Market Insights Covid-19 Impact on Trade:

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BORD BIA
IRISH FOOD BOARD

Rialtas na hÉireann
Government of Ireland

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Bord Bia's Understanding Covid-19

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Meat Sector:

Overall, beef markets saw little change over the past week. In the UK, Kantar report that in the 12 weeks to April 19th, total retail beef sales volumes increased by 15% year-on-year, with the increase coming through all categories of fresh beef. Live cattle exports continue to run well below the equivalent period in 2019. For the year to-date, overall live exports have declined by almost 19%, or 30,400 head, to 132,700 head. Lamb prices have come under downward pressure over the last week due to a marked slowdown in demand both in the domestic and export markets. There was some minor disruption to pig throughput last week as key export meat plants scaled back production where Covid-19 cases were detected. For the latest week April 25th, pig supplies reached 65,400 or 7,000 head higher than the previous week.

Dairy Sector:

The impact of Coronavirus continues to be the key challenge for the dairy sector. Phased re-openings have commenced in many markets but uncertainty prevails with no indication how long it will take to return to pre lockdown normality. Ireland's dairy processors are forecasting an approximate 5% increase in output in 2020 which would see us surpass the eight billion litre mark for the first time.

Alcohol:

The viability of the craft beer & cider category is a real worry. It remains the most vulnerable of the alcohol categories, with the cessation of brewery tours and taprooms severely impacting future prospects for the category. With regard to spirits, the off-trade channel continues to perform strongly as does the online sector, but from a low base. The on- trade remains closed and is not due to open until August 10th next. In export markets the on trade will begin to open at different stages over the coming weeks, however, it is expected that trade will be greatly reduced as a result of social distancing measures in pubs and consumers who may be worried about returning.

Prepared Consumer Foods:

Companies within the Prepared Consumer Foods sector are experiencing a differing impact from the Covid-19 situation. Retail focused companies are experiencing largely stable demand in the last number of weeks. The effective closure of the foodservice sector remains the main challenge facing client companies servicing this channel. It is anticipated that the demand for home delivery will be strong for the coming months. Local independent retailers have developed online, email and phone ordering capability allowing them to meet demand in areas not covered by the larger retailers. This is assisting smaller local producers in replacing some of the volume they have lost due to the closure of farmers' markets.

Seafood:

White fish markets for the last week or so have been challenging. Prices are back from the Easter high and the important French market is extremely difficult to access now, as it is favouring raw material from its own vessels to the detriment of imported product. The pelagic markets in Asia are not as strong in recent weeks and customers are staggering their orders in response to lower demand in the marketplace. Demand in Europe is holding up especially from the canneries. All European markets for live shellfish remain closed, with limited volumes being exported to Asian markets via the Netherlands. Prices are still holding firm for organic salmon in Europe, which is very positive.

Horticulture:

The edible horticulture sector continues to perform well in retail. The proposed opening of garden centres in Ireland from May 18th is welcome news for the amenity sector. The availability of labour and the management of social distancing continues to pose real challenges for the sector.

Macro Economic Context

Political

The Irish Government's plan on unwinding restrictions is coming under pressure. Publicans are advocating to move their scheduled reopening from Phase 5 to Phase 3, alongside cafés and restaurants, with published guidelines on how they propose imposing social distancing in their establishments. The viability of these businesses while imposing strict social distancing remains challenging and unclear.

Business Minister Heather Humphreys has stated that phases in the reopening roadmap are 'not set in stone', and that some elements of some phases could be accelerated if infection rates for Covid-19 remained low.

Global Response Initiative

The European Commission has received commitments of €7.4bn for its Coronavirus Global Response initiative. The initiative is to fund laboratories that have promising leads in developing and producing a vaccine. The US was the only major country not to participate. It emphasised the extent of initiatives and funding taking place independently in the US.

Economic

Economic contraction in Europe

Preliminary data published for the first quarter of 2020 showed that EU GDP shrank by 3.5% in the first quarter of 2020 versus the final quarter of last year when the region's economy was still expanding. Compared with the first quarter of 2019, the fall was 2.7%.

