

# **Impact of Covid-19 on the Marine Economic Sector Research and Analysis Survey of Businesses**

**Marine Analytical Unit**

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### 1. Introduction

The impact that the Covid-19 pandemic has had on the economy is unprecedented in scale and scope. This survey was developed and carried out in order to understand the impact of the coronavirus outbreak on aquaculture businesses, sea fisheries businesses and recreational fishing businesses.

There are a number of business surveys which have been developed to this aim including the ONS's Business Impacts of Covid-19 survey. However, they don't provide the sectoral breakdown necessary to assess the impact of Covid-19 on the marine economy sectors assessed as being most likely affected.

### 2. The Survey

Three different surveys were carried out in October 2020 on the following sectors/industries:

- Sea-fishing – covering a range of businesses, including both small scale inshore fisheries, and larger scale fisheries.
- Aquaculture – covering business in both finfish and shellfish.
- Recreational fisheries – covering businesses boards, trusts and associations.

The survey asks questions about business's turnover, cash flow, costs and trade impacts, employment, whether business have applied and receive government

rescue funding and outlook on survival and employment prospects in order to provide a snapshot of the impacts of Covid-19 pandemic on these businesses. This report provides an assessment of the results.

### **3. Survey Method**

We ran three online surveys for two weeks during October 2020. An invitation to submit a response was distributed through different media channels by the Scottish Government's communications division and also promoted through engagement with stakeholder groups. These elicited 69 responses for the Sea Fisheries Survey, 62 for the recreational fisheries survey and 12 for the Aquaculture survey. According to Marine Scotland statistics there were 2,098 fishing vessels<sup>1</sup> and 49 finfish and 129 shellfish aquaculture businesses in 2019<sup>2</sup>, the number of recreational fishing businesses is unknown. Whilst there are a large number of total aquaculture and sea fisheries businesses, our results are a good representation of the sector as many fishers own multiple vessels and the market for aquaculture is concentrated in a small number of large businesses.

The questions for the different surveys were developed in consultation with stakeholders and colleagues across Marine Scotland. The survey asks a number of multiple answers questions which means that some results do not add up to 100%.

### **4. Caveats**

- It is important to notice the sample sizes when referring to any survey results.
- Results from the survey are unweighted, with each business assigned the same weight regardless of turnover, size or industry.
- As stakeholders opt-in to complete the survey, self-selection bias may be present. Therefore, responses are illustrative and they should be treated with caution as results reflect the characteristics of those who responded and not necessarily the wider business population.

### **5. Key Messages – Sea Fisheries Businesses**

For context, 81% of respondents work in the shellfish sector, 27% in demersal and 6% in the pelagic sectors, 80% of respondents are a micro business and 75% own one vessel. This should be taken into account when considering the results.

The majority of the sea fisheries businesses (93%) continued to trade during the lockdown period. However, all respondents reported activity and effort to have reduced during the period. The majority signalling a decrease in prices (88%) and access to markets (72%) being the main cause. 68% of businesses reported that prices decreased more than normal during this period.

A majority of respondents reported a reduction in EU demand to be the main reason for turnover being outside its normal range, followed by a reduction in demand within

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<sup>1</sup>[Scottish Sea Fisheries Statistics 2019 - gov.scot \(www.gov.scot\)](http://www.gov.scot)

<sup>2</sup>[Scottish Fish Farm Production Survey 2019 - gov.scot \(www.gov.scot\)](http://www.gov.scot); [Scottish Shellfish Farm Production Survey 2019 - gov.scot \(www.gov.scot\)](http://www.gov.scot)

UK. Around 60% of the respondents reported that their exports decreased by at least 20% during the coronavirus outbreak and 77% did not find new markets.

62% of businesses reported to have applied and received funding from the Marine Scotland Sea Fisheries Support Scheme. Support was also found from the small business grant/loan scheme (33%) and the self-employment income support scheme (30%). Some of the enterprises also received grants from the Coronavirus job retention scheme and Marine Scotland Aquaculture Hardship Fund.

