Market Insights
Covid-19
Impact on Trade:

April 15th, 2020

BORD BIA
IRISH FOOD BOARD

Rialtas na hÉireann
Government of Ireland

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Bord Bia's Understanding Covid-19

Topline Takeouts:

Meat:

- Within the beef sector, post Easter orders are running at a reasonable level, with retailers re-stocking across the normal range of cuts. However, Irish exporters are still acting very much in a top-up role in the market, with domestic product being prioritized in many of our main markets. Falling cattle prices are a major concern at farm level.
- The reported decline in live cattle exports, particularly in the calf category, has continued at pace over the past fortnight. While weekly calf exports in mid-March had been running at approximately 15,000 per week, these levels have fallen off sharply.
- Easter gave a much-needed boost to the Irish sheep meat sector as Irish and European retailers intensified their promotions plans and product assortment ahead of one of the busy weeks in the year. It is hoped that this interest and demand for sheep meat is not short lived, particularly as the focus of attention is now centred on the Muslim festival of Ramadan which starts on April 23rd.
- Demand for pigmeat remains mixed in Ireland, with activity in the foodservice channel at a standstill apart from some outlets focusing on either takeaway or delivery. As a result, secondary processors who have significant exposure to this channel both in Ireland and the UK remain severely impacted. Retail demand has softened somewhat during the past week, with the best trade reported for products such as ham fillets, pork, bacon backs and sausage meat.
- Poultry supplies 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 at retail level remains firm.

Dairy:

- To date there are no reported issues with milk collections, and as expected, some milk processors have reduced their milk prices. Slackening demand across many markets continues to impact container availability with shipping lines issuing advisory notices in respect of blank sailings (cancelled sailings or by-passing of ports) and elongated transit times.
- Dairy ingredient prices continue to decline especially in the butter and skim milk powder categories, while both block and barrel cheddar prices have also declined significantly.

Alcohol:

- A surge in demand for spirits in the off-trade sector is continuing in key markets - the US, UK and domestic market. To date, adequate supply appears to be available in market to service this demand.
- Travel retail and third-party liquid supply have almost entirely disappeared. In the craft beer sector, a key area of concern is that of cash flow and that stock will be returned unpaid from certain on-trade establishments.

Prepared Consumer Foods:

- Performance within the sector is mixed, with categories depending on retail sales performing well. Multiple retailers have rationalised some skus and as a result, companies are having to respond.
- Many PCF companies with a greater dependence on foodservice are looking now to pivot to retail.

Seafood:

- The market conditions for Irish seafood remain challenging with many companies operating at reduced capacity; along with on-going issues around the cost of air transport to Asia and access to reefer containers to service export markets.
- The pelagic season is now coming to a close, and many shellfish vessels have now stopped fishing as market prices offered are not sustainable across a range of export species. Oyster and mussel farmers continue to struggle with the collapse in the foodservice market, while retail demand for organic salmon remains strong.

Horticulture:

- Retail sales in edible horticulture are performing well. The biggest concerns in both edible and amenity horticulture sectors are around the availability of labour, with seasonal pickers unable to travel, the closure of garden centres that has badly impacted sales of amenity horticulture, which in turn has caused very serious cash flow problems.

Macro Economic Context

Political

In Ireland, Fine Gael and Fianna Fail have reached agreement on a joint framework for government. The document is designed to form a basis for a programme for government but it will initially have to be the basis for negotiation with third parties necessary for the formation of a majority government.

Denmark, Spain and Austria have begun tentatively to remove some restrictions put in place to combat Covid-19. The effects in these countries will be closely monitored by every other European state, as all turn to begin to consider what exit from restrictions means.

In Denmark, children under the age of 11 are returning to schools. Denmark had been an early mover on restrictions, having tight controls in place since March 12th.

In Austria, some non-food stores have begun to reopen this week. There are plans to extend this to restaurants and hotels in May.

Spain has permitted construction workers and some other previously determined as non-essential to go back to work.

Each country is emphasising however that any scaling back of restrictions will be quickly undone if cases of Covid-19 begin to increase.

Economic

Following extended discussions and acrimony, a €540bn package of supports was agreed at Eurogroup finance ministers meeting on April 10th. There are three channels of support: for states, for businesses and a new channel for workers.