Economic output in the 19 EU countries that use the euro shrank by 3.8% in the January to March period.

The collapse in economic activity was most acute in countries hit hardest by the disease.

France reported a drop of 5.8% in first quarter GDP — the worst since quarterly record keeping began in 1949, according to the national statistics agency. Italy's GDP, meanwhile, fell by 4.7% in the quarter.

The International Monetary Fund expects EU GDP to fall by 7% this year.

Irish Dept of Finance estimates

The Department of Finance has estimated that the Covid-19 crisis will shrink the tax base in Ireland by €14bn for the year.

At the same time State expenditures in April were up €3.8bn compared to the same month last year.

Societal

Ireland Chaffing at continued restrictions

Traffic increased more than a third over the May bank holiday weekend compared to the Easter bank holiday, which has been taken as indicative of complacency and frustration with the coronavirus lockdown in Ireland.

Gardai have emphasised that compliance rates remain high. The traffic comparison is stark compared to the Easter bank holiday weekend, but even at the increased level, it is still a fraction of what was observed on the same weekend in other years.

There were 72 per cent fewer vehicles on the motorways this May bank holiday weekend compared to the 2019 May bank holiday.

Technological

Irish Council for Civil Liberties is warning about the absence of transparency in the coding and data storage in the HSE contact tracing app in development which may impinge data privacy and reduce people’s willingness to download the app.

This is happening at the same time as the UK begins small scale trials of its NHS app with a view to full population roll out in the next month.

Successful contact tracing at scale is seen as central to any success in containment of Covid-19 and any unwinding of restrictions is contingent on identification of new cases and tracing the contacts of that infected person.

Sectors Insights

Meat Sector Summary

Beef:

Overall, beef markets saw little change over the past week. In the UK, Kantar report that in the 12 weeks to April 19th, total retail beef sales volumes increased by 15% year-on-year, with the increase coming through all categories of fresh beef. Mince accounted for the largest increase at 27% growth, with burgers increasing by 24% and steaks by 11%. These figures reflect a large degree of panic buying and stocking-up in the initial weeks of the crisis, as well as the shift in consumption from foodservice to in-home eating only. Retailers in many markets across Europe are focusing strongly on supporting the domestic beef sector. This is providing a particular challenge for Irish beef exports, due to our high (90%) dependence on exports and acting as a supplementary supplier across a wide range of European destinations. This impact is particularly concentrated on the less-demanded steak cuts.

Last week the EU Commission, in setting out the market situation leading to its Private Storage Aid (PSA) programme, described the following impact on the beef market:

Due to the extensive movement restrictions put in place in the Member States to address the current Covid-19 pandemic, the sales of certain categories of beef products, such as hindquarters destined for the production of different steak cuts, to the hospitality and catering industry have been severely impacted. The hospitality and catering industry is responsible for approximately 70% of the Union domestic demand of different steak cuts produced from hindquarters. Consequently, those hindquarters are now diverted for production of other bovine meat products and therefore the prices have already fallen.

Meanwhile there is some speculation around the impact of the restricted opening of the foodservice sectors in some European markets, with anticipation that foodservice demand during the summer season could shift due to tourists from Northern European countries, who normally travel south to traditional holiday resorts, not travelling and as a result consuming more in their domestic foodservice sectors.

Commenting on the overall beef market impact of Covid-19, GIRA has recently predicted an economic drag leading to a widespread downturn in consumer spending over at least the next 2 years. With regard to international trade, GIRA also pointed to some constraints on the previous, strong forecasts for Asian beef import demand. GIRA predict they will be affected on the one hand by slower economies over the next 18 month period, as well as increasing competition from North and South American beef supplies.

