Market Insights
Covid-19
Impact on Trade:

May 12th, 2020

BORD BIA
IRISH FOOD BOARD

Rialtas na hÉireann
Government of Ireland

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Dairy Sector:
There have been some signs of improvement in recent weeks. This was mirrored across platforms including pricing indices, buyer activity and market sentiment. This improvement albeit a measured one, coincides with economies slowly re-opening as lock down measures are moderated and as is the case in Ireland, phased exit strategies for return to a pre-Covid norm, whatever that may look like, are set in motion.

Alcohol Sector:
The retail and online channels for alcohol sales remain strong. Some key export markets are slowly beginning to open their on-trade businesses but they face a number of challenges. The main challenge is social distancing which means in many cases they are operating at just 30% of capacity which means it is very difficult to make a profit. In some markets consumers are reluctant to return to bars and are instead opting to continue consuming at home or outdoors.

Prepared Consumer Foods:
In Europe the reopening of the foodservice channel has started across a number of markets on a phased basis. Client companies who supply to European markets are reporting that they are seeing orders starting to come through in the last week. While volumes are small, it is allowing these manufacturers to re-engage with distributors and customers. Retail sales in Ireland have settled into a stable pattern in the last number of weeks as consumers settle into new shopping patterns. The Government's roadmap for reopening society and businesses allows shops that are primarily outdoor to re-open, so long as social distancing measures can be put in place, thus allowing some farmers' markets to recommence trading.

Horticulture:
There is no major change regarding potatoes and fresh produce, with demand in the multiple retail channel continuing to be strong, and in particular a brisk trade in the purchase of larger packs of potatoes. Mushroom demand has been good to date because of a strong performance from the UK retail trade, with predictions of a slowdown not materialising. Despite the reopening of garden centres, the industry is facing big financial challenges as a result of measures put in place to control the Covid-19 pandemic. The nature of this sector, with a

highly seasonal and perishable product, means that businesses were very severely affected by the lockdown.

Seafood:

The Irish whitefish sector continues to experience challenging market conditions. Evidence of increasing protectionism in the French market combined with the on-going closure of the European foodservice sector is resulting in oversupply of whitefish and hence lower prices and difficulty in selling all stocks landed. The situation as regards the FAS prawn sector continues to be very concerning. There are reports of large volumes of stocks in cold storage and demand in the marketplace remains weak with prices very low. Bord Bia continues to explore opportunities in new international markets for this product whilst stepping up its promotional activities in the core European markets. Bord Bia continues to promote crabs via Chef Neven Maguire and its on-line / social media platforms, attracting very high footfall, as a result. Sales of Irish mussels have dropped by 70% year on year into European foodservice, while Irish organic salmon producers continue to report stable prices and good demand for their product in the European marketplace.

Macro Economic Context

Political

France, Spain, Denmark, Norway and the UK will all lift some measures brought in to contain the spread of the deadly virus this week, as leaders across Europe seek to limit the worsening economic damage.

In the UK, Boris Johnson set out a three stage plan to reopen the country on Sunday evening. The plan envisioned some hospitality businesses returning in July, but was heavily caveated with the need for reinfection rates to be below one (that is how many people the average Covid-19 patient passes the virus on to before they recover) and dependent on total number of infections.

In Spain, just over half the population will enter “phase 1” of the country’s exit from lockdown this week, allowing bars and restaurants to serve customers outside and people to congregate in groups up to 10. However, restrictions will remain in the worst hit parts of the country, including Madrid and Barcelona.

Economic

US

Following release of Dept of Labor data showing the jobless rate being 14.7% in April, a number of senior Trump administration figures have been setting expectations that the jobless rate is likely to be above 20% in the near future.

Decoupling

Decoupling between the US and Chinese economies increased significantly in the first quarter of this year, as the commercial impact of the coronavirus pandemic exacerbated a chill between the two countries. The value of newly announced Chinese direct investment projects into the US fell to just $200m in the first quarter of this year, down from an average of $2bn per quarter in 2019

Societal

Wuhan, the Chinese city where the global coronavirus pandemic began, on Monday reported its first cluster of new infections since a strict quarantine was relaxed in early April.