The financial outlook of many businesses responding has been negatively affected due to Covid-19 with 55% of the respondents partly surviving with government support during this period and 18% solely relied on government support to continue operating.

The businesses' workforce in this sector was mostly able to meet the demand - 60% reported to have enough workforce to meet the demands of the business while only 15% reported to either not able to meet the business demands. 65% sourced their workforce locally, 17% within Scotland, 14% from other EU countries and 8% from countries outside of the EU. 37% of businesses reported to have decreased working hours in order to cope with the impact of coronavirus, 26% laid off crew in the short-term and 17% reported to have furloughed crew.

68% did not make any changes to their businesses as a result of Covid-19 and 58% have not made any plans anticipating a second wave.

Full survey results for sea fisheries respondents is available at Annex 1.

## **6. Key Messages - Aquaculture Businesses**

For context, 82% of aquaculture respondents were finfish producers and 18% were shellfish growers, 42% of the respondents owned large businesses, and 74% represented small and medium businesses.

The large majority (75%) of the aquaculture businesses we still trading between March and June 2020. 17% had temporarily closed or paused trading during the period.

All the businesses incurred a decrease in turnover, the vast majority experienced a decrease up to 50%, whilst 17% faced a decrease in turnover of more than this. Some businesses (17%) reported a decrease within the normal range between March and June 2020 when compared to the same time last year. A reduction in demand in rest of the world due to the pandemic was cited by 37% of businesses as the main reason for the decrease in turnover, followed by reduced demand in EU (18%) and UK (18%).

Businesses reported that exports were more significantly affected than imports. Of those businesses which engage in export activity, around half of them experienced a decrease in exports. Of the 25% of respondents who did not export half of them still

reported a decrease in activity. On a more positive note some businesses reported finding new foreign and domestic markets for their products.

Businesses in the aquaculture sector experienced a relatively smaller impact on prices compared to other sectors with 42% reporting no change during the period. However, 25% of business did report a decrease in prices.

Accessing supplies was an issue. Most of the businesses who depended on the UK for the supply of materials, goods or services reported to either have been unsuccessful in obtaining the supplies or had to change the supplier or find alternative solutions.

The financial outlook reported by respondents was relatively positive compared to other sectors. The majority (75%) of the respondents reported that their businesses were financially viable without government support, with 83% reported to being able to cover both fixed and variable costs during the Covid19 period. A majority of the respondents were fairly confident about the financial resources they had to continue to operate until at least next 12 months.

On workforce, 17% reported that they were neither able to meet the business demands nor able to employ additional staff during the outbreak. 55% businesses furloughed staff and 18% decreased working hours whilst 27% increased working hours and 18% recruited staff for short-term.

Business adaptability and readiness was high with 75% of the businesses having made changes to adapt to the situation and 66% having made preparatory plans in case there was a second wave of Covid19.

Full results for aquaculture respondents is available at Annex 2.

## **7. Key Messages – Recreational Fisheries Businesses**

For context, 77% of the respondents represented Salmon/Sea Trout recreational fisheries, 24% represented the District Salmon fishery board, 14.5% Rivers/Fisheries Trust and 11% represented the Wild Trout/Coarse fisheries, 89% are micro businesses.

Around 60% of recreational fishing businesses reported to have temporarily closed or paused their operation during the lockdown. All the businesses reported turnover to have decreased during this period with almost half reporting a decrease of more than 50%. 95% reported Covid19 to be the main reason for the business's turnover being outside the normal range. 92% were unable to find new markets and only 7% were able to diversify their businesses by finding new markets within the UK and 3% found new markets in Scotland.

While access to finance increased for only 10% of the businesses, 57% reported to have had the same access to financial resources as before, while 16% saw a

decrease in access. 63% of the businesses were able to cover their fixed and variable costs during the Covid19 period with the majority being fairly confident that their business has the financial resources to continue operating for at least the next 12 months.