Cattle supplies at Irish export meat plants totaled 25,964 head during the week ended 2nd May 2020, which represented a decline of 5,596 animals on the equivalent week last year. A total of 613,730 cattle have been processed up to the week ending 2nd May 2020. This figure represents a decline of 22,141 head on the corresponding period in 2019. The base prices being offered for steers and heifers in Ireland last week generally remained at €3.40/kg. Some larger suppliers managed to secure €0.05/kg more in certain cases. These prices exclude “in-spec” bonus payments.

Across Ireland, average prices paid for prime cattle during week ending April 25th were €3.40/kg for R3 steers, and €3.45/kg for R3 heifers. These prices exclude VAT but would include all bonuses such as for breed-based producer groups.

In Britain, the AHDB reported price declines for the week ending 25th April. Average R3 steer prices fell again by 1 pence Sterling to £3.28/kg (€3.71/kg). R3 Heifers were unchanged at £3.29/kg (€3.72/kg). R3 Young bulls recovered by 1 pence to £ 3.20/kg (€3.63/kg).

Since the beginning of the crisis, average EU heifer prices fell 5% in a month, whilst the cow price fell by 9.5% from mid-March to mid-April.

Live Exports:

Live cattle exports continue to run well below the equivalent period in 2019. For the year to-date, overall exports have declined by almost 19%, or 30,400 head, to 132,700 head. The reason for this decline has been fewer calves being sent to other EU markets, which collectively fallen by 33%, or 33,300 head, to 104,000 head.

The latest figures published by the Department of Agriculture, Food and the Marine for the week ending April 25th show that overall exports totaled 6,354 head, with intra-community trade of calves accounting for 5,500 of these. During the same week last year, there were over 15,000 animals exported.

In relation to calves, the vast majority of these were traded to Spain and Italy, accounting for approximately 3,200 and 1,800 head, respectively. There were no Irish calves exported to the Netherlands that week.

For the year to-date (to week-ending May 1st), calf registrations to the dairy herd are running almost 50,000 head or 4% ahead of 2019 levels, at 1.23 million head. Approximately 30,000 of this increase relates to additional beef-cross calves, from dairy cows and heifers mated with Angus and Hereford sires. Interestingly calf registrations to the suckler herd for the year to-date have also increased by more than 15,000, which represents a 5% recovery following the reductions we had seen in recent years.

Sheepmeat:

Lamb prices have come under downward pressure over the last week due to a marked slowdown in demand both in the domestic and export markets. Since the outbreak of Covid-19, the Irish sheep sector has managed to sidestep the dramatic fall-off in demand which was a feature of other red meats. This was largely due to seven successive weeks where retail demand rallied upwards thanks to the consumer frenzy of stockpiling in the early days of the crisis. This was followed by a brisk Easter trade and the commencement of Ramadan in late April. The timing of these events also coincided with the seasonal low supplies of hoggets both in Ireland and the UK. New season spring lambs are beginning to materialise. However, it will be late May or early June before supplies reach a seasonal peak.

It remains to be seen the extent to which Ramadan will provide a boost to the trade up to the end of May. With restrictions in place for mass gatherings, the traditional celebrations around the ending of the Muslim fast will be curtailed. Lower oil prices will also have an inevitable impact on global sheep meat demand and live exports particularly from the oil rich states in the Middle East.

On a positive note, some green shoots are emerging as restrictions are being gradually eased on the continent. However it will take some time for this to translate into increased demand for sheepmeat from the foodservice sector, as consumer confidence and disposable incomes remain impacted. In China, prices for mutton flaps and forequarter meat are reportedly improving, as foodservice outlets return. For the week commencing May 5th, hoggets are generally trading at €5.50, plus a 10c/kg QA bonus, whilst new season spring lambs are quoting €6.10 plus the bonus.