It also coincided with a sharp uptick in new cases in South Korea, where the government's successful efforts at containing the disease since late January had been hailed as a global model.

Sectors Insights

Meat Sector Summary

Beef:

Last week, ending May 9th, saw some welcome recovery in the prices being offered to producers by Irish meat plants. Availability of prime cattle is likely to tighten over the coming weeks, before more animals reach their target condition off-grass. Promotion of Irish steak cuts by several key retail customers, combined with the partial reopening of quickservice restaurants, has also provided some uplift in demand. In general, steers and heifers received base-quotes of between €3.45/kg and €3.50/kg, with some sellers securing €0.05/kg more for quality lots. These prices exclude "in-spec" bonus payments. Quotes for O grade cull cows have also increased steadily to between €2.80 and €2.90/kg.

Cattle slaughterings in Ireland for the week ending May 10th declined by 13%, or 3,750 head, in comparison with the equivalent week in 2019, to just under 26,000 head. For the year to-date, supplies have fallen by 4%, or 25,000 head. A number of processing facilities across Europe have either closed or are operating below normal levels due to Covid-19 related issues. With demand more evenly matched to supply, prices have started to improve across most cuts. As a result, even fillets, which had fallen dramatically in value since the beginning of the pandemic across Europe, saw prices recover strongly. In spite of this however, prices remain considerably behind the seasonal norm.

National bank-holidays across Europe, the celebration of Mother's Day in Germany and Italy, along with good weather has lifted consumer demand across a range of cuts. However overall beef consumption levels remain lower, with increased sales to retail not fully compensating for the foodservice trade remaining effectively suspended.

For the week ending May 2nd, average prices paid for R3 steers and heifers in Ireland, as recorded by the Department of Agriculture, Food and the Marine, increased by almost 1% to €3.43/kg and €3.47/kg, respectively. In the UK, cattle prices have also recorded increases. For example, in Northern Ireland, R3 steers and heifers averaged £3.26/kg and £3.27/kg, which were equivalent to €3.74/kg and €3.75/kg respectively, excluding VAT. In Britain, AHDB also reported a slight increase during the same week, with steers averaging £3.30/kg, equivalent to €3.78/kg, excluding VAT. Across the EU, where the majority of male cattle are finished as bulls, the average R3 young bull price was €3.42/kg (excl. VAT).

Live Exports:

For the week ending May 3rd, live cattle exports reached almost 7,700 head, according to the latest figures published by the Department of Agriculture, Food and the Marine. Out of this total, intra-community trade of calves accounted for just over 4,700 animals. Spain was by-far the most important market for calves, taking almost 2,800 head. Much smaller quantities of calves were sent to Italy (824), Northern Ireland (475), Poland (273), the Netherlands (251) and Belgium (117). During the equivalent week in 2019, there were over 13,000 head of cattle exported, of which over 9,000 were calves. At that time, the Dutch market was continuing to perform strongly, taking almost 4,000 Irish calves,
For the year to-date, overall exports of live cattle from Ireland are running 20% or 36,000 head behind the equivalent period in 2019. Up until May 3rd, 140,000 head have been exported in total, back from 176,000 at the same stage last year. The principal reason for this decline has been the reduction in the calves being traded to other EU markets. These have collectively fallen by 26%, or 38,000 head, to 108,500 head.

Meanwhile, there has been some recovery in exports of live cattle to international markets. For the year to-date, shipments to non-EU markets have increased by 52%, to 11,800 head. This trade has focused mainly on the Libyan market (7,600 head), followed by Turkey (2,900 head) and Algeria (1,100 head).