The financial position of some recreational fisheries businesses has been affected by Covid-19. 46% reported to have partly relied on government support to survive during this period. 44% reported business being financially viable without government support. The majority of respondents applied and received support from the Job Retention Scheme followed by Government Funded Small Business Grants, Business Rates Holiday and Deferring VAT Payments Schemes. 35% of business did not apply for any government support scheme.

Availability of workforce was typically not an issue with 75% reporting that they had the workforce to meet the business demands. 86% of the businesses sourced their workforce locally, 23% within Scotland and 10% from the rest of UK (multiple answers possible).

52% of businesses reported to have furloughed their staff in order to cope with the impact of the coronavirus and 15% reported decreasing working hours for their staff.

Only 37% of these businesses reported to have made some changes to the businesses practices due to Covid19 and only 26% reported to have made some preparatory plans to their businesses in anticipation of the a second wave of Covid-19.

Full results for recreational fishing businesses are available at Annex 3.

## **8. Sectoral results**

### **8.1 Shellfish Fisheries**

#### Key Messages

##### **Markets**

- The vast majority of Shellfish operators (96%) continued to trade during the Covid period, defined as March – June 2020.
- Wide reduction in activity mainly due to not being able to access the EU market and large drop in prices. 33% of respondents reported that prices will have to increase by more than 30% to return to normal activity levels.
- 73% of Shellfish operators did not find new markets during the Covid period and 87% reported a decrease in prices.
- 78% of Shellfish operators are exporters and 49% of them reported that exports decreased by more than 50% during the Covid period.
- Almost 87% of the Shellfish operators surveyed don't engage in imports, therefore prices and availability of imports is not an issue for them.

## **Finance**

Wide spread use of the hardship funds available - 69% applied and 73% received the Marine Scotland Sea Fisheries Support Scheme and 16% applied and 9% received the Marine Scotland Aquaculture hardship fund.

- 71% of Shellfish operators were able to cover both fixed and variable costs during the Covid period.
- Only 18% of Shellfish operators did not rely on any government support to survive through the Covid period.
- 33% were fairly confident that they would be able to continue to operate for the next 12 months.

## **Workforce**

- 86% of Shellfish operators source their workers locally. Less than 7% source their workers from the rest of the EU.
- 29% of Shellfish operators decreased working hours of their workers; 16% laid off crew in the short term and less than 11% furloughed some of their workforce.

## **Readiness for second wave and Brexit**

- 58% have made no preparatory plans anticipating a second wave of Covid-19, 16% said they would be planning soon and 27% have made plans
- 47% have made no preparatory plans to anticipate the end of the Brexit transitional period on the 31st of December 2020, 24% said they would be planning soon, 27% have made plans.

## 8.2 Demersal Fisheries

### Key Messages

#### **Markets**

- The vast majority of demersal operators (94%) continued to trade during the Covid period, defined as March – June 2020.
- Wide reduction in activity mainly due to a large drop in prices and not being able to access the EU market. 57% of those who answered this question reported that prices will have to increase by more than 30% to return to normal activity levels.
- 72% of demersal operators did not find new markets during the Covid period and 67% reported a decrease in prices.
- 78% of demersal operators are exporters and 39% of demersal operators reported that exports decreased by more than 50% during the Covid period.
- 67% of demersal operators surveyed don't engage in imports. The remaining stated that imports were unaffected or they were not sure.

## **Finance**

- Wide spread use of the hardship funds available - 39% applied for and received funding from the Marine Scotland Sea Fisheries Support Scheme. However, 33% of respondents did not apply for support from any listed government initiatives.
- 78% of demersal operators were able to cover both fixed and variable costs during the Covid period.
- 44% of demersal operators did not rely on government support to survive through the Covid period, while 17% relied solely and 39% relied partly on government support.
- 72% were fairly confident that they would be able to continue to operate for the next 12 months.

## **Workforce**

- 33% of demersal operators source their workers locally (this includes family). However, 33% of operators source their workers from Scotland but not locally. 34% of respondents source their workers from other EU countries or countries out with the EU.
- 44% of demersal operators decreased working hours of their workers, 28% furloughed some of their workforce and 22% laid off crew in the short term.