Pigmeat:

There was some minor disruption to pig throughput last week as key export meat plants scaled back production where Covid-19 cases were detected. For the latest week April 25th, pig supplies reached 65,400 or 7,000 head higher than the previous week. Demand for pigmeat remains mixed, with activity in the foodservice channel stagnant and retail demand returning to more normal pre Covid-19 levels. This is reflected through Kantar Worldpanel results, where pork and bacon sales in volume terms were 26% and 28% higher in the 4 week period ending March 22nd compared to prior year levels. An update on the latest monthly period ending April 19th shows that pork and bacon sales in volume terms now stands at 11% and 23% higher respectively compared to prior year levels. However, demand for sausages surged during this latest monthly period by 34% in volume terms as consumers readjusted their lifestyle trends to Covid-19. Recent fine weather is also reported to have helped maintain strong demand for sliced cooked meats.

The Bord Bia Quality Mark pork promotion will continue this week, and 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 4/c with some processors, with prices now generally between €1.74- 1.78 inclusive of VAT.

Despite some 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. The pigmeat category is better positioned to withstand the current global turbulence, given the ongoing challenges in Asia around securing enough meat protein reflecting the impact of ASF. This view is supported by GIRA and the EU Commission in their latest short term outlook, given that pork is the staple dish for most Asian consumers. The latest data from Chinese customs show that pigmeat imports have almost trebled for the 1st quarter of the year to 928,000 tonnes compared to 2019 levels. In terms of key partner countries supplying the Chinese market, Spain has been co-joined by the US as the number one supplier, accounting for 36% of imports between the two countries. This increase in US penetration in the Chinese market reflects more competitively priced pigmeat due to a combination of factors such as plant closures, surplus pigs and weak foodservice demand.

Poultry:

Poultry supplies continue to remain largely unaffected at meat export plant level. The value added lines continue to be temporarily suspended across most of the industry as processors concentrate on the essential lines. 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. It is expected that chicken fillet imports will weaken considerably this year as a result of subdued foodservice demand. In the food to go sector, there has been an adverse impact on the chicken category as this products is used extensively. While 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

The impact of Coronavirus continues to be the key challenge for the dairy sector. Phased re-openings have commenced in many markets but uncertainty prevails with no indication how long it will take to return to pre lockdown normality. The US government and the EU Commission both announced funding of $19 billion and €30 million respectively. However, potential over supply of core dairy products will have a significant bearing on commodity prices for the rest of the year. The plummeting of oil prices continues to be watched with interest by dairy commentators as reporters note historical correlations between the price of dairy commodities and that of oil.

Farm and Processing Plants:

On farm activities continue at pace now as peak season is but a matter of weeks away. Met Eireann report mean temperatures were below normal in all counties for the last seven days with cooler temperatures not encouraging grass growth.

Logistics and Supply Chain:

The severe backlog in container availability since late January has somewhat been alleviated although shipping lines continue to adjust their schedules in line with demand and port accessibility. Demand for retail transport and shipments reportedly remains buoyant.

Support Measures Announced:

<u>USA - Government announces $19 billion Food Assistance Programme</u>

The almost total loss of foodservice demand continues to have a devastating effect on US dairy, particularly cheese. Last week, the US government announced a $19 billion Food Assistance Programme including $16 billion in direct payments, and $3 billion in government food purchases. It's reported $100 million per month will go towards purchases for distribution to food banks and nutrition programmes.

<u>EU - Commission announces €30 million in Support Measures</u>

On May 5th, the DAFM published Trader Notices in respect of the APS scheme (€30 million support measure) announced by the EU commission in April.

Hereunder are the general rules of the scheme.

Detailed particulars for each product, including special conditions for cheese are expanded upon within in the Trader Notices and can be found at: https://www.agriculture.gov.ie/agri-foodindustry/marketsupports/aidstoprivatestorage/

PRODUCT		BUTTER	SMP	CHEESE
Opening date for receipt of applications		07.05.2020	07.05.2020	07.05.2020
Last date for receipt of applications		30.06.2020	30.06.2020	30.06.2020
Min. quantity per application		10mt	10mt	0.5mt
Amount of Aid	**Fixed Storage Cost/mt**	€9.83	€5.11	€15.57
	Day rate/mt	€0.43	€0.13	€0.40
Contractual Storage period		90-180 days	90-180 days	60-180 days

Pricing:

<u>New Zealand</u>

GDT Event 259 took place on May 5th with a reported 16,442mt on offer. Overall the index was down by –0.8%. The butter price fell by –5.8% to $3,867, while cheddar fell by 06.8% to $4,115 per mt. Both skim and whole milk powder prices were largely unchanged. It was announced that from June of this year, rennet casein will cease to be offered on GDT with May 19th the final date for buying casein on the platform.