The state support will be administered through the existing European Stability Mechanism which is the group's existing bailout fund. Credit lines of up to €240bn can be raised as a result of this agreement. The loans from the ESM have previously been heavily conditional on reforms, but the agreement reached between the states is to have minimal levels of conditionality attached to lending under this initiative, as long as the loans are for Covi-19 or Covid-19 related spending.

For companies, relief is being made available through the European Investment Bank. The EIB will have €25bn available to lend to corporates immediately, and this is set to increase to €200bn in the 'short-term'.

For workers, there will be a new initiative run by the European Commission called SURE - The Support to mitigate Unemployment Risks in an Emergency – which will facilitate loans from the European Commission to member states up to a total of €100bn to cover costs directly related to creation of extension of national employment preservation schemes.

The agreement did not include the issuance of joint debt instruments, as argued for by the southern member states. There is a meeting of European leaders on April 23rd when the question of joint debt is likely to be back on the table, and the question of whether these moves are sufficient will likely feature.

Confirming the need for the actions and the depth of the challenges that remain, on April 14th the IMF launched its latest World Economic Outlook report. It expects the worst global downturn since the Great Depression. It predicts a contraction of the size of economic activity in the Eurozone of 7.5% in 2020.

Social

There is a Europe wide challenge of finding people to pick fruit and vegetables. In France, farming groups estimate that 200,000 labourers are not available when they usually would be. In the UK, 70,000 workers are needed to cover the jobs usually carried out by seasonal migrants according to the British Growers Association.

The shortages are due to the closing of borders and the inability of migrant workers from Eastern Europe and elsewhere to travel.

Both countries have made appeals to people who have found themselves laid off from other industries including hospitality to put themselves forward for work in the fields. In the UK, while jobs websites have reported massive increases in the numbers looking at picking jobs, there is as of yet little evidence of significant numbers of people moving to take up the jobs.

Sectors Insights

Meat Sector

Beef

The beef export trade has settled into a pattern based almost entirely on retail customers across our markets. Orders post-Easter are running at a reasonable level, with retailers re-stocking across the normal range of cuts. However Irish exporters are still acting very much in a top-up role in the market, with domestic product being prioritized in many of our main markets. This is skewing the carcass balance against Irish product, as steaks from domestic product are being stocked in balance with the rest of the carcass, while Irish beef demand is focused on forequarter cuts suitable for mincing.

Butchers have provided some additional market outlet and also given some limited demand for steak products over the Easter break. Efforts will now focus on building demand within the more limited situation for barbequing and create some market demand as weather improves, as processors seek to avoid freezing more steak products. International trade continues to build slowly but is still at greatly reduced levels comparing to last year.

Falling cattle prices are a major concern at farm level. Base prices being quoted for steers and heifers have steadied for the week commencing April 14th at €3.40/kg, following the declines of previous weeks. With the foodservice and manufacturing channels greatly restricted, cull cow prices have continued to experience poor demand. Quotes for O grade cows are now in the region of €2.50/kg.

For the year to-date, cattle throughput is running some 1% or 4,970 head below the equivalent period in 2019. For the week ending April 10th, a total of 27,124 cattle were processed, which was 8,523 head lower than the same week last year. While last week’s kill was impacted by Easter bank holidays to some degree, it also represents the slow-down in demand for cattle from processors as markets are subdued. Along with the sharp drop in demand, working within the Covid-19 guidelines is also impacting on production schedules.

Live Exports

The reported decline in live cattle exports, particularly in the calf category, has continued at pace over the past fortnight. While weekly calf exports in mid-March had been running at approximately 15,000 per week, these levels have fallen off sharply.

Demand for calves from each of the key markets has weakened significantly. For the most recent week ending April 12th, just 1,500 Irish calves were sent to the Netherlands, down from 3,000 the previous week. During the same week in 2019, the equivalent figure was 6,700 Irish calves. This dramatic reduction reflects significant difficulties in the Dutch veal sector, which is highly reliant on the European foodservice sector, particularly in Italy, France and Germany. Similarly, calf exports to Spain have been negatively impacted by the Covid-19 pandemic. Although there were 4,200 Irish calves sent there in the week ending April 5th, this figure then dropped to just 850 last week. The equivalent weekly figure at this period in 2019 was almost 5,000 head. The Spanish beef sector is also suffering from a serious decline in demand. The Spanish "lockdown" has been relaxed somewhat, allowing work to resume in some factories and construction sites. However, restaurants and other foodservice outlets look set to remain closed for some time to come.

Regarding exports to international markets, trade will continue to Algeria, Turkey and Libya over the coming months.