Sheepmeat:

The transition to new season spring lambs looks set to gain momentum over the coming weeks as temperatures improve. This will drive on grass growth and lamb thrive. However, hogget supplies have tightened significantly. This is helping to maintain a hold on producer prices at a time when demand remains fragile given the Covid-19 situation.
In the absence of out-of-home dining, retail sales across the domestic and our key export markets continue to underpin the demand for sheep meat. France, our largest export market for Irish lamb, will introduce a phased relaxation in their lockdown, though it will be some time before bars and restaurants will reopen. For the month of May, retailers have lined up promotional activities. However, in most cases these are focused on French lamb.

Over the coming weeks Bord Bia will activate its 2020 Spring Lamb promotional campaign both in the domestic and export markets. This promotional drive will coincide with peak supplies of Irish new season lamb and hopefully at a time when Europe is out of a complete lock down situation that allows restaurants and bars to return to some level of normal operation.

Earlier this month hoggets accounted for sixty per cent of the weekly throughputs at Irish export plants, the remaining balance is split between spring lambs (28%) and ewes & rams (13%). Based on the most up to date figures from the Department of Agriculture, Food and the Marine, hogget supplies command 35% of the weekly throughput. For the week ending May 10th, hoggets stood at 14,561 head, this represented thirty 38% drop on the previous week. At 21,112 head, spring lambs are becoming more plentiful and account for 50% of the last week's throughputs.

To that end, demand from factory is currently firm with lambs and hoggets in tight supply. However there are reports that a number of both hoggets and spring lambs falling outside of their required specification. For the week commencing 11th May, new season spring lambs are generally trading at €6.00-€6.10/kg, plus a 10c/kg QA bonus, whilst hoggets are securing €5.50-€5.60/kg, plus the bonus.

Pigmeat:

Some noticeable disruption to pig throughput was reported last week as key export meat plants scale back production where Covid-19 cases were detected. For the latest week ending May 10th, pig supplies reached 51,051, over 12,500 head lower compared to previous week levels. Demand for pigmeat remains mixed, with activity in the foodservice channel stagnant and retail demand returning to more normal pre Covid-19 levels. The best demand reported is for sausages, sliced cooked meats, bacon and ham fillets. To help promote pork consumption, the Bord Bia Quality Mark pork promotion will continue this week. This category has shown a relatively weaker performance in comparison to other pigmeat subcategories in the latest Kantar Worldpanel report for April. This advert will be followed by more Q-Mark pigmeat advertising through the new 'Quality Comforts' campaign over the coming months.

The latest grade E Irish pig price reported last week fell by around 4/c, with the range of prices now making between €1.72- 1.77 inclusive of VAT.

Across Europe, pig prices have also come under further pressure over the past week reflecting the challenges that many European countries have encountered in terms of reduced processing capacity arising from Covid-19. In Italy, it is estimated that the processing capacity has dropped by 30% arising from workforce and logistical challenges due to Covid-19. This reduction in processing capacity has been compounded by the decline in production days available due to bank holidays in recent weeks across Europe, despite some ongoing easing around EU and Irish prices over the past number of weeks.
The market fundamentals indicate that the pigmeat category is less exposed to other animal protein categories reflecting strong International demand from key Asian partner countries in particular. However, the increase in US pigmeat export penetration to the Chinese market reflects more competitively priced pigmeat that could dampen EU supplier returns in the coming months.

Poultry:

Poultry supplies continue to remain largely unaffected at meat export plant level. Demand continues to remain firm, as consumers shop the category more frequently and purchase more per trip in response to lower prices. For the four week period ending April 19th, poultry sales in volume terms were 24% higher compared to prior year levels.

The foodservice channel has been severely hampered, with sales severely impacted in recent weeks due to the Covid-19 restrictions. In the food to go sector, there continues to be an adverse impact on the chicken category as these products are extensively used.

According to Rabobank, the outlook for EU poultry for the remainder of the 1st half of 2020 is relatively positive, but under more volatile conditions due to Covid-19. Rabobank anticipates that the poultry meat category will capture a greater share of EU meat consumption during the economic slowdown across the Eurozone, with poultry meat sales in the retail and home delivery channel expected to surge as consumers readjust their grocery spend. In addition, in terms of poultry meat supplies, the European poultry industry is currently in recovery mode. Avian Influenza outbreaks in Eastern Europe have led to culling and more limited poultry placements, which is curbing current EU output.