## **Readiness for Second Wave and Brexit**

- 83% have made no preparatory plans anticipating a second wave of Covid-19, while just 17% have made plans.
- 72% have made no preparatory plans to anticipate the end of the Brexit transitional period on the 31st of December 2020, 22% have made plans.

### **8.3 Pelagic Fisheries**

The results for pelagic fishery respondents are not reported for disclosure reasons.

### **8.4 Finfish Aquaculture**

#### Key Messages

#### **Markets**

- The vast majority of finfish businesses (89%) continued to trade during the Covid-19 period, defined as March – June 2020.
- All respondents (100%) reported a difference in turnover during the lockdown period (March - June 2020) compared to this time last year.
- 44% of finfish businesses did not find new markets during the Covid period.
- 67% of finfish businesses are importers and 11% of them reported that imports decreased by up to 20% during the Covid period. 44% reported imports to have been unaffected.

## **Finance**

- 67% of finfish businesses reported that their ability to access financial resources stayed the same during the coronavirus outbreak.
- Wide spread use of government support schemes – 67% applied for funding from various schemes with just 11% of them not receiving funding.
- However, 33% of respondents did not apply for support from any listed government initiatives.
- 100% of finfish businesses were able to cover both fixed and variable costs during the Covid period.
  - 100% of finfish businesses did not rely on government support to survive through the Covid period, as their business is financially viable without business support.
- 56% were very confident and 44% were fairly confident that they would be able to continue to operate for the next 12 months.

## **Workforce**

- 78% of finfish businesses source their workers locally. 67% source their workers from within Scotland. 22% of operators source their workers from the rest of the UK or other EU countries.
- 56% of finfish businesses furloughed staff, 33% increased working hours of their workers, 22% decreased working hours, 22% recruited staff in the short term and 11% laid off staff in the short term.

## **Readiness for Second Wave and Brexit**

- 78% have made preparatory plans anticipating a second wave of Covid-19, while just 22% have made no plans but will be planning soon.
- 56% have made preparatory plans to anticipate the end of the Brexit transitional period on the 31st of December 2020, 44% have made no plans with 25% of them intending on planning soon.

### **8.5 Shellfish Aquaculture**

The results for shellfish aquaculture respondents are not reported for disclosure reasons.

### **8.6 Rivers and Fisheries Trust – Recreational Fishing**

#### Key Messages

#### **Markets**

- The majority of rivers/fisheries trust businesses (67%) continued to operate during the Covid-19 lockdowns, with 33% temporarily closing or pausing operation.
- 44% of businesses experienced a decrease in turnover of more than 50%.
- 89% of rivers/fisheries trust businesses did not find any new markets to export to or new buyers during the coronavirus (Covid-19) outbreak.

## **Finance**

- 33% of respondents reported that their ability to access financial resources during the coronavirus outbreak stayed the same.
- 67% of rivers/fisheries trust businesses were able to cover both fixed and variable costs during the Covid-19 period.
- 44% of businesses did not rely on government support to survive through the Covid-19 period, while 44% relied partly on government support.
- 77% were fairly to very confident that they would be able to continue to operate for the next 12 months.

## **Workforce**

- 78% of rivers/fisheries trust businesses source their workers locally. However, 22% of operators source their workers from Scotland but not locally.
- 78% of businesses furloughed some of their workforce, 22% decreased working hours and 11% increased working hours.

## **Readiness for Second Wave and Brexit**

- 66% have made no preparatory plans anticipating a second wave of Covid-19, while just 33% have made plans.
- 89% have made no preparatory plans to anticipate the end of the Brexit transitional period on the 31st of December 2020, 11% have made plans.

## 8.7 District Salmon Fishery Boards(DSFB) – Recreational Fishing

### Key Messages

#### **Markets**

- The majority of DSFB businesses (53%) continued to operate during the Covid-19 lockdowns, with 47% temporarily closing or pausing operation.
- 33% of businesses experienced a decrease in turnover of more than 50%.
- 87% of DSFB businesses did not find any new markets to export to or new buyers during the coronavirus (Covid-19) outbreak.

