

Food systems and COVID-19 in Latin America and the Caribbean: Update on impacts and responses

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1. Editorial



Since day one of the pandemic, the Food and Agriculture Organization of the United Nations (FAO) has made significant efforts to understand the behaviour of COVID-19 and monitor its effects in the region. Having reliable and updated information allows FAO to design actions – relevant to the reality of each country – that help to address the crisis better.

The publication and dissemination of these bulletins – sixteen to date, counting this edition – is part of FAO's contributions. They have addressed the impacts of COVID-19 on food systems in Latin America and the Caribbean in a multidimensional way.

This edition provides a summary of the impact that COVID-19 has had in the region and the responses implemented by the countries to mitigate the effects of the crisis.

There is no doubt that assessing the responses put in place by countries to slow the progress of the pandemic helps to plan better future actions. That is the purpose of these bulletins; we hope that they help to do so.



2. Key messages



- To date, the region has recorded declines in indicators, such as a 6.4 percent drop in GDP, a 8.6 percent drop in trade, and a 9.5 percent drop in employment, reflecting one of the largest economic crises of the century.
- In this negative scenario, the food system has become more resilient, especially in terms of international food trade, which has even grown during the pandemic by 8.3 percent. This growth is possibly due to demand from the main destinations – the United States of America, the European Union and China – which has not changed significantly.
- However, in the social sphere, in addition to the drastic reduction in employment and consequent fall in household income, food prices rose. The regional Consumer Price Index (CPI) for food has increased by 5.6 percent so far this year (1.8 points more than the overall CPI), which directly affects the accessibility and quality of food in households.
- To date, countries have concentrated their efforts on implementing measures that seek to mitigate the economic impact of the pandemic.
- By focusing on measures related to the food system, priority has also been given to those that seek to support, stimulate and strengthen production, processing and distribution in the sector.
- On the other hand, to date, measures related to social protection and employment have lagged behind, at least in number.
- Still, the crisis has brought some good practices that should be maintained over time, such as greater public-private coordination and collaboration between countries at the regional level to tackle the crisis.
- The pandemic has accelerated the use of technologies for the dissemination of knowledge (webinars) and the commercialisation of products (online trade), the latter being critical in shortening marketing chains.



3. Main impacts



The main effects that the COVID-19 crisis has had on the food system are analysed below. Although the indicators presented are not comparable, as not all countries have the same information, they do allow to discern trends and reach some general conclusions.

Available evidence indicates that the food system has been able to overcome the crisis better than other economic sectors, showing greater resilience to the pandemic.



3.1. Impact of the crisis on growth in the food system

The evolution of the Gross Domestic Product (GDP) during this year is clear: the economies of the region decreased during the first half of 2020 compared to the same period in 2019.

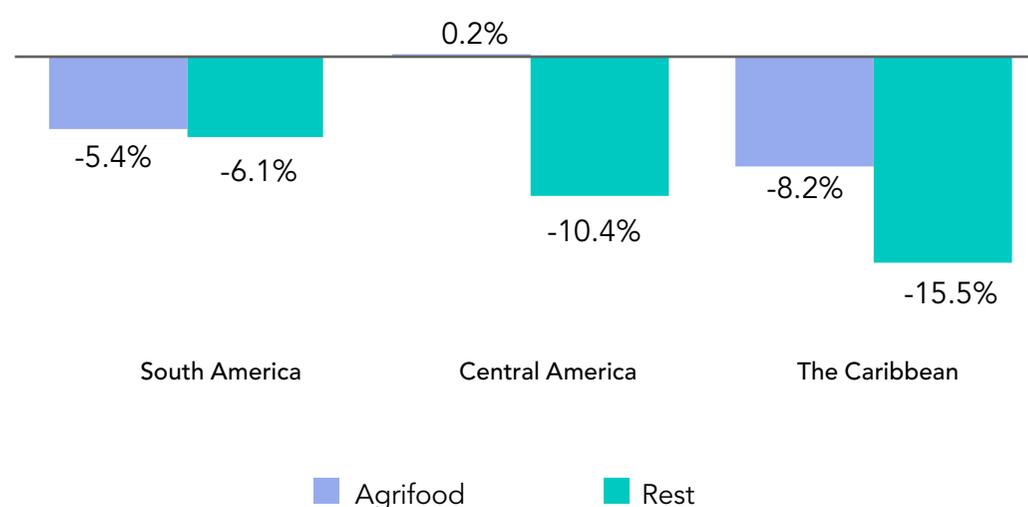
The drop in the countries' growth is due to two factors:

- i. the strong restrictions applied to national services and tourism sectors (FAO and ECLAC, 2020a); and
- ii. the decline in exports from the manufacturing, mining and fuel industries (FAO and ECLAC, 2020b).

When analysing GDP, we can see that it has contracted in all the countries with available data; at the regional level the fall is 6.4 percent.

The food system, however, has shown a reduction so far this year of less than 5.1 percent of GDP. It is therefore possible to speculate that this sector is somewhat more resilient to the effects of the crisis than the other economic sectors.¹

Figure 1/ Variation in the food sector's GDP versus the rest of the sectors, first half of 2020 versus the same period in 2019 (%), by subregion*.



* The countries considered for South America are: Argentina, Brazil, Chile, Colombia, Peru, and Uruguay. Central America: Mexico. The Caribbean: Belize.

Source: ECLAC, based on official information from each country.

¹In South America, the food sectors of Brazil, Colombia and Peru show positive variations during the year. The same is true in Central America, dragged down by Mexico's numbers.



