

Covid-19: Serious impact on demand

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The escalation of Covid-19 infections around the world is having a serious impact on demand for New Zealand's deer products. The degree to which this affects future returns will depend upon the speed with which countries can get the virus under control and allow normal commerce to resume.

In those countries that are successful with their Covid-19 suppression measures, some sort of normality may return in a couple months. But until a vaccine becomes available, which could be as long as 12-18 months, travel is likely to remain restricted and the public will need to maintain physical distance in order to prevent a resurgence in infections.

China and Korea, our key velvet markets, were the first to feel the impact of the disease. China appears to be on top of things now and there are some positive signs coming from South Korea, reports DINZ market manager Rhys Griffiths.

He contends it would have been worse for the deer industry had the outbreak, which started in China last December, occurred six months earlier. "As it is, it was helpful that it took off at the tail-end of the season, when the majority of velvet had been sold or accounted for."

Some Korean velvet importers reported that they saw velvet consumption increasing during the SARS outbreak in 2003, due to its perceived immune function properties, he says.

"But, overall, we can't expect to see anything positive coming out of this. We are deeply concerned about potential supply chain disruptions and the medium-term impact on demand from the predicted major downturn in economic activity," he says.

Logistical issues are being clarified around the globe. We understand the reasons, but it was not helpful having ports clogged up in China and Korea in January and February. Getting frozen container space on the ports also proved to be an issue, says Griffiths.

Airfreight has also been disrupted, with many direct flights to China and Korea cancelled. Airlines are now operating much reduced international services, a situation that is likely to continue for many months to come.

The industry's focus has now moved to demand for NZ venison in Europe, the new epi-centre of the disease. Again, the timing has been fortuitous for this season at least, as the spread of the disease from Asia occurred towards the end of the main production season. The main impact is likely to be felt next season.

Foodservice in Germany was the first to feel the impact of people starting to self-isolate and not going out to eat.

"Sales to wholesalers are down, offset in part by a slight increase in deliveries of meals to homes and a spike in online retail," comments venison marketing manager Nick Taylor.

As EU borders, venues, restaurants and even non-essential shops have now been ordered to close, it is clear the summer Cervena programme will be impacted, he says. The cancelling of mass gatherings has seen a number of trade fairs postponed or cancelled including the Internorga restaurant fair in Hamburg, and Tavola in Belgium.

Disruption is happening in North America. Last week the Canada/US border closed both ways and the US advised its citizens to avoid gatherings of more than 10 people, as well as bars and restaurants.

The US also closed its border to passengers from the EU's Schengen area, in addition to an earlier ban for those from China and Iran. This has meant the cancellation of a market tour for DINZ executive chef Graham Brown, says Taylor.

Venison marketers are looking for innovative ways to work around the changes in demand and reduction in restaurant sales and are using their international networks to find alternative customers. But with conditions changing so rapidly it is very difficult to place all venison being produced at the moment.

When things return to normal with public gatherings permitted and restaurants opening, consumers will be looking for high quality nutritious protein sources. DINZ will be using this time to develop new innovative recipes and resources for importers and wholesalers ready to support their promotional activities.

The New Zealand primary sector's strength, resilience and ability to respond to the effects of drought and the global impact of Covid-19 was highlighted in the latest edition of MPI's Situation and Outlook for Primary Industries (SOPI, March 2020). This suggests demand for New Zealand red meat could continue to be strong in the wake of African Swine Fever in Asia and the Australian drought and wildfires.

It is important to keep on top of any non-tariff trade barriers that might inadvertently arise as an impact of pandemic measures around the globe. The DINZ executive is monitoring the situation closely and liaising with Ministry for Primary Industries and market authorities as required.



Restaurants in Germany were among the first to feel the impact of people starting to self-isolate and not going out to eat. Fortunately this occurred after the game season when demand for NZ venison is high