

Wednesday, April 1st 2020



Food Security Monitor for Latin America and the Caribbean

Full Report on the Agrifood Sector in the Americas during the Coronavirus Pandemic

“The current scenario has made effective, top-rate technical cooperation among our countries indispensable”
Manuel Otero, Director General of IICA.

199.205

Confirmed cases of COVID-19 in America



Countries



Highest number of cases in America:

USA (174,467)
CAN (7,448)
BRA (4,715)
CHL (2,738)
ECU (2,240)

Covid-19 in the world



Source: Johns Hopkins University, available at <https://bit.ly/3dJ1CZX> . Data as of March 31 2020 (11 am CST).

*** This monitor is a dynamic, constantly updated tool created by IICA to analyze and forecast the impact of the world health crisis on food security in the Americas.*

Analysis and scenarios

Food vulnerability index in the face of covid-19

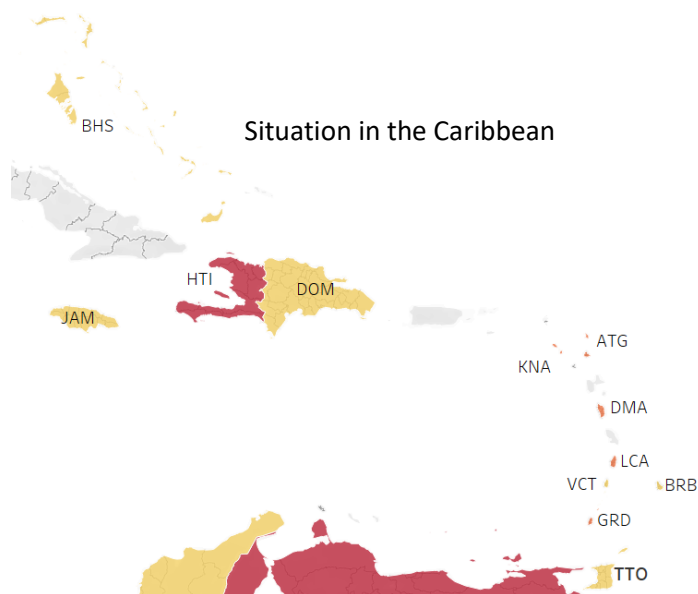


Based on these variables, the index uses values ranging from 0 (minimum vulnerability) to 100 (maximum vulnerability). As can be seen in the map, countries like Haiti, Bolivia and Venezuela show high levels of vulnerability for being low-income economies with high dependency on imported foods and a significant prevalence of undernourishment.

At the same time, a group of countries comprised of Antigua and Barbuda, Dominica, Saint Lucia and Grenada are highly dependent on imports and tourism (one of the sectors most affected by the current crisis) despite having higher incomes.

The food vulnerability index created by IICA in the context of the covid-19 crisis has facilitated an analysis of the situation of each of its member countries. The index was calculated by averaging the following four variables or possible areas that may be affected by the pandemic within the agrifood sector in the countries of the Americas:

- 1. Net income per capita:** indicative of the economic well-being and the purchasing power of consumers before the crisis. Countries with lower income will be more affected by an economic deceleration or recession.
- 2. Net food imports and exports per capita:** indicative of the country's level of dependence on international markets, and therefore, its capacity to meet its domestic food demands.
- 3. Prevalence of undernourishment:** indicative of what percentage of the population is at a higher risk for covid-19, due to the fact that they could not meet their basic food requirements before the crisis.
- 4. Net fiscal status of governments (income minus expenditures):** indicative of the response capacity or level of preparation of countries to provide direct support to the most vulnerable sectors, design stimulus plans and reactivate economic activity.



Source: Prepared by IICA with data from the World Bank (WDI, 2020), FAO (2019), IMF (WEO Report, October 2019) and WTO (2020).