In terms of exports, a mixed trade continues to be reported. In particular, there has been a reduction in leg prices in key export markets such as South Africa due to increased availability of legs across Europe as a result of subdued demand. However, demand is continuing to build across International markets such as Hong Kong for products such as mid-wing on the back of protein deficits.

Dairy Sector Summary

Overview:

While prices for many dairy ingredients went into free-fall throughout Q1 and consequently farm gate prices were reduced across the board, there have been some signs of improvement in recent weeks; and this was mirrored across platforms including pricing indices, buyer activity and market sentiment. This improvement albeit a measured one, coincides with economies slowly re-opening as lock down measures are moderated and as is the case in Ireland, phased exit strategies for return to a pre-Covid norm, whatever that may look like, are set in motion.

The relaxation of lockdowns and detailed roadmaps to recovery coupled with strong retail sales and the opening of PSA may have culminated in a stabilisation of the supply - demand dynamic for dairy ingredients. However, as we know and have witnessed previously, Dairy Ingredient markets can be volatile, and the aftermath of this pandemic will undoubtedly challenge many aspects of the industry into the future.

Despite the unrecognisable countenance of our world to-day and the uncertainty ahead, the Irish Dairy Industry continues to drive on with primary producers and processors entering their busiest period.

Pricing:

USA: The CME closed last week +9.23% (€2668/mt euro equivalent) – the third consecutive increase after what was a free fall of prices to ten-year lows in March and April.

Europe: The official Dutch Dairy prices issued for week 19 was marginally up week on week with Whey, Butter and SMP(feed) up €10, €40, and €20 respectively.

New Zealand: GDT Event 259 was down 0.8% with an average winning bid price of $2866/mt/FAS. The core commodities were all back with minimal increases on SMP and WMP. The next event is scheduled to take place on May 19th.

Alcohol Sector Summary

The landscape in the domestic market has not changed in the last week. Many suppliers are using this time to prepare for a restart of their businesses.

Retail and One Trade Sales Impact:

Impact on these channels in the Ireland market remain as previously reported with strong sales in the on-trade and online channels. Bord Bia has been working with key buying teams within the multiples, both to build on existing and to drive new listings, while simultaneously communicating the capability within the broader sector.

Exports:

In the USA, where the use of e-commerce for alcohol purchases would have been small pre-Covid, the quick adoption of all digital platforms has greatly benefited alcohol sales. Pricing trends suggest that consumers are taking the dollars they would have spent going out on food and entertainment, and buying premium brands to enjoy at home instead. Value, mainstream (standard) and premium offerings all in growth, with prestige (super-premium) in decline. The McKinsey's survey shows that optimism in the US consumer has taken a hit in the survey period, with 33%of consumers expecting an economic rebound within two to three months and more consumers unsure of the future than the previous week. However, discretionary spending is starting to rebound since the first survey in February, led by food, alcohol, pet care, entertainment, and skin care and makeup. Consumers are adopting new behaviors, including trying restaurant and store curbside pickup, with the latter offering alcohol delivery in some states.

In the UK, according to their latest roadmap for reopening, restaurants and cafes with alfresco dining will be able to open in June, with consideration being given to opening pubs in July. Value and standard offerings continue to gain in the off-trade to the detriment of premium and super-premium.

The McKinsey survey reveals that UK consumers are slightly less worried about the economy than they were in previous weeks since the Covid-19 crisis began. Consumers continue to report decreased spending intent across all categories other than groceries and in-home entertainment.

In France, restrictions have been more severe than in many other markets, and the strategy of locating hypermarkets outside of populated areas has driven consumers to the smaller metro markets. Cavistes have been deemed as 'essential' and therefore permitted to remain open throughout the crisis. Ecommerce is thriving, with growth of more than 60%. In terms of positioning, there has been a switch from standard to value offerings, with premium and prestige most severely impacted.

