Insights from the COVID-19 shock: Impacts and agility in seafood supply chain and markets

Dr Emily Ogier
04 March 2021
ABARES Outlook
Timeline of COVID-19 linked events impacting the Australian seafood industry January-June 2020

1. **March 17**
   - Australian government announces a relief package for fisheries and aquaculture.

2. **March 19**
   - State and territory border closures begin.

3. **March 20**
   - Australian banks announce repayment freezes for home and business customers for 6 months.

4. **March 23**
   - Australian Government establishes COVID-19 Relief and Recovery Fund (A$10 billion) to support regions, communities, and industries impacted by the pandemic.

5. **March 23**
   - National COVID-19 Coordination Commission (NCCC) established.

6. **April 1**
   - International air and sea freight stabilises.

7. **April 8**
   - Wuhan and Hubei lockdown ends.

8. **April 15**
   - Japanese government imposes one-month state of emergency for all prefectures (closure of businesses).

9. **April 27**
   - Remote community isolation required, in Northern Territory, affecting local seafood trade.

10. **April 30**
    - Australian physical distancing restrictions come into effect (restaurants, hospitality shutdown, takeaway increases).

11. **May 8**
    - Australian physical distancing restrictions ease as NCCC announces a roadmap to recovery.

12. **June 13**
    - Second lockdown in Beijing due to a Xinfadi market cluster, temporary suspension of European salmon imports.

13. **June 20**
    - Australian Government announces A$5.2 million seafood marketing campaign (A$84 million).

**Events types:**
- Australian Government financial stimulus
- International event
- Seafood industry event
- Loan repayment support
- Australian physical distancing or control measure
No single seafood story
Exposure factor: Export market orientation

Across January-June 2020 the value of Lobster and Abalone exports declined by 45%, while live and fresh seafood exports overall declined in value by 32% (compared with the five-year average for the same period).

Lobster and Abalone accounted for nearly 30% of total GVP from Australia’s seafood production pre-COVID-19.
Exposure factor: Dine-in food service orientation

During the lockdown phase, demand for Australian live seafood (Wrasse, Crabs) declined significantly.

These species are primarily sold in Asian-food restaurants in Melbourne and Sydney’s Chinatown.

Other seafood sectors negatively impacted included Oysters and Calamari.

Recovery impacted by substitution with Rock Lobster, now cheaper and more available domestically.
Protective factor: Retail orientation

Spike in volume of sales of frozen and fresh seafood during the COVID-19 lockdown.

Volume and prices of fresh seafood sales remained buoyant across May-June 2020.

Sectors already supplying retail markets (e.g. Finfish, Salmons, Prawns) were well positioned to take advantage.

Other sectors (e.g. farmed Barramundi) were able to partly transition to retail, away from dine-in food service.
### Marine resource management agency measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Direct cost-easing</th>
<th>Indirect cost-easing</th>
<th>Increased flexibility</th>
<th>Indirect revenue-raising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government support measures</td>
<td>Waiving of licence fees and levies paid by seafood producers, and applied consistently by various agencies.</td>
<td>Implementation of a temporary rule change allowing the carryover of uncaught quota to help mitigate the market impacts of coronavirus.</td>
<td>Temporary changes to spatial, gear and seasonal controls on fishing effort to increase fishing efficiency, allow flexibility and greater access to available markets.</td>
<td>Allowing fishers to sell directly to the public from their vessels, where not already permitted.</td>
</tr>
</tbody>
</table>

### Central government support measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Direct cost-easing</th>
<th>Direct cost-easing</th>
<th>Direct cost-easing</th>
<th>Investment Incentive</th>
<th>Diversification cost support payment</th>
<th>Wage cost support payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business cost reduction</td>
<td>Export trade freight assistance</td>
<td>Business payments</td>
<td>Business investment incentives</td>
<td>Other trade support payments</td>
<td>Employment protection</td>
<td></td>
</tr>
<tr>
<td>These included full or partial payroll tax refunds, reduction in payroll tax rates, or deferral of payments.</td>
<td>The International Freight Assistance Mechanism (IFAM) is a temporary subsidy of international air freight movements to re-establish global supply chains for Australian businesses.</td>
<td>Emergency cash flow boost payments to small or medium-sized businesses which employ staff meeting turnover criteria and/or in specifically, highly-disrupted sectors.</td>
<td>Payments and loan schemes to incentivise business investment and economic growth over the short term, by accelerating depreciation deductions.</td>
<td>Industry-specific programs to grant funds to businesses to respond quickly to changes in export market conditions, and enable diversification and resilience.</td>
<td>Through the JobKeeper Payment scheme, businesses and not-for-profits were paid a fortnightly payment for part or all of their salary or wages for eligible employees.</td>
<td></td>
</tr>
</tbody>
</table>
Re-bound factor: Industry responses

**Supply chain strategies**
- Source production inputs domestically (local procurement)
- Manage production levels at finer scale to match market conditions
- Shorten supply chains (e.g. direct sales)

**Market strategies**
- Redirect fresh product from high end dine-in food service to retail
- Shift sales from bulk frozen food service markets to retail
- Shift sales from export to domestic markets
- Establish or expand direct sales including online sales
Growth in an uncertain world

Opportunities
- New seafood retail segments and retail-facing products
- Packaging innovations to reduce time sensitivity
- Shorter supply chains

Supporting agility
- Business and sector continuity planning
- Improved early detection and diagnostics of pandemic shocks
- Biosecurity and pandemic response preparedness