<u>Europe</u>

The Dutch Dairy prices for week 18 saw a marginal week on week increase of 0.21% with SMP food grade up by €20/mt on the previous week. All other categories remained unchanged.

USA

Week 18 saw CME block cheese prices closed +12.6% to approx. €2443 equivalent on the previous week. US March milk production was up 2.2% (+8.4 million litres). Although foodservice outlets are slowly reopening in parts of the US and dairy sales are reportedly up over 30% year on year, dairy companies across the country are calling for a floor price to be implemented for class 1 milk price.

Alcohol Sector Summary

Last weekend, the Irish government introduced a phased plan for reopening the state, involving 5 stages in total. The hospitality business will not reopen until phase 5, or August 10th, when a return to work across all sectors will be permitted. The return of the on-trade channel is a challenge, but the industry is trying to fast track their return to the same time as the restaurant trade. If this can be achieved, it will greatly assist in the recovery of the sector.

Spirits:

Production impact

As quarantining continues, so does the impact on production facilities across the sector. The implementation of temporary lay-offs, reduced hours and temporary closures continue as time progresses. Craft breweries and cideries continue to be the most severely impacted segment, with operations reduced to skeletal functions, or closed entirely with the loss of business estimated at the higher level of 75-80%. A level of domestic protectionism is anticipated as markets open; the potential impact of this is difficult to measure but without question, it may strengthen the position on the Irish market of those producers who can remain in business, while there may be a negative impact on export sales.

As the markets re-open, it is also anticipated that trade will be slow to return to previous levels, as consumer confidence will require time to build.

Retail and On Trade Sales impact

Impact on these channels in the Ireland market remain as previously reported. The off trade continues to perform strongly as does the online sector, but from a low base.

Bord Bia has been working with key buying teams within the multiples, both to build on existing and to drive new listings, while simultaneously developing awareness of the broader capability and capacity of categories, with a view to developing export business within some of these trade entities.

The on trade remains closed and as of now is not due to open until August 10th next. The travel sector is down by over 90% and is not expected to recover until well into 2021.

Exports:

According to the IWSR, standard and lower-end products are performing best in most markets, but there are also signs that consumers with disposable income, are treating themselves to premium alcohol offerings. This may be a short-term trend, particularly given the negative economic forecasts for the rest of 2020 and beyond.

The IWSR warns that the easing of restrictions does not necessarily dictate that the consumer will behave in a pre-Covid manner. For example, in Germany, consumers are resisting the freedoms, and opting to self-isolate once more following the re-opening of the country, as the number of cases begins to rise again. On a positive note, in China, the on-trade faced a challenging time due to a lack of consumer confidence and worries about social distancing, the indicators are positive over the last 2 weeks. The government are trying to reassure consumers that frequenting restaurants is safe, but uptake is slow. Group sizes are not officially restricted, but in practice large banquets are not happening, with maximum group size probably 8-10. Night channel (night clubs, high-energy bars) were closed by order of the government after initial trials in Shanghai/Beijing showed crowding. Some return to brick and-mortar alcohol shopping has returned with ecommerce sales remaining strong. In terms of categories, wines, spirits and beer all reported growth in April, albeit from a low level, with craft beer continuing to suffer.

In Spain, as a result of having to reduce capacity to 30% the off trade is finding that it is very difficult to make a profit at this level.

