

Impacts of **COVID-19** in Target 75 Fisheries

Summary of preliminary findings
(Apr 2020)



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Aim

The present brief provides a high-level overview about the impact of COVID-19 in some T75 fisheries that are key for global seafood production and supply, and identifies the measures taken by vendors and suppliers and their perspectives for the near future. T75 fisheries are high-volume fisheries with product destined mainly for the export market. The final goal of this analysis is to inform the development of targeted interventions that can be implemented by SFP, as well as by other organizations and partners interested in providing support during the crisis.

Methodology

This summary report presents the main findings of two rapid data-gathering exercises:

- *Field research:* SFP field-staff team members interviewed 42 key informants. The semi-structured interviews included 15 open-ended questions. The respondents were mainly fishers and processors involved in key [Target 75](#) (T75) sectors (see Table 1). Interviews were mainly done by phone and were completed by April 1.

Table 1. Fisheries and sectors where key survey respondents are involved

Field research (by fishery)	Supply chain research (by SR)
Indonesia and Philippines blue swimming crab	Farmed Shrimp
Indonesia snapper and grouper	Mexican Wild Shrimp
Senegal, Morocco, and Mauritania octopus	Mexican Seafood
Ecuador small pelagics	Global Octopus
Chile and Peru jumbo flying squid	Southeast Asian Blue Swimming Crab
	Indonesian Snapper and Grouper
	Global Whitefish
	Global Squid
	Global Mahi
	Fresh and Frozen Tuna

- *Supply chain research:* SFP's [Supply Chain Roundtable](#)¹ (SR) leads got in touch with SR participants to ask about the impact of COVID-19 in each sector, in order to understand how the situation differs between countries and what the opportunities are to engage the sector via the SR to build sustainability for the future and help industry. See Table 1 for a list of sectors that were surveyed. Interviews were conducted by phone.

COVID-19 has had a major impact on the seafood sectors. The food system has been strongly disrupted from both the demand and supply sides of the value chain.

1. A Supply Chain Roundtable is a forum for processors, importers, and others that buy directly from a specific seafood sector to work together in a pre-competitive environment to achieve improvements in fisheries or aquaculture.



Impacts on the value chain from changes in global demand

Impacts on demand are varied and have escalated in time, mirroring the spread of the virus (first in China, second in the EU, and third in the US). The EU, China, and the US are the most important export markets for seafood products.

General market trends identified include:

- Sectors that rely heavily on food service are in trouble (e.g., octopus, blue swimming crab), due to dramatic drops in demand.
- Sectors that rely on retail and companies that have based their businesses on supplying retail markets are doing better (e.g., there is a boom of demand for canned tuna for stockpiling).
- Sectors targeting indirect human consumption (e.g., the marine ingredients subsector) have not been affected. For some aquaculture products (e.g., shrimp), a trend toward producing feed for adult individuals to gain weight, instead of larvae or post-larvae cultivation, has been identified.

Different response strategies have been identified among suppliers in the end markets:

- There is a trend toward the supply chain attempting a push for consumption of domestic seafood, as international trade is heavily constrained by logistics. Yet, domestic markets also face constraints. It is hard to estimate if this is a long-term trend or not.
- Suppliers that are heavily reliant on food service are attempting to switch sales to the retail sector, as retailers demand extra product. However, suppliers that are used to foodservice customers have traditionally been under much less pressure in terms of sustainability requirements and find themselves unable to meet the sustainability criteria of retailers. There are no signs of retailers prepared to lower their sustainability standards in the current crisis.
- All fisheries heavily impacted by a drop in demand also reported a parallel drop in prices for their products.
- Table 2 summarizes the fisheries surveyed that have suffered severe impacts on the demand side from COVID-19, and those that have suffered lower or no demand-side impacts.