Sheepmeat

Easter gave a much needed boost to the Irish sheep meat sector as Irish and European retailers intensified their promotions plans and product assortment ahead of one of the busy weeks in the year. Given the Covid-19 disruptions, overall footfall and sales within the fresh meat category have been growing by double digits over recent weeks.

In the weekend gone by, reports of low stocks within the lamb category was a feature of consumers renewed interest in lamb which has enjoyed a long standing association with Easter and a recent surge in home cooking. It is hoped that this interest and demand for sheep meat is not short lived, particularly as the focus of attention is now centred the Muslim festival of Ramadan which starts on April 23rd.

With peak supplies of new season Irish lamb some weeks away, it is fortuitous that the seasonal lull in hoggets supplies is helping to balance that delicate relationship between supply and demand during this Covid-19 crisis.

In complete contrast to above, southern hemisphere suppliers are now in peak sheep meat production. According to the Farmers Weekly NZ publication, the impact of social distancing has resulted in meat plants working at 50% capacity. Together with reduced export demand, prices are significantly back in New Zealand where quotes for spring lambs are securing NZ$6.85, back from $7/kg on the previous week or some $0.35/kg from the high of $7.20/kg in 2019.

One of the growing pressure points in the Irish sheep industry has centred on the escalating costs of disposing sheep skins, which can be as high of €1.10 per skin. China accounts for approximately two thirds of EU sheep skin exports, with the balance mainly going to Turkey. The lamb skin market is very sensitive to global consumer demand, hence the impact of Covid-19 and the closure of Chinese tanneries has resulted in the collapse of the market.

For the week ended April 11th, a total of 50,156 sheep were processed, this was equivalent to a 25% increase compared to the previous week, or some 10,000 more sheep. In a normal production year, sheep meat throughputs ahead of the Easter weekend surpassed 55,000 head. This reduction reflects the slowdown demand in some of our key export markets, due to foodservice coming to a complete halt.

For the week commencing April 6th, hoggets were generally trading at between €5.60 and 5.70/kg, plus a 10c/kg QA bonus, whilst new season spring lambs have increased by 10c/kg to €6.00 to 6.10/kg plus the bonus.

Pigmeat
Pigmeat supplies at meat export plants remain largely unchanged year to-date despite the challenging circumstances. Demand for pigmeat remains mixed in Ireland, with activity in the foodservice channel at a standstill apart from some outlets focusing on either takeaway or delivery.

As a result, secondary processors who have significant exposure to this channel both in Ireland and the UK remain severely impacted. Retail demand has softened somewhat during the past week, with the best trade reported for products such as ham fillets, pork, bacon backs and sausage meat. An improvement in weather conditions is expected to help the sliced cooked meats category over the coming week.

Bord Bia is currently promoting the pigmeat category through a new advert, “Quality Comforts,” that also features other Quality Assured meats and Irish produce. The next pigmeat-specific Bord Bia Quality Mark promotion around pork will commence at the end of April for approximately three weeks and this will be followed by more Q-Mark pigmeat advertising through the new advert over the coming months.

The grade E Irish average pig price for the week ending April 4th was 181.3c/kg, which is 23% higher than during the corresponding period during 2019.

Prices have fallen by around 10c/kg since the back end of February, with European prices also showing a similar decline. However, the latest average European price has shown signs of settling down following challenging trading conditions during March. This indicates that the European trade may be starting to stabilise on the back of exports to international markets resuming more normal activity. This is evident in China where transport difficulties have started to ease as the country shows positive signs of recovery from Covid-19.

Strong international demand throughout 2020 should help underpin European trade as regions in Asia, in particular, continue to struggle with African Swine Fever, with Covid-19 restrictions also disrupting some potential recovery in production. Early indications from Chinese Customs indicate that imports for 2020 will reach record levels despite the challenging conditions. During the first two months of the year, China doubled their pork and offal imports to 691,000 tonnes compared to previous year levels.

The vast majority of Irish meat products being exported to International markets such as China are transported in frozen form in large shipping containers. Up until last week, there was an acute shortage of containers available worldwide because of the significant disruption to logistics within China as a result of Covid-19 related restrictions. However, this situation has started to improve as the Chinese economy is starting recover which has helped free up containers for global meat suppliers.

