

Thursday, 23 April 2020



# Food Security Monitor for the Americas

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

Previous editions available at: <https://iica.int/en/monitor>

## 1,023,640

Confirmed cases of Covid-19 in the Americas



## Countries



Highest number of cases in the Americas:

- USA (856,209)
- BRA (46,701)
- CAN (42,560)
- PER (20,914)
- CHL (11,812)

## Covid-19 in the world



Source: Johns Hopkins University, available at <https://bit.ly/3dJ1CZX>. Data as at 23 April 2020 (14:00 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.*



# 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><b>El Salvador:</b> to anticipate any market shortages in the face of the pandemic, the Ministry of Agriculture and Livestock (MAG) is preparing a national stockpile of basic grains to guarantee an adequate supply of these products during and after the Covid-19 emergency. The ministry has invested USD 30 million in corn, beans and rice. It has also purchased 1.1 million quintals of corn, representing an investment of USD 14.3 million; 150,000 quintals of rice, representing an investment of USD 4.4 million; and 110,000 quintals of beans, representing USD 7.1 million.</p>	<p><b>Honduras:</b> there has been a surge in prices for rice, beans and corn, due to speculation. The government sells basic foodstuffs at regulated prices to the population through the National Supplier of Basic Products (Banasupro).</p>
<p><b>Panama:</b> Merca Panama’s administration has scheduled closures to deep-clean its facilities, in coordination with building tenants. Prices reported by the Agricultural Marketing Institute serve as a reference for purchases made by the Panamá Solidario program. E-commerce is booming, and produce purchases via Internet platforms or WhatsApp are being promoted.</p>	<p><b>Costa Rica:</b> farmers markets continue to operate under strict hygiene measures. E-trade in agricultural products, both on the Internet and on social networking sites, is on the rise.</p>
<p><b>World Bank: Most commodity prices to drop in 2020</b></p> <p>According to the World Bank’s Commodity Markets Outlook, most commodity prices will drop in 2020 as the pandemic depresses demand and disrupts supply.</p> <p>With respect to commodities, the report notes that the impact on the outlook for most agricultural commodities will be moderate (given the fact that production levels and stocks of most staple foods are at record highs). However, supply chain disruptions and government steps to restrict exports or stockpile commodities raise concerns that food security may be at risk in some areas.</p> <p><a href="https://bit.ly/3cCdOu8">https://bit.ly/3cCdOu8</a></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).

### Argentina: machinery manufacturers request government credit funds to reactivate production

Following the government's issuance of an emergency decree for the sector, manufacturers of agricultural machinery are resuming production. However, they have been facing difficulties in accessing credit facilities; for the past two years, the sector has only had access to funding opportunities with interest rates of over 40%.

The only type of funding currently available for the sector is that which public banks have made available to SMEs: a credit facility with a 24% interest rate, to cover liquidity shortfalls in the payment of salaries.

<https://bit.ly/3eLi38H>

### Ecuador: farmers donate and receive support for their products

According to El Comercio, products like plantain, oranges, cassava, limes, lemons, coconut and other fruits and vegetables were donated by producers in Orellana to the most vulnerable families in that province, who are experiencing economic difficulties in the midst of the health emergency.

In Napo, the Municipality purchased products directly from small-scale farmers to deliver them to families who need them most.

<https://bit.ly/2S113my>

### United States: Tyson Foods shuts two major U.S. pork plants

One of the plants, the largest in the U.S., slaughters about 19,500 hogs a day, or about 5% of total U.S. pork production, which will disrupt pork supply. Brazilian-owned JBS USA and WH Group's Smithfield Foods have also closed pork plants.

<https://reut.rs/3aDAsRO>

### United States: pork supplies tightened before slaughterhouses were closed

According to the USDA, supplies of pork fell in March before Covid-19 forced meat processors to close slaughterhouses, setting the stage for inventories to tighten further. In March, cold-storage facilities held 27 million pounds less than in February (which exceeds the reduction typically experienced during the month), according to official reports. <https://reut.rs/2Vyp31b>

### Jamaica: government puts hold on importation of chicken to consume local surplus

Jamaica has a surplus of chicken meat and the government is aiming to prioritize the consumption of local products. According to industry analysts, of the total amount of chicken meat available in the country, approximately 30-35 percent is in storage by small farmers, who would regularly supply schools, restaurants and stores.