Table 2. Demand-side impact, by sector surveyed as part of supplier research

Severe impact on demand	Lo Lower or no impact from demand wer or no impact from demand
Wild shrimp Octopus Crab Snapper and grouper Squid Mahi-mahi	Whitefish Small pelagics Tuna

Impacts on the value chain from changes in production and supply

- The impacts of the crisis on seafood production and supply have been recorded in all fisheries surveyed. The effect of fishing crews, workers in processing facilities and logistics, and others in the supply chain being ill or self-isolating is very significant. International trade is suffering severe disruption, and inventories held in the warehouses of consumer countries are dwindling. More intense disruption is expected, even though fishing activity may hold up.

The main factors identified that account for the differential impact in the supply of different fisheries are:

- Measures taken by the state authorities to decrease social contact (lockdowns, curfews, etc.). Most countries, even those with mandatory lockdowns (e.g., Peru), are allowing activities linked to primary production.
- Voluntary measures taken by fishers, collectors, and processing companies to decrease social contact.
- The level of formality of the activity. With some exceptions, almost all surveyed fisheries are unregulated and undermanaged, and the sector is part of the informal economy. This hinders the capacity of fishers and workers to access relief aid funding.
- The timing of the crisis and its coincidence in time with either the peak seasons of the fishing activity and/or the reproductive seasons (See Table 3). While the first sharpens the economic impact in coastal communities, the second poses an opportunity to recover stocks.

Table 3. When the crisis hit, by fishery surveyed as part of field research (see list of fisheries in Table 1)

Peak season	Mid-season	Low season
Chile and Peru jumbo flying squid	Indonesia blue swimming crab (some locations)	Ecuador and Peru mahi-mahi
Indonesia blue swimming crab (some locations)		Philippines blue swimming crab
Indonesia snapper and grouper		Ecuador small pelagics
Mauritania, Morocco, and Senegal octopus		

- Policy responses and relief measures taken by government authorities. In the absence of specific actions by governments, private sector initiatives have been identified.
- The level of indebtedness of vendors (fishers and companies involved in the supply chain) (see Box 1).

Box 1. Further challenges for small and medium processing plants for Chilean jumbo flying squid

The 2020 jumbo flying squid (JFS) season started early in Chile (end of February), and there were good prospects, as catches were good, demand from main end market was steady, and the price was stable. The industrial sector had stopped fishing, as a result of the 2019 enactment of a decree prohibiting the use of mid-water trawling in the JFS fishery. In 2020, the industrial sector also discontinued processing JFS. That led to a bigger role for the artisanal sector (which handles 80 percent of the quota), as well as for the small and medium enterprises that process the product. However, in preparation for the beginning of the season, small and medium processing plants had made important investments to adapt their processing facilities to the new standard required by the National Fisheries Service (SERNAPESCA for its acronym in Spanish), which is mandatory for all exported products. The weight of these investments, which were made before the main fishing season, is expected to sharpen the negative effects of the crisis on these small and medium processors.

- The stocking capacity of the processing sector.
- Outcomes of the previous fishing season (either from the target fishery or other fisheries in which the same fleets and processors are involved).
- Characteristics of the fleet, as industrial fleets in many sectors are still operating (see Box 2).

Box 2. Unequal impacts on small-scale and industrial fisheries Chilean jumbo flying squid

In the Northwest Africa octopus fishery impact of curfews (6pm-6am) has directly affected small-scale fishers at the end of the winter season, specifically those who do not live right by the seashore and travel to fishing communities and ports to go fishing. In these cases, in addition to the risk of getting infected by the virus, small-scale fishers did not have enough time to return home at the end of the day before the curfew, so many of them ceased their activities. In Mauritania and Morocco, this meant that only industrial operators, who freeze product onboard, were able to keep their vessels operating and fish until the end of the season (April 15). In the South American jumbo flying squid fisheries, the distant-water fleet has been fully operative, while fishers from coastal countries, including Chile and Peru, have ceased their activity, mainly out of fear of getting infected.

