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REPORT BRIEF

Global Impacts of the COVID-19 Pandemic on the Seafood Industry

A New Report Highlights Longer-Term Responses
of the Seafood Sector to the Pandemic

Summary prepared by Our Shared Seas
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Like most sectors, the global seafood industry has experienced major disruptions wrought by the COVID-19 pandemic over the past two-plus years. At the same time, the far-reaching impacts of the pandemic have given rise to innovations and new models across the seafood industry. To characterize these changes, the international nonprofit Future of Fish conducted research from January to October 2021 to identify major patterns in the global seafood sector's ongoing response to the pandemic. The report notes four emergent trends and includes lessons learned on the potential for building resiliency to future shocks that will inevitably shape business in the coming years and decades.

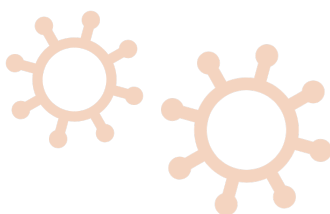
Key Takeaways

Businesses must expect a future that will be increasingly uncertain—whether due to climate change, geopolitical instability, future pandemics, or other disruptions. Lessons learned from the COVID-19 pandemic can inform strategies that seek to create more adaptive and resilient seafood supply chains and food systems.

The COVID-19 pandemic accelerated many existing trends. These include the rise of e-commerce, especially for food delivery; growing demand for traceability and transparency of businesses; rising consumer demand for ready-to-eat and packaged products in an era of busy schedules, and interest in remote work and training opportunities.

The chronic nature of the pandemic has spurred seafood entrepreneurs to move from reactive to more preventive response modes. In 2021, seafood companies built on learnings from the initial year of the pandemic to innovate in ways that support long-term, adaptive response to continued shocks.

Those working to build a more responsible seafood industry face new challenges and new opportunities as a result of shifts brought about by the pandemic.



Emergent Seafood Sector Trends

Ongoing shocks, such as the emergence of virus variants, have required stakeholders to continue to react and deploy coping strategies. Yet evidence of adaptation indicative of longer-term strategic shifts has also emerged. Future of Fish identified four global trends, which manifest differently across fisheries and supply chains around the world. None

of the trends are inherently “positive” or “negative”—instead, they show where momentum is building in the system. The trends carry potential to create opportunity but without effective design and process, also the new behaviors and practices within these trends also have the potential to generate harm.



TREND 1. DIVERSIFICATION AS A LONG-TERM STRATEGY

Diversification strategies are being implemented throughout the seafood sector and look different across geographies and supply chain nodes. From the creation of direct-to-consumer channels, to expansion in species or product forms, to innovative preparations designed for cooking at home, the industry has quickly embraced diversification as a core element of long-term strategic survival and growth.

Initially a reactive strategy, new trade relationships, and investment in diversified products are proving valuable and are perceived as critical to future risk mitigation throughout the supply chain. Fishers investing in microprocessing equipment or wholesalers hiring teams to support expanded sales channels are examples of diversification as a more preventive strategy. This includes analyses that inform which specific markets (e.g., value-add vs. frozen) to invest in.

“COVID helped us realize we should not have all our eggs in one basket.” —EU seafood distributor



TREND 3. FISHERIES AND SEAFOOD ARE GOING HIGH TECH

The growing trend to leverage technology to improve management and consumer access to verifiably safe seafood surged in the wake of supply-chain disruptions and limitations on in-person activities. Technological innovations continue to develop and deploy rapidly, from an increased interest in and need for onboard cameras and e-reporting to the use of online communication, purchasing, and payment platforms.

“Some of us invested in technology and realized we can make as much or even more money by automating as much as we can—we’ll probably keep using this, you know...why go back?” —Chilean processor



TREND 2. INVESTMENT IN “BUFFERS” TO BUILD RESILIENCY

Individuals and companies that successfully pivoted their business models to survive during COVID-19 often had cash flow and access to financial resources, physical assets (such as equipment, inventory, and quotas), and/or strong networks and diverse partnerships. Today, seafood actors are shoring up these buffers as a long-term strategic investment to build resilience to future shocks.

“We are all looking to hold more inventory in supply chains down the road.” —Global seafood distributor

“The Portuguese, Spanish, and Greeks, on average, have 4-5 licenses...so they have hooks and line, nets, and pots and traps. So even if they operate with one [gear type] mostly, they have other ones and they are used to shifting during the year when the season is not great.” —Small-scale fisheries expert, Europe



TREND 4. INCREASED FOCUS ON LOCAL AND DOMESTIC MARKETS

Across the supply chain, forces are pushing seafood actors to reconsider the role of domestic and even hyperlocal seafood markets as a growth opportunity. The abrupt shutdown of international markets caused many suppliers to quickly pivot to domestic retail markets to move inventory and stay afloat. Today, many of these new trade relationships are proving profitable. Companies continue to experiment and invest in the models, teams, packaging, and technology to serve domestic markets, citing uncertainty about foreign exports and a desire for diversified strategies. This response may help build resilience at enterprise, community, and food-system levels.