<https://bit.ly/34Xj9tE>

### Peru: government provides vulnerable rural farming families with an agricultural subsidy of 760 soles

The grant was approved to support over 1 million farming families in rural areas across the country that have been affected by Covid-19 and the country's movement restrictions.

The payment will be made in the last week of April and only once, given the distance between rural and banking areas.

<https://bit.ly/2Y0pCCo>

## 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.

### **Chile: despite a drop in grape exports, table grape sales to Europe and Russia are growing**

According to a report by ASOEX, as at week 15, exports of fresh grapes from Chile were down 6.4% compared to the same period in 2018-2019. North America (the U.S. and Canada) remains the top destination for grape exports: it currently accounts for 52% of total exports, which represents a variation of -4.7%.

A 15% reduction in grape exports to Asia, which ranks as the second destination, has been reported, while sales to Europe and Russia have increased by more than 10%.

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

### **Canada: there is no beef shortage, but prices may rise**

The Canadian government is not expecting a beef shortage despite the spread of Covid-19 in certain meat-packing plants, though prices may rise.

Prime Minister Trudeau added that beef producers are placing a priority on supplying the Canadian market before exporting products. The government has not imposed export restrictions.

<https://reut.rs/35aiCVr>

### **El Salvador: exports fall in March, but coffee and sugar sales rise**

According to data from the Central Reserve Bank, the country's exports in March decreased by 14.8% compared to the same month last year.

Traditional products like coffee and sugar increased their sales abroad, reaching USD 37.6 million and USD 85.2 million, respectively.

<https://bit.ly/2VRL8GP>

### **Mexican market for Uruguayan rice reopens after closing in 2019**

The Ministry of Agriculture and Rural Development of Mexico reported that the market for rice produced and exported by Uruguay is reopening after the Khapra weevil, a quarantine pest, was detected in September 2019.

The cancellation of rice exports in Vietnam and logistical constraints in other Asian countries have benefited Uruguayan producers.

The country formalized negotiations with Panama and sold rice to Haiti, Africa and the European Union; there is also a possibility that it could sell to Middle Eastern markets.

During the first two months of the year, sales of Uruguayan rice increased by 6.25%. Peru, Mexico, Iraq and Brazil are the countries that purchase the largest amounts. <https://bit.ly/2XUTqk2> and <https://bit.ly/3by7C6v>

<p><b>Argentina: low water level in Paraná river forces companies to reduce the load volume of agricultural shipments from Rosario</b></p> <p>Agro-export companies have had to reduce the loading of goods in Rosario at a time when soybean and corn harvests are intensifying. The situation has worsened in the Paraná riverbed, as a result of droughts in Brazil, where the river begins.</p> <p>The foreign ministries of Argentina and Brazil agreed to release water from the Itapú hydroelectric dam, but an improvement in water levels could take weeks, and the drought is severe.</p> <p>The Paraná river serves as the exit route for about 80% of Argentina's agricultural and agro-industrial shipments. <a href="https://bit.ly/3eHEsnz">https://bit.ly/3eHEsnz</a></p>	<p><b>China looks to U.S. crops for state reserves</b></p> <p>According to Reuters, China is preparing to buy more than 30 million tons of crops for state stockpiles to help protect itself from supply chain disruptions caused by the pandemic.</p> <p>China plans to add about 10 million tons of soybeans, 20 million tons of corn and 1 million tons of cotton to its state reserves. The bulk of the crops would be imports from the United States primarily; this would enable China to fulfil its commitment under the Phase 1 trade deal.</p> <p>China also plans to add 1 million tons of sugar and 2 million tons of soybean oil to the reserves. <a href="https://reut.rs/2yC7692">https://reut.rs/2yC7692</a></p>
<p><b>World: U.S, EU and 20 other WTO countries pledge to keep food channels open</b></p> <p>The <b>United States</b>, the EU, Australia, <b>Brazil, Canada, Chile, Colombia, Costa Rica</b>, Hong Kong, Japan, South Korea, Malawi, <b>Mexico</b>, New Zealand, <b>Paraguay, Peru</b>, Qatar, Singapore, Switzerland, Taiwan, Ukraine and <b>Uruguay</b> agreed to keep the trade of food and agricultural products open, as well as to ensure that supply chains remain open.</p> <p>They also agreed that emergency measures must be targeted, proportionate, transparent and temporary. <a href="https://bit.ly/2Y1wj7k">https://bit.ly/2Y1wj7k</a></p>	<p><b>Europe: Dutch and Belgian ports continue to operate normally</b></p> <p>According to the Port of Rotterdam, operations during the first quarter dropped by 9.3% compared to the same period in 2019 (a record year). Furthermore, annual losses of 10% to 20% are expected.</p> <p>Belgian ports are also expecting a decrease in operations of about 5% to 6% in mid-April. The Belgian port of Antwerp, in turn, reported a 4% growth during the first quarter, but expects the negative impact of the coronavirus to be felt during the second quarter.</p> <p>According to companies that provide logistical services, there is still no real impact on the transshipment of fruit and vegetables. However, they have noticed an impact on the occupation rate of refrigerating chambers and on labor costs. <a href="https://bit.ly/2VuzvXx">https://bit.ly/2VuzvXx</a></p>