French consumers have reduced their spending on all but groceries. About 20% of consumers have switched their primary grocery store, and the presence of lower-priced alternatives was a key reason for many of them.

Another market of interest to Irish spirits exporters is Japan. The market is an emerging one for Irish whiskey and gin. Japan has to a large degree controlled the spread of Covid-19 but nonetheless has extended the state of emergency to the end of May.

According to McKinsey, Japanese consumers remain very concerned about their economy and are uncertain about how long the situation will last, with a majority believing that it will take at least a year for routines to return to normal.

In Australia, the prevailing sentiment is uncertainty about the economy, the duration of the COVID-19 situation, and overall public health, according to the McKinsey survey results. Although consumers are still cautious about their spending, their concerns are declining. Australians are starting to spend more time outside their homes and are purchasing more alcohol from the online channel which may well continue post Covid-19.

Another report from IWSR warns that the easing of restrictions does not necessarily mean that the consumer will behave as before the arrival of Covid-19. For example, in Germany, many consumers are opting to stay out of bars following the re-opening of the country, as the number of cases begins to rise again.

In China, consumers are demonstrating a less-than-enthusiastic response to the second reopening of bars and restaurants, particularly given the 'boomerang' impact of sudden overcrowding following the first easing experience. In addition, the fact that the government is discouraging plate-sharing, a traditional feature of dining out, and by extension drinking out, is negatively impacting custom. However, McKinsey advises that Chinese consumers' optimism has improved since the peak of the crisis, with more than half of respondents now expecting a quick economic rebound and are more optimistic than consumers in other Asian markets. Chinese consumers have increased their existing propensity buy alcohol online.

In Spain social-distancing in the bar and café sector has the impact of reducing profit margins beyond a sustainable level, as regulations only permit them to operate now at 30% capacity. In the main (above 80%), Spanish consumers continue to feel the economic effects of the crisis and remain worried about their health and safety, according to the McKinsey survey. This would suggest that spending on alcohol in the on trade will take a long time to recover.

Craft Beer and Cider:

Irish craft beer has, without a doubt, been the worst hit of the alcohol categories by the Covid – 19 crisis. There has been a significant rise in off-trade sales for this category, but nothing close to the business that was lost through the closed on-trade and hospitality channel. As mentioned in earlier reports, the sector faces not only the losses created by the closed channels, but it also faces difficulties in finding working capital to kick-start operations when the on trade resume trading in the domestic market.

Exports:

While the craft beer and cider category is heavily dependent on the Ireland market, there is also impact in terms of exports. The strongest markets for the category pre-Covid were the UK, France and Italy. These markets are only slowly beginning to open their on trade businesses and it is expected that they will take a long time to recover to previous volumes.

Prepared Consumer Foods Sector Summary

The Covid-19 situation continues to have a varying impact on the Irish Prepared Consumer Foods sector. Clients who have a high proportion of their sales in foodservice are the hardest impacted as the sector is still largely shut down. Retail sales have settled into a stable pattern in the last number of weeks as consumers settle into new shopping patterns.

The loss of foodservice business remains the key issue facing client companies servicing the foodservice channel. The restaurants, hotels, catering and airline outlets that our clients had been supplying are closed. This has led to companies adapting their respective business models to generate sales. Some client companies have opened their premises to the public to allow them to purchase products direct from their sites, while others are taking orders over the phone, and providing deliveries and collections in a safe way. In most cases these route to market changes are not compensating fully for the drop in foodservice volumes but do offer a new source of revenue. We have seen examples of our foodservice clients changing their business models to online selling. A number have now been trading for 4-6 weeks. They are reporting that consumer support is positive, with orders growing week on week. Volumes are being driven by consumers purchasing in bulk, for special occasions, or as a treat for relatives and friends who are cocooning.

In Europe the reopening of the foodservice channel has started across a number of markets. This will happen on a phased basis over the coming months. Client companies who supply to European markets are reporting that they are seeing orders starting to come through in the last week. While volumes are small, it is allowing these manufacturers to re-engage with distributors and customers.