Relevant issues for the agrifood sector

<h2>Markets</h2> <p>* Report from the MIOA, a cooperation network comprised of the Agricultural Market Information Systems (MIS) of 33 countries in the hemisphere. Information compiled by country.</p>	
<p>El Salvador: Markets are still moderately stocked. If transit restrictions are imposed, the price and supply of vegetables will be affected.</p> <p>Maximum prices have been set for staple grains such as rice, beans and maize, as well as eggs.</p> <p>The impact on prices of the basic food basket is under review and new measures are expected over the next few days.</p> <p>Costa Rica: No shortage of perishable goods has been reported; however, prices have increased for certain products including tomatoes, potatoes, sweet peppers and citrus fruits.</p> <p>Guatemala: At the wholesale level, products displaying the highest price increase are: key lime, broccoli, corn, Tommy mango, sorghum, black beans, potato, sugar and eggs.</p>	<p>Panama: There has been an increase in the price of agricultural products, mainly citrus fruits, and others such as pineapples, potatoes, onions, celery, lettuce and carrots.</p> <p>The Government authorized the import of 2.5 million quintals of paddy rice to alleviate the shortage after the end of the local harvest.</p> <p>The immediate purchase of 2,000 steers from local cattle ranchers was authorized. The meat is being processed and packed as a food security mechanism.</p> <p>Dominican Republic: Some wholesale markets are currently closed to the public.</p> <p>Local production remains strong; however, with the tourism and export sectors at a standstill, and due to problems in transportation logistics, there are difficulties in the internal distribution of products.</p> <p>For the time being, no significant agricultural price hikes have been registered.</p>

Production

* Measures related to the agrifood production sector, and information on impact channels and areas affected in the countries of the Americas (products grown or harvested during this time of year).

Colombia: Government launches a credit line to support farmers.

This assistance is aimed at ensuring liquidity and continuity of productive activities, in order to guarantee domestic food supply.

<https://bit.ly/3bDh9ZB>

United States: visa restrictions on migrants are detrimental to production.

In the midst of the crisis, the restriction of movement of people is affecting fruit and vegetable harvests in Florida. This is the watermelon harvest season, mostly carried out by seasonal workers. During 2019, Florida produced 22% of the watermelon consumed in the country. Moreover, Florida is about to enter the harvesting season for blueberries, melons, carrots, cucumbers, mangoes, peaches and watermelons in April and May. In California, on the other hand, workers are preparing for the harvesting of grapes, raspberries, lettuce, broccoli, cauliflower, peaches, plums, nectarines, melons and watermelons.

<https://bit.ly/3axF3Wr>

Uruguay: rice harvest is moving forward with good yields.

The current rice harvest is showing a yield of 9 thousand kilos per hectare, above the usual average. However, harvesting has been completed in only 27% of the area, and there is concern that the remaining percentage will suffer complications due to the suspension of activities for spare parts or input suppliers required for the harvest logistics.

<https://bit.ly/2w392q9>

United States: The coronavirus has forced Florida farmers to discard food they cannot sell.

The total shutdown of the hotel industry has resulted in the overstock of products destined for hotels and restaurants. Even food banks, soup kitchens and similar establishments that have seen a higher demand for products, are saturated with agricultural donations. <https://hrlid.us/2R0suv4>

Mexico: pig farmers guarantee the continuity of supply and distribution.

For the pig farming sector, the higher value of the dollar is one of the factors affecting them the most, because this rise is transferred to the price of animal feed. On the other hand, the pandemic has not affected the trade in pork meat.

<https://bit.ly/2UOYZ05>

Venezuela: Shortage of gasoline puts harvesting at risk.

Farmers are afraid of losing their harvests because the gasoline shortage has not allowed them to transport their crops to the cities. The transportation of vegetables, fruits and processed food in the different regions has experienced delays for the past two weeks, as a result of serious problems in fuel supply.

<https://reut.rs/2UOrf3a>

Trade

* Trade-related measures taken by the countries, description of the impact on products usually exported during this time of year, problems in trade logistics and global supply chains.

G20 Trade Ministers seek to guarantee supply.

The Trade Ministers of the G20 countries made a commitment on Monday to ensure the continuous flow of essential supplies and medical equipment, agricultural products and other essential goods and services, ensuring that they do not encounter restrictions at the borders. <https://bit.ly/2R1TzXJ>

El Salvador: rice and beans can be imported tax-free.

The Legislative Assembly lifted tariffs on rice, beans, wheat flour and maize, among other products, for the duration of the emergency, in order to ensure a supply for the population. Tariffs were also eliminated for medicines and sanitary products. <https://bit.ly/2Uu7IWG>

Argentina: Dairy exports still active.