“Restaurants are selling food for delivery—but, there was a fish shortage, because fishers are not legally allowed to sell to them directly. We got fishers special permits saying they were employed by us, which allows them to fish and sell.” —Central American Distributor

Effects on Social Responsibility and Environmental Sustainability

Before COVID-19, several factors were creating momentum for greater social and environmental traction in the seafood sector, including the growth of environmental, social, and governance (ESG) investing, continued buyer commitments, and new initiatives to address social conditions. For some seafood actors, the pandemic has offered a chance to reassess strategies and to emerge with stronger commitments and engagement.

For others, COVID-19 was a devastating blow that has pushed their business to the limits, leaving little room for consideration of anything but making it through the day. Under such “survival mode” conditions, sustainability and social responsibility take a back seat.

The result is a global stage riddled with both setbacks and opportunities for advancing sustainability and social responsibility objectives throughout the industry.

Setbacks to Sustainability and Social Responsibility

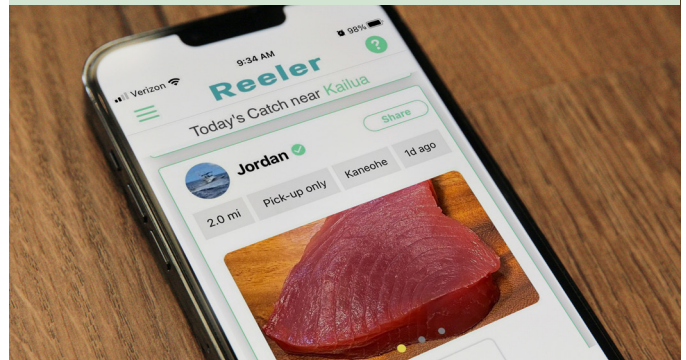
- **Lack of enforcement and significantly reduced monitoring** are posing concerns for worker safety at sea and in processing plants along with increased rates of illegal, unreported, and unregulated fishing.
- **High seafood prices are undermining certifications**—due to increased demand and limited supply, some fishers and distributors are receiving premiums without being certified, eroding the value proposition of certification models.
- **Enormous price sensitivity**, especially in food service, is limiting the ability to push sustainable products that carry premium prices.
- **Logistics disruptions and high shipping costs** are forcing companies to find new sourcing options, which may not always be sustainable.
- **Direct-to-consumer and home delivery growth** is creating a packaging and waste crisis.



(left) Illegal fishing gear. Photo: iStock/Irina Orlova; (right) Example of a D2C app.

Opportunities for Advancing Sustainability and Social Responsibility

- **Companies are doubling down on commitments to social and environmental criteria as a differentiator**, especially for those using direct-to-consumer models.
- **Online sales provide greater opportunity for education and engagement with consumers and a potential to increase accountability**, as companies embracing social media and online sales may be more susceptible to public scrutiny by consumers, especially via social media.
- **Greater demand for eco-friendly packaging by committed seafood companies is helping to spur innovation.**
- **Increased domestic market exposure to Marine Stewardship Council and other certified products that were rerouted to local markets could support greater market penetration in the future.**
- **Growing consumer demand for companies to provide safe and hygienic products; safe and healthy work environments; and environmental, ethical, and social information.**





Implications for the Future

The impacts of COVID-19 on individuals, communities, businesses, and local economies have been devastating. Certain aspects of the seafood sector made it particularly vulnerable, including dependence on complex global supply chains for distribution, a highly perishable product, reliance on small-scale operators and migrant workers to support production, and crowded processing operations.

Several studies have put forward recommendations for how to turn the challenges of COVID-19 into the change that is needed to ensure an environmentally sustainable, socially responsible, and economically viable wild-capture seafood industry. Common themes across these studies include:

- Bridge the digital divide by providing access to digital systems for better business and fisheries management.
- Strengthen local seafood systems by building physical and technological infrastructure to improve efficiencies, quality, and markets for local seafood trade.
- Research, design, and implement effective social safety net programs, especially for small-scale fish producers and traders.
- Improve women's access to new opportunity areas, such as digital marketing and logistics.
- Continue focus on increasing value, rather than volume.
- Leverage consumer trends to grow demand for responsible seafood.

To view the full report from Future of Fish, visit Our Shared Seas:

<https://oursharedseas.com/covid-19-seafood-report>