



UNITED FISHING AGENCY, LTD.



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COVID-19 Impacts to Hawaii Longline Fishery and Associated Seafood Industry

Situation Summary: May 26, 2020

Background Info

The Hawaii longline fishery, which started in Hawaii in 1917 and is now comprised of 140 locally owned active vessels, is the largest food producer in the State of Hawaii (32 million pounds produced in 2019).

The dockside landed value of the fishery is around \$105 million annually, ranking Honolulu Harbor in the Nation's top ten ports in terms of fisheries economic value (6th in 2018). The longline fishery represents approximately 90% of commercial fishing landings and revenue in Hawaii.

The Hawaii longline fishery supplies ice-chilled, high quality fish (ahi, swordfish, mahimahi, opah, etc.) to Hawaii and US mainland foodservice and retail seafood markets; products are principally marketed as fresh fish and not sold frozen. The United Fishing Agency (Honolulu Auction; Est. 1952) and several local seafood distribution companies are critical to the Hawaii fishing industry and seafood supply chain. Hawaii's commercial fishing and seafood industry has been estimated by the US Department of Commerce to annually generate around \$867 million in sales impacts, \$269 million in income impacts, \$392 million in value-added impacts, and 9,900 full-and part-time jobs.¹

COVID-19 Impacts

Fish prices at the Honolulu auction suffered extreme reductions on March 14, 2020. During the following two weeks, there was an 80% decline in the value of dockside landings. The primary reason for the decline was the rapid elimination of foodservice (restaurant, hotel, catering) orders. Several Hawaii wholesale distribution companies each laid off large percentages of their employees.

Since March 14th, auction prices have fluctuated with significant volatility representative of an overall weak market and substantial uncertainty. To limit oversupplying an eroded market, the Hawaii Longline Association (HLA) instituted trip limits of 15,000 lbs per vessel and the United Fishing Agency is holding the daily auction volume to a cap of 60,000 lbs, which is around 70% of the historical daily average. Even with these measures, ahi (yellowfin and bigeye tuna) prices remain lower than average and auction level prices for species like opah, monchong, billfish, ono remain very low. These normally valuable fish comprised about 30% of total landings and play an important role in vessel profitability.

Over the last 12 weeks, the Hawaii longline fleet has lost over \$15 million in revenue as compared to recent 5-year average for the same period. The outlook remains pessimistic as Hawaii tourism is non-existent and projected to be at low levels through the end of 2020. Moreover, restaurants both locally and on US mainland continue to be restricted and operating at much lower volumes. If market conditions persist as expected, the Hawaii longline fleet is facing approximately \$50 million in lost revenue for 2020.

¹ National Marine Fisheries Service. 2018. Fisheries Economics of the United States, 2016. U.S. Dept. of Commerce, NOAA Tech. Memo. NMFS-F/SPO-187a, 243 p

Recovery from COVID-19 Impacts and Government Support

Like most other commercial fishing vessels nationally, the SBA loan programs funded by the CARES Act were not accessed by Hawaii longline vessels as their operational and employment structure do not readily fit the SBA program criteria (e.g. captains and crew are 1099 independent contractors with large percentage of crew foreign workers; little to no loans, rent, or utilities).

NOAA Fisheries recently announced that \$4.3 million out of the \$300 million CARES Act fishery disaster relief provision is going to Hawaii. Pursuant to the CARES Act, the funds are to be allocated among commercial fisheries, charter for hire fisheries, wholesale distribution companies, marine aquaculture, cultural and subsistence fisheries.

As noted earlier, the Hawaii longline fishery alone has lost over \$10 million in revenue in the past 8 weeks. Thus, the \$4.3 million, however it may be allocated by the State of Hawaii, is inadequate to cover existing and future losses of Hawaii longline vessels.

Until restaurants and tourism markets return, Hawaii's seafood industry will continue to face significantly reduced revenue, and lower supply from vessels tying up.

Hawaii residents consume seafood at twice the national average and is important culturally for Hawaii's diverse communities. Already there is a reduced supply of seafood products available to Hawaii residents due to COVID-19 impacts. If predicted food protein (e.g. pork, beef) shortages are realized, Hawaii residents could be faced with serious food security challenges.

Government support is needed to incentivize fishing vessels to operate and for HLA and UFA to increase supply volumes to meet community food requirements. Seafood distribution companies play an integral role in the supply chain and also need government support to maintain operations.

Unlike the US agriculture industry, which is heavily subsidized, and which was provided over \$20 billion in the CARES Act, the Nation's fishing and seafood industry have been provided little economic assistance for COVID-19 impacts. Many US commercial fisheries and seafood processors, including those in Hawaii, face economic conditions that could force permanent closure.

The Hawaii longline fishery continues to produce high quality, sustainable, healthy seafood for Hawaii and US consumers, important for local food security, and reducing the national seafood trade deficit. However, as severe COVID-19 economic impacts persist, the Hawaii longline fishery and associated seafood industry face a highly uncertain future.

To view a recent video describing the impacts of COVID-19 on the Hawaii longline fishery, please visit: <https://www.youtube.com/watch?v=TrNpfrVOO64>

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