#### **Finance**

- 67% of respondents reported that their ability to access financial resources during the coronavirus outbreak stayed the same.
- 53% of DSFB businesses were not able to cover both fixed and variable costs during the Covid-19 period.
- 33% of businesses did not rely on government support to survive through the Covid-19 period, while 7% relied solely and 40% relied partly on government support.
- 27% were very confident that they would be able to continue to operate for the next 12 months, with a further 40% being fairly confident.

## **Workforce**

- 80% of DSFB businesses source their workers locally. However, 20% of operators source their workers from Scotland but not locally. The rest of respondents source their workers from the rest of the UK.
- 53% of businesses furloughed some of their workforce, 20% decreased working hours, 13% laid off staff in the short term, and 7% recruited staff for the short term.

## **Readiness for Second Wave and Brexit**

- 73% have made no preparatory plans anticipating a second wave of Covid-19, while just 27% have made plans.
- 87% have made no preparatory plans to anticipate the end of the Brexit transitional period on the 31st of December 2020, 13% have made plans.

## 8.8 Wild Salmon and Sea Trout – Recreational Fishing

### Key Messages

#### **Markets**

- The majority of wild salmon/sea trout businesses (71%) temporarily closed or paused operation during the Covid-19 lockdowns.
- 56% of businesses experienced a decrease in turnover of more than 50%.
- 92% of wild salmon/sea trout businesses did not find any new markets to export to or new buyers during the coronavirus (Covid-19) outbreak.

#### **Finance**

- 63% of respondents reported that their ability to access financial resources during the coronavirus outbreak stayed the same.
- 54% of wild salmon/sea trout businesses were able to cover both fixed and variable costs during the Covid-19 period.
- 44% of businesses did not rely on government support to survive through the Covid-19 period, while 10% relied solely and 40% relied partly on government support.
- 38% were very confident that they would be able to continue to operate for the next 12 months, with 46% being fairly confident.

#### **Workforce**

- 83% of wild salmon/sea trout businesses source their workers locally. However, 15% of operators source their workers from Scotland but not locally. The rest of respondents source their workers from the rest of the UK.
- 48% of businesses furloughed some of their workforce, 17% decreased working hours, 4% recruited staff, 4% laid off staff and 2% increased working hours.

#### **Readiness for Second Wave and Brexit**

- 77% have made no preparatory plans anticipating a second wave of Covid-19, while just 23% have made plans.
- 94% have made no preparatory plans to anticipate the end of the Brexit transitional period on the 31st of December 2020, 6% have made plans.

## 8.9 Wild Trout and Coarse Fishing – Recreational Fishing

### Key Messages

#### **Markets**

- The majority of wild trout/coarse fishing businesses (57%) temporarily closed or paused operation during the Covid-19 lockdowns.
- 29% of businesses experienced a decrease in turnover of more than 50%.
- 71% of wild trout/coarse fishing businesses did not find any new markets to export to or new buyers during the coronavirus (Covid-19) outbreak.

#### **Finance**

- 43% of respondents reported that their ability to access financial resources during the coronavirus outbreak stayed the same.
- 57% of wild trout/coarse fishing businesses were not able to cover both fixed and variable costs during the Covid-19 period.
- 29% of businesses did not rely on government support to survive through the Covid-19 period, while 14% relied solely and 57% relied partly on government support.
- 29% were very confident that they would be able to continue to operate for the next 12 months, with a further 29% being fairly confident.

#### **Workforce**

- 86% of wild trout/coarse fishing businesses source their workers locally. However, 14% of operators source their workers from Scotland but not locally. The rest of respondents source their workers from the rest of the UK.
- 57% of businesses furloughed some of their workforce, 29% recruited staff for the short term, 14% decreased working hours and 14% increased working hours.

#### **Readiness for Second Wave and Brexit**

- 71% have made no preparatory plans anticipating a second wave of Covid-19, while just 29% have made plans.
- 86% have made no preparatory plans to anticipate the end of the Brexit transitional period on the 31st of December 2020, 14% have made plans.



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