According to data published by the Dairy Chain Observatory, dairy exports - based on preliminary information from the Statistical Institute, INDEC- in February 2020 increased by 14.1% in terms of product volume and 29.1% in terms of total dollar amount, when compared with the same month last year. <https://bit.ly/343Ui6P>

Argentina: restrictions on movement affect wheat freight transportation.

Transportation restrictions for freight trucks imposed on 80 municipalities are causing domestic supply problems (not caused by supply issues). However, the government is not considering an intervention into the market nor export restrictions. <https://bit.ly/2UyrXIS>

Most brands are not prepared to make a profit through e-commerce.

In a context of growing online sales, a report by Kantar and Profitero shows that most brands are unprepared for e-commerce. The survey was conducted on 200 brands throughout the world between September and December.

According to a study published last week by *Brick Meets Click and ShopperKit*, 31% of US homes (about 40 million) have purchased food online in the last month, which represents an opportunity for brands prepared for online shopping. <https://bit.ly/2yoyXtc>

Ecuador: The floriculture sector has accumulated losses worth \$ 1.5 million since February.

The shutdown of markets has been affecting the floriculture sector since mid-February, which is now losing more than \$1.5 million in exports on a daily basis. This is the third exporting sector of non-traditional products in Ecuador, after shrimp and bananas. The survival strategy at this time is based on ensuring that crops remain alive until markets reopen and the situation normalizes. However, measures are different on each farm. The impact is higher on farms with more intensive labor, where 60% of costs go to staff wages and 30% to plant care. <https://bit.ly/2UOfI9u>

Supply

* Measures taken by Ministries of Agriculture in different countries regarding food security.

Food transportation regulations being discussed in the region.

The Ministries of Agriculture of **Argentina, Brazil, Uruguay, Paraguay, Chile, Bolivia and Peru**, with the support of IICA, discussed initiatives aimed at harmonizing regulations and ensuring the smooth transportation of products and food supply in the region during the coronavirus pandemic. <https://bit.ly/2vZ7ttc>

There is no reason to increase prices in Chile.

The Minister of Agriculture of **Chile** stated that there is no reason (from the point of view of supply) for a significant price hike.

According to data from the Ministry of Agriculture, the country has food, so there is no room for speculation or significant increases in the price of agricultural products.

The country has recently faced a drought, but the Minister has pointed out that in spite of this, they have had a normal production year. <https://bit.ly/2xBxrn1>

Mexico defines key sectors in the context of Covid-19

In Mexico, the Business Coordinating Council (CCE) selected 24 industries and productive sectors deemed essential, to continue operating and maintaining services and activities efficiently during the response to the Covid-19 pandemic.

These industries include: materials and products necessary for the medical equipment supply chain; food and beverages; agriculture, livestock, agroindustries, fisheries, aquiculture and similar activities; energy; information technologies, electronics and high-level technology; vitamins, minerals and their pre-mixes; veterinary services (clinics, medication); and others. <https://bit.ly/33ZFy8Z>

Uruguayan agribusinesses are resisting the economic blow.

In **Uruguay**, many agribusinesses are resisting the economic blow delivered by the pandemic. The price of grains has been maintained, which is a positive sign in the context of an economic recession. Soybean has gone back to 310 U\$S/ton, a similar value to that of last year. <https://bit.ly/2X5NqVI>

Argentina proposes a list of reference prices.

Due to price hikes in fruits and vegetables in **Argentina**, the Central Market will establish a list of suggested prices for retail produce stores. This measure seeks to provide a guide on reasonable prices for consumers to be aware of. <https://bit.ly/346ogr2>

Peru is preparing the biggest stimulus plan in LAC against COVID-19.

The government of **Peru** is preparing a stimulus package of more than U\$S 25 billion (equal to 12% of Peru's GDP).

The plan is distributed throughout 3 phases:

- US\$8.5 billion for stage 1, containment.
- US\$8.5 billion for stage 2, consisting of a loan scheme for businesses with warranties.
- US\$8.5 billion for reactivation.

How can Peru propose a plan of such magnitude? The country has more than U\$S 68 billion in Central Bank reserves and a foreign debt of 27% of GDP, one of the lowest in Latin America. In the context of the global crisis, Peru will be exposed to the economic recession of China, the recipient of 28% of Peruvian exports and 70% of its copper sales. <https://bbc.in/2w1V6fW>