In the USA, where the use of e-commerce for alcohol purchases would not have been prolific pre-Covid, this new platform has greatly benefited alcohol sales. All sectors, wine, beer and spirit sales are positive when compared to the month of April 2019. Pricing trends suggest that consumers are taking the dollars they would have spent going out on food and entertainment and in some cases buying premium brands to enjoy at home instead. Value, mainstream (standard) and premium offerings are all in growth, with prestige (super-premium) in decline.

In the UK, the situation remains the same as last week as the on trade remains closed. The UK may be slower than other markets to reopen as it took its own lockdown measures later than Ireland or other European markets.

In France, restrictions are 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. The on-trade is closed, and the off-trade figures are declining because the metro markets continue to dedicate alcohol space to products of greater necessity to their consumers. The Ecommerce channel in France is thriving to a greater degree than other markets as a result, with growth of more than 60%.

Craft Beer and Cider:

The viability of the craft beer and cider category remains a worry. It is the most vulnerable of the alcohol categories, with the cessation of brewery tours and taprooms severely impacting future prospects for the category. Impact in the Ireland market remains as previously reported.

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. According to the IWSR, ‘the craft industry remains embattled in the

UK, with (for most operators) key sales channels shut off and route-to-market restricted. Ecommerce is becoming increasingly important through growing D2C sales, increased marketing and an easing up of slot restrictions.

On 28 April, the **French** government announced the first steps of a gradual 'deconfinement' to take place from May 11. Social distancing will remain in place. Cafés, bars, restaurants and other social activities remain in lockdown. Outdoor festivals, important for beer, are banned until earliest September 2020. The government is expected to review on-trade restrictions at the end of May. Strong growth in ecommerce persists. 'Drive' ('click & collect') services are growing very strongly and categories previously underperforming here, such as beer, are now over-indexing (>100%) vs. previous year, but this should be placed in the context of the channel's limited importance compared to both on-trade and brick-and-mortar retail.

Italy is a fast-growing market for Irish craft beer. It is also a very on-trade-focused market, with more than 60% of sales going through that channel. With the complete closure of the on-trade, the craft beer market has been decimated. Ecommerce grew significantly but from a very low base and therefore the impact was barely felt. Given the fact that this market was the worst hit European market in terms of deaths from Covid-19, the return of the on-trade is anticipated to be very slow.

Prepared Consumer Foods Sector Summary

Companies within the Prepared Consumer Foods sector are experiencing a differing impact from the Covid-19 situation. Retail focused companies are experiencing largely stable demand in the last number of weeks. The effective closure of the foodservice sector remains the main challenge facing client companies servicing this channel. Across the board, client companies are continuing to work hard to maintain business continuity through the crisis. They have implemented shift segregation, enhanced cleaning schedules and staff distancing within their factories to keep production running.

Consumers are minimizing their trips to the shop as the current stay at home guidelines remain in place. They are reducing their time in-store and are generally shopping to a list. This is resulting in less browsing in-store. This change in behaviour is having an impact on a number of our sectors. Our snacking and chocolate clients are seeing a slowdown in demand for impulse lines. This has been somewhat compensated for in the increased demand for multipacks and variety packs. In bakery the reduction in browsing time is resulting in a drop in sales for impulse products. Some bakery purchases are being negatively impacted by consumer preference for packaged goods. Many impulse bakery goods would have previously been unpackaged, on open display. In-store bakeries are in many cases packing products on site to address this consumer concern.

The available space for free standing display units is decreasing as stores look to maximise the space available on the shop floor for consumers. This is presenting challenges for client companies who depend on these display units to drive brand awareness, increase sales volumes and cross promote seasonal eating occasions.

With restrictions on the number of shoppers allowed in-store and one in-one out policies leading to queues at peak times, online shopping has become a more attractive option for consumers. It offers a lower risk shopping option for those cocooning and the immunocompromised. Many consumers have had their first online shopping experience during the current crisis. With physical distancing likely to remain a feature for the immediate future, online shopping is expected to see continued growth. Retailers have seen unprecedented demand for online shopping with delivery and collection slots being snapped up as soon as they are released. Click-and-collect shopping is also increasing in appeal for those who would prefer to visit a store. This is having a positive impact on our retail focused companies.