The demand for retail products has remained stable in recent weeks. Consumer shopping and consumption patterns are starting to settle. New mealtime habits are emerging in the home. Breakfast for many that was previously purchased on the way to work, is now consumed at home. Lunchboxes are no longer required for children with the closure of schools. Families are eating dinner together more often. As people have more time, they are now doing more cooking from scratch. This is having an impact on the food we buy. Companies are seeing a drop in demand for single portion items with demand increasing for larger packs. There has been a slowdown in demand for frozen, chilled and convenience prepared meals. Client companies are seeing an increase in demand for flour and home baking mixes. The increase in home baking is having a knock-on effect on the sales of traditional bread and cakes. There is also evidence showing an increased demand for sauces and condiments.

The closure of the farmers' markets had impacted greatly smaller food businesses. The Government's roadmap for reopening society and businesses allows shops that are primarily outdoor to re-open, so long as social distancing measures can be put in place. This measure will allow some farmers' markets to recommence trading. Market managers and owners are reviewing what changes are needed to implement social distancing.

Bord Bia is continuing to engage with retailers in the Irish market. We are sharing supplier challenges and working to identify new opportunities for companies. Retailers are working with Irish suppliers as they adapt their businesses. There is a focus on businesses who are aiming to move their offering from foodservice to retail products.

Seafood Sector Summary

The Irish whitefish sector continues to experience challenging market conditions. Evidence of increasing protectionism in the French market combined with the on-going closure of the European foodservice sector is resulting in oversupply of whitefish and hence lower prices and difficulty in selling all stocks landed. The Irish whitefish market is performing reasonably well, boosted by the support of Bord Bia in running a series of promotions aimed at boosting sales of Irish hake and haddock in the retail channels. A stand-alone Irish haddock campaign is scheduled to run in June of this year and Bord Bia's 'Quality Comfort's TV and social media advertising campaign is being repeated on air from 18th to 31st May which will hopefully further boost sales of Irish hake and haddock on the home market. An 8 part cookery programme with Chef Mark Moriarty went on air last week (6/5/2020) at 8.30 pm on RTE1. The series will promote a range of Irish food products including Irish hake. This will add further to raising the profile of Irish landed whitefish on the home market and hopefully drive sales.

It is reported that to maintain a balance between supply and demand, many vessels continue to fish to order to ensure lower volumes and premium quality products. Sales from the independent retail sector are also reported as being very positive both through over the counter and via home deliveries. There is also evidence of a growing number of Irish processors now establishing direct to consumer sales to compensate for the collapse in their sales through the Irish foodservice channel.

The level of fishing activity and landings continue to increase across Europe although prices remain weak due to poor market conditions. The increased numbers of vessels fishing have had a negative impact on prices.

Shellfish:

The situation as regards the FAS prawn sector continues to be very concerning. There are reports of large volumes of stocks in cold storage and demand in the marketplace remains weak with prices very low. Bord Bia continues to explore opportunities in new international markets for this product whilst stepping up its promotional activities in the core European markets.

The Irish shellfish sector continues to face challenging market conditions but received some positive news last week with the announcement by Emirates that they have re-established an air freight route to the Far East from Dublin via Dubai. This offers valuable extra capacity for getting Irish seafood products to China and hopefully should see an increase in exports to the region in the coming months. Bord Bia is also working in conjunction with BIM on the trial to open-up a new transportation route to the global air freight hub in Schiphol in Holland to facilitate shipments of live shellfish. BIM has invested in renting the containers and Bord Bia will assess the results of this trial over the coming months with a view to establishing its viability as a long-term alternative for the live shellfish sector.