Strategies developed in producing countries to deal with the crisis

States

Measures taken by governments on behalf of the fisheries sector include:

- Some states have put in place measures such as delayed payments of credit or temporary layoffs partially covered by unemployment insurance schemes (e.g., Chile). Yet, fishers rarely depend on credit from banks. In fisheries that remain in the informal sector, fishers and workers cannot benefit from any of these measures.
- A key focus of states has been on hygiene and awareness campaigns.
- Some initiatives put in place by state authorities by early April are designed to maintain access to food, including the demand at the local level and the supply of seafood to communities. Measures include improved price monitoring, the provision of facilities and refrigerated transport to supply seafood.
- Governments are also implementing plans to ensure continuous income for fishery dependent families, including alternative livelihoods and Cash for Work schemes.
- Access for credit and microfinance schemes.
- Provision of basic supplies and food items.

Fishers

Measures taken by fishers have included:

- Commercializing their main target species in the domestic market, normally at lower prices, because of low interest in the domestic market in target species (e.g., squid in Chile), lower purchasing power in domestic markets, or an excess of product as a result of lowered demand (see Box 3).

Box 3. Unintended effects of oversupplying the domestic market (Ecuador mahi-mahi)

At the beginning of April, which marks the end of the peak mahi-mahi season, 50 percent of the mahi fleets in Ecuador were still operating, though only a few plants were still supplying mahi or buying steaks to store them, and already at a reduced processing capacity. As the demand for raw product dropped, some fishers tried to redirect their landings to the domestic markets. However, the strategy was unsuccessful, as it resulted in an oversupply that led to low prices, which in turn made the fishing activity unprofitable. Historically, a big portion of domestic consumption in Ecuador has relied upon the tourist sector, which has entirely stopped now.



Box 4. Coping strategies deployed by BSC fishers in Indonesia

Due to low prices and the reduced demand for blue swimming crab (BSC) some Indonesian BSC fishers have opted to use their gillnets to target other species in demand within the domestic markets.

Gillnet fishers are targeting other species, such as squid, shrimp and mixed finfish species. Others have opted to use lines to target mackerel or barracuda. Some reports indicate that fishers are renting fishing nets to target species such as catfish, which is in high demand in the domestic market.

The most affected BSC fishers may have been those who use less-harmful fishing gear such as traps, and who fish mostly alone or in pairs. In contrast to gillnet fishers, who can easily shift to a number of target species, fishers can only use traps to target a smaller range of species besides BSC (e.g., tiger snails). The most common strategy identified among these fishers has been for four or five individuals to join together to fish for anchovy by using BSC boats equipped with Danish seines. These arrangements involve an adapted sharing system among the crews. In contrast with the usual solo fishing when targeting BSC, this new fishing modality involving four or five fishers increases the likelihood of spreading the virus, as physical distancing can hardly be maintained. Other species targeted include sea cucumber.

- Changing gears and shifting to target species that are still in demand in the international market (e.g., tuna).
- Shifting fishing methods to target species in demand within the domestic market (see Box 4). This increased focus on species in demand in the domestic market contributes to local food security in the short term. Attention should be placed in monitoring impacts in the long term, as the increased fishing effort may well lead to overfishing of the new targeted species.

Processors and exporters

Measures taken by processors and exporters have included:

- Implementing stricter hygiene and biosecurity protocols in facilities, including plants, offices, and vehicles.
- Reducing processing capacity to meet social distancing measures and adapt to reduced demand. These actions largely affect workers in processing plants, who are mainly women. Highest impacts are on informal workers.
- In the absence of government aid, some sectors have self-organized to ensure the availability of basic supplies to fishing communities. Some processors have facilitated advanced payments of salaries and benefits to workers.

- Switching the main product processed to others that require a smaller workforce in processing plants and have steady market demand (e.g., stopping processing blue swimming crab and switching to tuna).
- Continuing to buy product at low prices and stocking up to the stocking limit of their facilities.
- Shifting their target market and focusing on placing products in the domestic market as much as possible. In some cases, domestic retailers have suspended the supply of fresh product as well, leading to attempts by processing plants to innovate through online marketing direct to consumers.



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