### WTO: Notifications on trade measures in the context of the pandemic.

Several countries have notified the WTO of temporary trade measures being implemented in the face of the pandemic, mostly concerning medical products. Below is a list of measures related to agrifood products notified during the past week (21 to 23 April):

- **Japan:** Procedure for temporary measures to accept scanned or hard copies of export certificates (SPS).
- **Indonesia:** Requirement for a Certificate of Declaration free from COVID-19 and a Certification of Laboratory Analysis that the consignment (live animals) has tested negative for COVID-19 from an accredited or authorized laboratory in the importing country for any importation of live animals (pet animals and mammals) from an importing country that is not free from COVID-19
- **Philippines:** Revisions to the contact details of the National Veterinary Quarantine Service Division (SPS). <https://bit.ly/3dOh5YJ>

## Macroeconomy

\*Economic projections

**ECLAC: Covid-19 will trigger the greatest contraction in economic activity in the history of the LAC region - 5.3% in 2020.**

According to new ECLAC projections, in the medium-term, the pandemic will create structural changes in the organization of production, international trade and the current globalization model.

The contraction in economic activity will be the greatest in the region's history, surpassing periods such as the Great Depression of 1930 (-5%) and the decline in 1914 (-4%). The report forecasts that it will produce a major impact on unemployment and poverty in the region.

From a sub-regional perspective, it estimates that economic activity in South America will fall by 5.2% (resulting from the fall-off in activity in China), in Central America by 2.3% (due to the decline in tourism and a less dynamic U.S. market) and in the Caribbean by 2.5% (also as a result of the decline in tourism).

<https://bit.ly/2Y28ts5>

## Supply

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

### **Ministers and secretaries of agriculture of 34 countries of the Americas coordinate actions to guarantee food supplies amidst the Covid-19 pandemic**

Ministers and Secretaries of Agriculture of 34 countries of the Americas attended an online meeting on 22 April to share information on policies, actions and plans to deal with the impact of the Covid-19 pandemic on their countries' food security, agriculture, food systems and the rural environment.

Authorities from North, South and Central America, as well as the Caribbean shared experiences and measures that they are implementing to safeguard production and the food supply.

The ministers stressed the importance of ensuring that food is available at affordable prices and that the production, distribution and sale of food is undertaken with the lowest level of risk to the health of workers in the food chain. They also emphasized the need to foster intra-regional trading of food.

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

### **Argentinian apple exports grew by 43% and pear exports by 13%**

Exports of apples and pears from Río Negro and Neuquén grew by 43% and 13% as at March this year, in comparison to the same period last year, according to a report by the National Health and Food Quality Service (SENASA).

<https://bit.ly/3eMQ8VN>

### **Food purchases in Mexico grew by 22% in March, and in some companies by as much as 50%**

The Executive President of the National Wholesale Grocers' Association has reported that the sector recorded an 18.6% increase in sales in March, led by food items - 22.3%, followed by paper – 17% and then by household cleaning and maintenance products – 16%. <https://bit.ly/3bvmeDK>

### **Uruguay increases its cattle activities and all references prices for cattle**

Covid-19 has impacted Uruguay in numerous ways, with approximately 25% of its agricultural production land having been declared under a state of emergency, due to drought conditions. Yet, cattle activity and business in the market are beginning to normalize.

For the first time, cattle activity during the last week surpassed equivalent levels in the same week last year. Therefore, the greatest concern is what impact the drought will have on available forage in the winter.

<https://bit.ly/3bzwnz1>

### **Covid-19 will change consumption patterns in Latin America**

Surveys all indicate that spending in categories such as travel will decline, while increasing in categories such as life insurance. Price considerations will be more important than proximity.

<https://bit.ly/2KtmS8P>