The in-shore fishery sector is being hit particularly hard during the Covid-19 crisis due to the collapse of their markets in Europe. This has been compounded by an already difficult start to the year as a result of poor weather during the first 3 months of 2020. In an effort to support this sector, Bord Bia has begun promoting sales of Irish brown crab on the domestic market, having appointed Chef Neven Mc Guire to do a series of cooking recipes, which are crab focused. In a period of 2 days over the last week, Neven Mc Guire ran two live cookery demonstrations promoting Irish brown crab and during that short space of time, there were more than 35,000 views relating to these particular recipes. Overall visitor numbers to the Bord Bia recipe section doubled, reaching more than 70,000 consumers. Bord Bia will continue to invest in more promotions through social media over the coming weeks focused on driving sales of Irish brown crab.

The Irish mussel sector is also severely impacted by the current Covid-19 crisis. Its major market is the European foodservice segment and sales have dropped by more than 70% compared to the same period in 2019 due to the closure of this channel across Europe. Bord Bia is investing in further promotions of Irish mussels during May and June to assist in the development of the sector. It is fair to say however that the reopening of the broader European food service market between now and the autumn is a necessity for the Irish mussel sector.

Pelagic:

As regards the pelagic sector, it has been reported that stores are much fuller than normal due to the challenges previously reported around transport logistics and poor access to refrigerated containers (and their subsequent high costs). For a low margin, high volume sector, this represents a serious challenge for the Irish pelagic sector that exports more or less 100% of its output.

Salmon:

Irish organic salmon producers continue to report stable prices and good demand for their product in the European marketplace.

Horticulture Summary

Edible Horticulture -Demand & Labour:

There is no major change regarding potatoes and fresh produce, with demand in the multiple retail channel continuing to be strong, and in particular a brisk trade in the purchase of larger packs of potatoes. However, labour issues continue to remain critical, given that the harvesting season for crop sectors such as soft fruit and tomato is approaching, when the need for pickers and packers is at its highest. Protocols around safe working are essential to ensure continuity of work and production.

Despite the reopening of many take out and full-service restaurants operating in the take-home channel, sales into the foodservice sector continue to be impacted very negatively. Some field crops destined for the foodservice market have been destroyed. Regarding edible horticulture, mushroom production is an all year-round activity with pickers generally in situ; and protected salad crops with 80% working capacity are covered to date. Field vegetable production continues but output is reported as mixed given that labour requirements can vary from business to business. Labour and accommodation space limitations continues to be a challenge regarding workers, with producers having to retrofit accommodation so that social distancing can be maintained.

Exports:

Mushroom demand has been good to date because of a strong performance from the UK retail trade, with predictions of a slowdown not materialising. The foodservice sector in the UK market, while less important than the retail segment, is nonetheless an important outlet; this, however, continues to be impacted negatively as a result of the foodservice shutdown. Certain supplies destined for this segment of the market have been dumped. Amenity exports continue to be impacted, with the UK garden centres closed, however a small amount of export to UK and Holland has resumed.

Amenity / Ornamental Horticulture:

The garden centres are gearing up for reopening on 18th May as are a number of landscaping companies, which is positive news for the amenity and ornamental sector. Nurseries are reporting brisk orders. While the growth in demand for ornamental product by multiple retailers has accelerated, with suppliers struggling to meet the demand, this still does not address the overall loss of business experienced by the growers, reported to be over 50% in many cases versus the same time period last year.

Retailers are struggling to keep product on shelf. This, however, brings a number of challenges, as some growers had cancelled orders for seedlings/inputs (ingredients) to mitigate against further losses. This ultimately may lead to stock shortages down the line, as growers are operating now with reduced staff numbers, who are working twice as hard for less than half their normal sales. This is usually a time of year when extra seasonal staff are recruited, but most are reluctant to bring in new staff into the nursery preferring to continue to work with those staff already known to the grower.

Despite the reopening of garden centres, the industry is facing big financial challenges as a result of measures put in place to control the Covid-19 pandemic. The nature of this sector, with a highly seasonal and perishable product, means that businesses were very severely affected by the lockdown. Some online and delivery sales are continuing but this represents a small market share for these products, which tend to be impulse purchases in the main. Despite the increase in positivity amongst growers, there is no doubt that the annual sales turnover for horticultural business has been severely impacted, and some growers will struggle to remain viable.