Poultry
Poultry supplies 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 at retail level remains firm, however the latest signals suggest that there has been some slowdown in purchasing behavior as panic buying starts to ease. Demand for duck and turkey, albeit off a lower base, continues to show the strongest growth within the poultry category at retail level. Where possible the industry is encouraging the Irish retail channel to purchase more legs/thighs that would usually be exported. The new Bord Bia campaign, 'Quality Comforts', currently being aired features whole chicken. This should help encourage consumers to re-engage with a category that has lost consumers due to busy work schedules and lifestyles.

The foodservice channel has been severely hampered, with sales plummeting in recent weeks due to the Covid-19 restrictions. It is estimated that sales within this channel are now approximately 70 and 80% lower. 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 continued slowdown in shipments to the UK and International markets has been reported. In particular, there has been a collapse in leg prices in key export markets due to increased availability of legs across Europe as a result.

Dairy Sector Summary

Farm and Processing Plants

Dairy farms, milk collections and milk processers across Ireland are operating as normal, albeit under the guidelines of social and physical distancing. Covid-19 combined with the challenges of near peak production sees higher levels of co-operation and contingency planning at processing level nationally. Milk Valorisation will be high on agenda as market returns are challenged.

At time of writing there were no reported issues with milk collections, and as expected, some milk processors reduced their milk price for March ranging from between 1.8c/L to 2c/L, with others expected to announce their milk price in the coming week. Farmers are busy preparing for breeding season which will commence week of 20th April. EU 27 milk collection is reportedly up 1.4% for January with Irish milk collection also up, close to 8% for February. Irish processors have forecast year on year growth of approximately 5% which would see Ireland surpass eight billion litres in production for the first time. Most dairy farms throughout the country are at the end of their calving season with the majority of dairy herds out on grass full time. Good growing and favorable grazing conditions in March contributed to a strong finish for Q1 and on reaching the mid-point of April, and facing into peak production season, ground conditions are ideal in parts of the country with a combination of warm weather and rain over the Easter bank holiday weekend.

Logistics and Supply Chain

Slackening demand across many markets continues to impact container availability with shipping lines issuing advisory notices in respect of blank sailings (cancelled sailings or by-passing of ports) and elongated transit times. There is also concern that costs to procure containers and shipping slots may increase further as competition to secure equipment intensifies. Similarly with China, while positive news continues to come from there, in respect of declining coronavirus cases and re-ignition of the economy, there are reports of cancelled sailings, or bypassing of ports, which continue to affect repatriation of vessels and containers to mainland Europe and Ireland.

Impact on Global Demand
The elimination of the Foodservice channel continues to be the main challenge on global dairy demand. While the initial retail surge served somewhat as a counter to this, it is not enough to remedy the displacement of volume lost through foodservice closures.

Furthermore, the impact on the global hospitality sector including the pausing of tourism, the postponement and cancellation of many events from the Olympic Games in Japan to the World Expo in Dubai as well as the European Football championships, which Ireland was scheduled to co-host, will have a significant impact on foodservice demand in the dairy as well as other sectors. While agility can be deployed to change packaging formats, an example could be a switch from the standard mini-dish butter pack usually served in restaurants or cafés, to a larger table sized portion for domestic/in-house consumption, this switch takes time and can be costly to implement.

While dumping of milk in some countries is reported, Ireland is in a much better position in so far as it is less reliant on domestic liquid milk consumption, when compared to other markets such as the USA and Canada, where school milk schemes for example are large consumers of liquid milk. With schools and child-care facilities closed, this steady outlet was effectively turned off overnight, and producers in these geographies are struggling to cope with the collapse in the demand for drinking milk.

Aside from Covid-19, countries dependent on oil revenues, for example Venezuela, Saudi Arabia, the UAE, Algeria and Egypt have seen the value of their oil revenues fall to levels not seen since the late 1990's. In turn, their ability to import goods including dairy ingredients will be challenged by this and further compromised by domestic fiscal measures undertaken to deal with the virus in their own countries.

At a European level, both aid for private storage and intervention have made headlines in recent weeks with calls for their re-introduction to assist with the price pressures facing primary producers, processors and exporters.

Alcohol Sector Summary

Production impact

The impact on the distilling sector is unchanged from last week. Because of the nature of the production process, it is easier for distilleries to maintain social distancing in line with government policy, therefore production has not greatly been affected to date. There is adequate stock available in the key US and UK markets. A surge in demand for spirits in the off-trade sector is occurring at least in both the domestic, US and the UK markets. To date, adequate supply appears to be available in market, but demand is difficult to predict which is making stock management an issue. There continues to be concern about the supply of glass bottles and packaging, but this is expected to improve in the coming weeks.

