.

Belgium: The demersal sector is suffering from the closure of restaurants and the diminishing exports demand that lead to a dramatic fall in prices (for sole and plaice in particular). The market prices for all species are down and threshold prices are reached for almost all products. It is estimated that fishermen suffer revenue losses of about 35%. Crew change has become an issue as well as Belgian vessels often land outside Belgium.

Unlike other food products, there is no increase of sales of fishery products in stores, the promotion of those products is needed to foster local consumption.

France: The market has collapsed for most species that depend on demand in Italy, Spain and France. Fish auctions operate at reduced speed as there are only few products and buyers. This results in low prices and it is estimated that prices have gone down by around 66%. Talks are ongoing with supermarkets to convince them to resume buying of all fish species. Some crew raise the sanitary risk of continued operation (small confined environment on board) and masks have been bought in bulk.

As a consequence, very few boats are fishing (mainly small scale or coastal fishing boats not relying on auctions but on contracts).

Spain: Demand and prices are down for most of the species (prices went down around -50% - 70%). Large parts of the coastal fleets are tied up in areas like the Mediterranean Sea, Gulf of Cadiz, Galicia or in the Basque country. The health risk is also a problem for most of the crews.

For large scale fleet fishing in Non Spanish EU waters, the situation remains relatively normal when the fishermen are on board. However, crew changes in harbour remains a big concern and the prices of hake, monkfish and megrim are really low. Some companies have also decided to tie up their vessels.

The long-distance fleet is for the moment operating, but also facing problems when they have to land the catches in third countries. It is also very difficult to change the crew because the harbours and borders are closed, there is a reduced number of flights, etc. Furthermore, they are facing problems to renew some of the fishing licenses.

The industry is discussing with the government to find solutions for support for those who continue fishing and those who had to stop. However, the main message received for the moment is that the European Commission should urgently modify the EMFF to adapt it to the exceptional circumstances that we are facing, due to the lack of national budget to support fishermen. That is why it is also very important that, exceptionally, the minimis aid could be financed through the EMFF.

Ireland: The demersal fleets particularly suffer from the market collapse in China, Italy, Spain and France. It is estimated that 50% of boats are moored in port and not fishing. Fisheries for brown crab, lobster and nephrops are particularly affected.

The pelagic fleet is fishing normally but cold storage space and a lack of containers remains an issue. Besides, raw material stock is only temporarily available at cold store for up to three months for e.g. major frozen whitefish species. A 25% banking possibility is a much-needed measure.

UK: The market situation is similar to the one on the continent. Scotland has prepared a scheme to limit effort for the demersal fisheries to 18 days at sea/vessel in April. DEFRA is discussing compensation.