It is anticipated that the demand for home delivery will be strong for the coming months. Local independent retailers have developed online, email and phone ordering capability allowing them to meet demand in areas not covered by the larger retailers. This is assisting smaller local producers in replacing some of the volume they have lost due to the closure of farmers' markets. For smaller retail stores, home delivery is developing a new income stream and helping with cash flow.

We have seen a growing number of our client companies collaborating with other producers to create a consumer offering. They are servicing customers through a mix of home delivery and a click-and-collect type service. In general, they are using their websites and social media to raise public awareness. As consumers are unable to dine out in their favourite restaurants, we have noted an increasing number of sit-down restaurants pivoting their business towards direct to consumer offerings. They are offering a range of options from fully cooked meals to meal kits for in-home preparation. A number of our client companies who were very dependent on foodservice are seeing the benefit of this new offering.

Seafood Sector Summary

Whitefish

Discussions with the Irish whitefish sector confirm that the markets for the last week or so have been challenging. Prices are back from the Easter high and the important French market is extremely difficult to access now, as it is favouring raw material from its own vessels to the detriment of imports. French buyers are reluctant to source non-French fish for fear of strong reactions from members within their own sector. The Spanish market is open but prices have come back for species such as megrims and monkfish. The lack of access to the French market impacts the Irish sector for direct exports to this market but also in its exports to secondary processors in the UK, who would then re-export to the French market. The demand in the UK therefore for Irish landings is small. The sector is expecting a very challenging number of weeks ahead as a result. Bord Bia is investing in further promotions on the domestic market over the next 6 weeks to try to drive demand for species such as Irish hake and haddock. The Irish market has been performing reasonably well for Irish hake but sales of Irish haddock remain poor and require further stimulus to try to absorb some of the excess landings. The fishing sector is largely operating on a rotational basis to try to match fishing effort with demand in the marketplace, and vessels are engaging in more targeting of species destined for the Spanish market where demand is reasonable e.g. for monks, megrims and hake. The UK wholesale markets have plentiful supplies of whitefish from UK vessels leaving little opportunity for Irish whitefish to find a market at any kind of a reasonable price.

Pelagic

The pelagic markets in Asia are not as strong in recent weeks and customers are staggering their orders in response to lower demand in the marketplace. Demand in Europe is holding up especially from the canneries. Demand in Nigeria continues to be very poor as a result of the collapse in oil prices leaving the market starved of cash and unable to purchase imported product. There are on-going concerns around cold storage capacity for the sector as stocks are still high as a result of difficulties in shipping product to export markets.

Shellfish

All European markets for live shellfish remain closed. Limited volumes are being exported to Asian markets through the Netherlands, as well as some limited direct routes, which are proving very expensive to service currently.

Salmon

The organic salmon sector is performing well at present and demand is strong in the European market. Prices are still holding firm which is very positive.

Horticulture Summary

Edible Horticulture -Demand & Labour:

Demand in the multiple retail channel continues to be strong, and there continues to be a brisk trade in the purchase of larger packs of potatoes. However, labour issues remain critical, in particular with the soft fruit harvest approaching, when the need for pickers is at its highest.

Sales into the foodservice sector continue to be impacted very negatively. Some field crops destined for the foodservice market are being destroyed, through rotovation back into the soil. Regarding edible horticulture, mushroom production is an all year-round activity and pickers are generally in situ, while protected ssalad crops with 80% working capacity are covered to date. Field vegetables production continues, but are reported as mixed as labour requirements vary from business to business.

Labour and accommodation space limitations continues to be a challenge with regard to workers, but producers are retrofitting accommodation so that social distancing to 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 have now ceased completely as the UK garden centers are all closed.

Amenity / Ornamental Horticulture:

The announcement of a return to opening for Garden centres on 18th May is welcome news, especially if the landscaping industry can also return to work on that date, this is positive news for the amenity and ornamental sector. 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 on the same time as 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 typical impulse purchase products.