**Impacts of COVID-19 Pandemic on the Connecticut Aquaculture Industry**

**Survey of Impacts from March 23, 2020 to April 3, 2020**

**A Preliminary Report**

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**Background**

The Governor of Connecticut issued a “Stay Home, Stay Safe” order except for essential businesses on March 23, 2020. The Commissioner of Agriculture clarified, per Executive Order 7H, that aquaculture operations are considered “essential businesses”, however there was a near halt in aquaculture sales statewide. To better understand the impacts of the COVID-19 pandemic on the state’s aquaculture industry, the Connecticut Sea Grant Program and the Connecticut Department of Agriculture implemented an anonymous survey of Connecticut’s aquaculture producers which includes predominantly oyster and clam farmers, and also seaweed and inland finfish producers**.** As of March 24, 2020, 37 of 49 aquaculture businesses had completed the survey (response rate = 75%).The survey questions are included at the end of this preliminary summary statement.

**Preliminary Assessment of Impacts**

While the survey was anonymous, based on the number of employees represented in the responses, we have very good reason to believe that the responses cover the vast majority of production (in terms of volume) in the state. However, the views expressed do not represent the views of the entire industry as small, medium and large businesses owners have different business structures, needs and impacts. For the purposes of this preliminary assessment, we only use the term “majority” to put in context the impacts of the COVID-19 pandemic on total production.

Eighty-eight (88%) of respondents indicated that business revenue was negatively affected in February and March 2020. Shellfish hatchery operations have been able to complete some seed orders, otherwise the business revenue loss would be near 100%. Total revenue was down, and the reduction from this period last year ranged from to 50% to 100%, with an average reduction of 93%. The majority of raw, unprocessed shellfish is sold to restaurants, and restaurants were ordered closed except for take-out beginning on March 16, 2020. Hence the near halt in aquaculture product sales statewide. However, some businesses are selling through local farmers markets and farm stands and online. Of those who are not already, many expressed interest as those venues may be the only way to make sales.

More than half of the respondents indicated that they had laid off employees in February and March. It is important to note that most Connecticut aquaculture operations are small, family-owned businesses with less than five employees. Of the businesses that have responded, 259 full-time employees and twelve (12) part-time employees for a total of 271 total employees have been laid off, representing 70% of the workforce.

Half of the respondents had product returned or destroyed following delivery to wholesalers or restaurants that were subsequently closed or out of business. The top factors reported as currently impacting businesses are restaurant closures and reduced demand for product. While the majority of respondents claimed that “some” of their customers were paying their invoices, they also reported that a large number of customers were behind on payments.

When asked what issues they are most concerned about in the short-term (over the next few weeks), respondents noted:

* cash flow for overhead, payroll, rent or lease fees
* how soon the market will recover
* defaulting on government loans and invoices
* owners’ access to unemployment (resolved; while businesses need to have staff on property, owners are allowed to collect unemployment)
* access to direct sales
* lose employees to other industries
* long-term or permanent restaurant closures
* cancellations in shellfish seed orders
* shipping to wholesalers
* people staying healthy

When asked what issues they are most concerned about in the mid-term (over the next few months), respondents repeated most of what appeared on the previous list, plus:

* product demand
* ability to travel to markets
* ability of CT Department of Agriculture and CT Department of Energy and Environmental Protection to maintain essential services for aquaculture
* Paying health insurance premiums
* Some business owners are trying to pay their employees and not paying themselves, but this is a huge financial hit
* Some business owners are extending customer terms of payment, but this is a huge financial hit

Some of the dire messages that have been expressed include:

* “We are in a total free fall”
“This is having a ripple effect through multiple communities”
* “Farmers market shutdowns or exclusion of guest vendors shuts down a massive revenue stream”
* “..We will have a lengthy dip in business as people won’t be going out for dinner”
* “Nervous for upcoming season opening, permit approvals and weather opening and closures”

We asked producers to identify ways that we can help them. The responses included:

* Information on grants and loans, low interest loans, operational loans and bridge loans
	+ many respondents feel loans are of no value because they do not have the cash flow to make payments or they are fearful of having to personally guarantee the loan
	+ Respondents concerned that loan programs don’t allow them to adequately document economic damage
* Information about online sales, shipping and packing options
* Eliminate lease fees
* Help documenting economic damage