Retail and On Trade Sales impact

The category remains severely impacted by the closures of bars and restaurants in most key markets, but the impact has been mitigated to some extent by strong growth in the off-trade sector. Travel retail sales have all but ceased.

Cream liqueurs are continuing to experience a mixed impact, related to whether they are branded or private label. The branded offering enjoyed a spike in sales likely related to consumers switching to brands they know. Some smaller, premium branded offerings are feeling less of an impact, with buyers showing a greater interest. Travel retail and third-party liquid supply have almost entirely ceased.

Exports

AC Nielsen's latest weekly data reveals that in the US, off-trade alcohol beverage sales increased during the week ending March 28th, 2020 at a slower pace than the previous week year on year, but still maintaining a significant 22% increase. The largest growth was achieved in spirits at +27%, and sales of beer (excluding FMB/ciders) were up 17%.

While spirits sales were well below last week's sales levels (-29%), the sub- category still showed impressive growth. Ready-to-drink spirits were by far the largest growth area within spirits (+72% vs. a year ago), with Tequila the next highest growth sub-category (+45%). RTDs and Tequila growth also led the way pre-COVID, followed by Cordials, Gin, American and Irish Whiskeys.

Craft beer

Many craft breweries continue to reduce staff numbers through layoffs, or short shifts, using the government salary scheme to subsidise staff who have been furloughed. Most of Ireland's craft breweries are very heavily reliant on sales in the RoI, with many historically focused on the on-trade business. Cash flow is a key concern; and the fact that stock provided to customers in the weeks before the shutdown is not yet paid for. This product has a shelf life and there is concern that this stock will be returned unpaid. The second problem of particular note is that, when they re-open, pubs will need to be restocked with generous payment terms. Many breweries are not in a position to meet these terms, and may be forced to close as a result.

Exports

The majority of exports of Irish craft beer is to the French market, with the UK and Italy in second and third place respectively. All three markets have collapsed resulting in a loss of approximately 80% of exports. Many express concern that the sentiment in these markets will turn towards domestic suppliers when the crisis is over, destroying the work that has been being done with regard to the development of exports. Anecdotally, the Russian market appears to be operating as normal for the moment. There is an appeal being made for Irish retailers to consider Irish suppliers over imports wherever possible, to assist Irish producers through this very difficult period.

Trends

In the US, the soaring rates of increase in off-trade sales are expected to level off in the next two weeks, as the normal ratio of 40:60 on-trade vs off-trade sales of wines and spirits fast approaches 0:100 and the panicked 'pantry-loading' comes to an end.

On a positive note, alcohol consumption in China is slowly returning to normal volumes. Elsewhere, it is no surprise that consumers have increased their consumption of alcohol at home. This has created significant gains for online-only alcohol retailers in many markets and will likely result in sustained growth in that channel, into the future. Nielsen recorded growth of 291% in e-commerce trade of alcohol in the US alone in the week ending March 28th.

The industry has been incredibly creative in its attempts to drive sales. According to The Spirits Business UK, brands are entertaining the consumer with a range of options such as the 'Bring a Bottle' podcast, the 'House Lock Down' Instagram series and 'Smokehead TV' from the Scotch whiskey company of the same name.

The lifting of restrictions will more than likely come later for the on-trade. Pubs and restaurants will benefit from predominantly local custom initially, as consumers build confidence in their environs. Travel retail is unlikely to return to its former level for at least 12 months.

Given the cancelation of all drinks trade shows for the first half of 2020, Bord Bia is planning "virtual pitches" and Virtual "Meet The Maker" events over the rest of this year. Bord Bia is building the contents the planned Irish spirits communications programme, so we are ready to roll it out as soon as the main US market reopens and is receptive to it.

Prepared Consumer Foods Sector Summary

The Covid-19 situation is continuing to have a varying impact on the Irish Prepared Consumer Foods sector. Companies with a high proportion of sales in foodservice have been the hardest impacted to date, while the impact on companies supplying into retail has been of a different nature. Companies are now coming to terms with the new balance between retail and foodservice volumes in their business. They also have vissibility of the impact of retail product delists due to simplification of retailer ranges. This is leading to a change in their profit mix as their volume mix changes. In the longer term this may have an impact on their viability.

In production areas physical distancing restrictions have been put in place. Protective screens have been installed in places to protect staff. Support staff in general are working from home with some coming to the office on a rotating basis to allow for physical distancing. Managing the surge in demand for those with a retail focus has highlighted areas for improvement in many production processes. Now that companies have their physical distancing and people management systems in place, they are increasingly turning their attention to reviewing the efficiency of their production lines.

Overall demand in the multiples was reported as remaining stable last week from for companies as panic buying has largely stopped. It is too early to get a full sense of Easter sales in the chocolate category, which has become an increasingly competitive window for domestic manufacturers. Indicators suggest that chocolate sales through the multiples had been lacklustre due to price competition and reduced space given to premium products. Those with online chocolate sales reported strong direct buying from consumers in the run up to Easter.

Bord Bia has noted a significant rise in demand for long life healthy bakery offerings, across EU, UK and Ireland. Less traditional forms of bakery are seeing an increase in demand as consumers are looking for alternatives to the traditional sliced pan. Sales of chilled ready meals have declined as scratch cooking increases. Frozen foods sales have dipped a little this week as people use some of their stockpiled products. In line with the last number of weeks retailers are reporting an increase in the size of trolley shops and a reduction in top-up trips, as the population adapts to the physical distancing restrictions. Reduced shopper numbers in store and the operation of a one in one out policy is leading to delays entering stores at peak shopping times. We are also seeing retailer tender process being postponed in some cases until later in the year. Where tenders are in progress they are being managed to the standard timelines.

Client companies involved in foodservice are reporting an increase in payment delays from foodservice distributors. These distributors have been hit with stock write-offs on chilled products and large stock holdings of frozen and ambient products. As their cash flow has been impacted due to the closure of foodservice outlets this is now impacting their supply base. Many of those with a greater dependence on foodservice are looking to pivot to retail.

Bord Bia is engaging closely with retailers on the Irish market to share supplier challenges and identify new opportunities for companies, particularly those who previously had a high dependency on foodservice. Bord Bia will support these companies with marketing and mentoring support as they pivot their business from foodservice products to retail products and develop online sales activities.

Supply chains are continuing to function satisfactorily. Locally sourced ingredients and packaging continue to be in good supply. There are the now normal delays at national borders within the EU but there are some delays from International markets. Some producers are having to widen their supply base resulting in delays in production as they trial new ingredients and packaging materials. Transport costs for companies exporting continue to remain higher than before the crises. Sea freight costs are being driven up by the worldwide shortage of reefer containers, while air freight costs are being driven by the use of charter flights to transport goods. Previously, goods could piggyback passenger flights which helped to keep costs under control.

Seafood Sector Summary

The market conditions for Irish seafood remain challenging with many companies operating at reduced capacity; along with on-going issues around the cost of air transport to Asia and access to reefer containers to service export markets. Major shipping companies are also seeking to impose ‘drop-off’ waivers on their customers meaning that the shipping company could land the reefer container at a port other than the original destination port. All of this is adding greatly to the challenges facing the Irish seafood sector at the moment.

Irish retailers, however, are reporting stronger demand for pre-pack than counter sales, and the category generally is suffering as a result of consumers opting more for a large one week shop rather than top up shopping during the week. In addition, the wet fish counters in France have suffered much more than other fresh counters with sales declining by 33% from the period 16th March to 5th April compared to previous year. The announcement by President Macron on April q3th that confinement would last to Ma 11th, is a further blow as restaurants and cafes will remain shut in France until further notice.

Whitefish

Demand in export markets has picked up slightly albeit at lower than usual prices. There is reported steady demand from Spain and some renewed demand from France. This, together with the traditional domestic Easter uplift in sales has combined to absorb much of the whitefish landed in the last week or so.

Pelagic

The pelagic season is now coming to a close with the last of the blue whiting now being processed. Transport logistics, especially to the Far East, remain the greatest challenge in this sector.

Shellfish

Many shellfish vessels have now stopped fishing as market prices offered are not sustainable across a range of export species. This period is usually the busiest for the Irish processed mussel sector within the EU food service market, as it is the time of the year when fresh mussel supply is at its lowest. As a result of the foodservice market collapse, stocks are full and processors cannot process further leaving major issues for Irish mussel farmers who cannot harvest their stock. These farmers consequently run the risk of raw material damage, the longer it is left at sea. This situation is expected to persist over the coming weeks. Similarly, the oyster farmers continue to struggle with the dramatic drop in demand in core European markets as well as difficulty in accessing Asian markets due to freight access and rising transport costs. As a result, stocks are building on farms and cash flow is a major and growing issue.

Salmon

Volumes of Irish organic salmon harvested in the last few weeks have found substantial markets in the traditional organic markets in Europe with prices reported as stable. Retail demand for this product remains strong. There is some unpredictability around prices for salmon after Easter which may result in some freezing of stocks by Irish producers.

Horticulture Sector Summary

The key impact of Covid-19 for horticulture is in the amenity horticulture sector. This is now the main gardening season (March to May) when the majority of sales are made. These are the two months which are crucial for plant producers, and the impact is currently across all the amenity sub sectors such as bedding plants, ornamental plants, cut foliage, outdoor flowers/bulbs etc.

Edible Horticulture -Demand & Labour

Demand is holding up well from the retail sector. There has been a particularly brisk trade in purchasing larger packs of potatoes. The foodservice sector is, like other sectors impacted very negatively with remaining key outlets now closed under additional restrictions announced on March 24th. The loss of foodservice markets may result in some specialist growers/operators going out of business and cease demand for off grade produce. We are now starting to see field crops destined for the Food Service market being destroyed, due to the drop in demand in that channel.

Labour concerns is a big issue for the sector. As the year progresses and the growing and harvesting seasons build, there is concern about the ability of the EU workers being able to travel, due to travel restrictions. This is an EU wide issue. On March 30th the EU Commission issued new practical advice to ensure that mobile workers within the EU can reach their workplace. Labour permits for horticulture from the 2019 allocation of 500 are used, and more being requested for by the industry. The labour situation in the edible horticulture sectors can be summarised as: Mushrooms as an all year round activity and pickers are generally in situ; Protected salad crops with 80% working capacity covered to date; Field vegetables is mixed (varies from one business to another). Equally the soft fruit sector is mixed picture and as the new strawberry season approaches would be the area of most concern currently.

Accommodation space limitations, providing individual space in accommodation provided to workers is a big challenge; in many cases a refit of accommodation is required to maintain social distancing. There are also challenges where harvest crews share transport. Teagasc are developing a protocol (which is expected to be issued this week) to assist guide and advise growers in staff management practises in the context of these challenges.

Sector concern expressed on any potential scaremongering re eating fruit and vegetables with respect to pickers handling produce. There is evidence of some scaremongering about eating fruit and vegetables, which have been handled by pickers on some social media channels. Industry stakeholders need to continually reassure any fears in this regard and refer to WHO/FSAI guidance and on this.

Exports

Mushroom demand has been good to date because of panic buying, but the industry expects there will be a return to more normal levels in the coming weeks. Irish mushroom exports are strong into retail in the UK. Exports into the foodservice sector are not as important in volumes, but tended to be a more premium offering. These have now all but disappeared. Amenity exports are now ceased completely as the UK garden centres all closed. Cut foliage exports also affected due to cancelled orders from the UK. Flower exporters have had their end of season cut by three weeks due to disruptions caused by Covid-19.

Imports of Fresh Produce

Regarding imports of fresh produce (including when Irish produce is not available due to seasonality) some Spanish pack-houses employees are not showing up for work which may lead to reduced imports in the next few weeks.

Amenity / Ornamental Horticulture

The industry is facing an unprecedented challenge as a result of measures put in place to control the pandemic. The nature of this sector, with a highly seasonal and perishable product, means that businesses are being damaged, possibly to a much higher degree than other industries. Working capital is significantly tied up in perishable stock, that must be maintained, but for which distribution has largely closed. Product is perishable (normally a fixed life) and requires ongoing husbandry and maintenance (including watering, feeding, crop protection and environmental controls).

Seasonal plants such as bedding and gift planters are grown for fixed sales windows often linked with celebration days (e.g. Easter) or key gardening weekends. Sales lost on these days are not recovered. Almost all sales have ceased due to the closure of many retail outlets – Garden Centres, retail nurseries. Consumers are focusing on essential purchases only, and landscape and construction projects are on hold. In multiple retailers, they are focused on food products and some have stopped sales of ornamental horticulture products. Some online and delivery sales are continuing but this represents small market share for these typically impulse purchase products.

Growers of seasonal plants now have to decide whether to risk planting/sowing the next batch. Unsold stock reduces space for subsequent planned crops. Even if closed, some staff are required on site to maintain crops.