3.2. Impact of the crisis on food sector exports

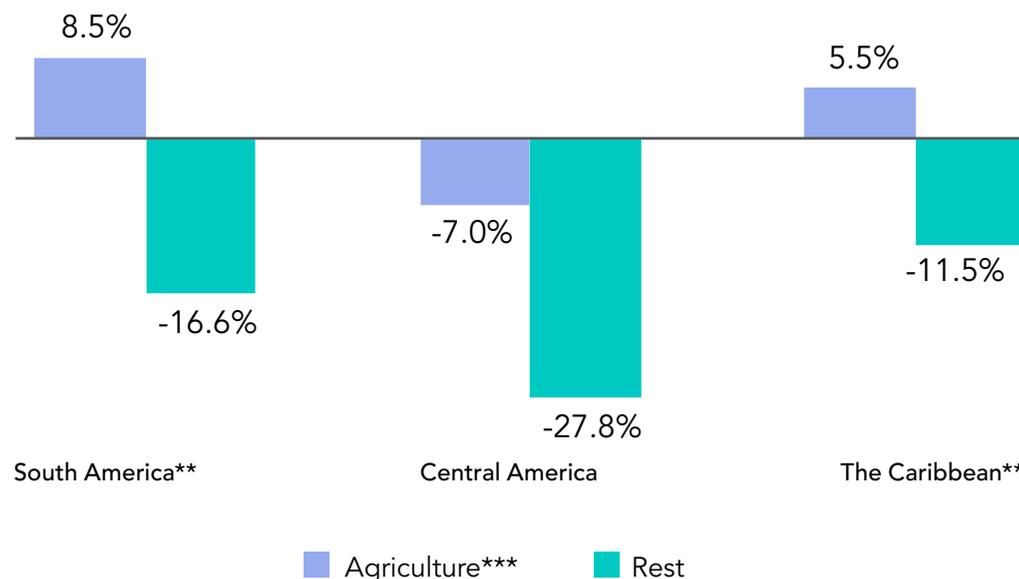
The pandemic has negatively impacted the export of regional products. Overall, the value of exported products has fallen by 8.6 percent in 2020 compared to the same period in 2019.

The food sector seems to be in a better position: the value of exported products has grown by 8.3 percent at the regional level, which represents a clear difference with the other products marketed by the region. There are two factors which may explain this behaviour:

- i. food is a basic necessity; and
- ii. demand from the main destinations – the United States of America, the European Union and China – has not changed significantly (FAO and ECLAC, 2020b).

The countries analysed in South America and the Caribbean recorded an increase in trade of goods from the food sector. In contrast, the rest of the sectors recorded a fall in the value of their exports of 16.6 and 11.5 percent, respectively. Although the marketing of agricultural products has fallen in Central America, the decrease has been far less important than other exports. However, in the food sector, the crisis has significantly affected some subsectors, such as the export of live animals, fruit, vegetables, and fish and seafood (FAO and ECLAC, 2020b).

Figure 2/ Change in the value of exports, January and August 2020 versus the same period in 2019 (%), by subregion*



* The countries considered for South America are: Argentina, Brazil, Chile, Colombia, Paraguay, Peru, and Uruguay In Central America: Costa Rica, El Salvador and Mexico. In the Caribbean: Barbados, Belize, Jamaica and Puerto Rico.

** Data until July for Argentina, Belize, Colombia, Mexico, and Peru. For Jamaica, data until May.

*** "Agriculture" corresponds to Chapters 1 to 23 of the Harmonised System.

Source: FAO, based on official information from national sources (customs, central banks and statistical institutes).



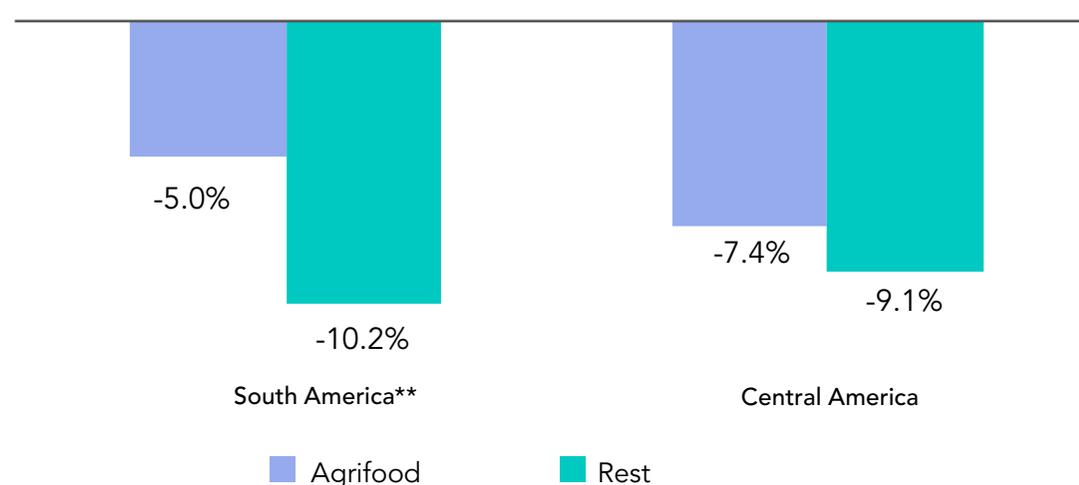
3.3. Impact of the crisis on employment in the food sector

Employment has declined significantly in the region (-9.5 percent) compared to the same period last year. The most affected have been those working in the informal economy – prevalent in Latin America and the Caribbean – mainly composed of women, young people, indigenous people and migrants (FAO and ECLAC, 2020a).

Unlike other sectors, such as services and trade, employment in the food sector has not been so affected, falling by 5.5 percent. However, we must be cautious and not draw hasty conclusions from this data, since unemployment in fishing and aquaculture has increased (FAO and ECLAC, 2020a).

Values at the sub-regional level show a similar trend (see Figure 3).²

Figure 3/ Variation in the number of employed people between January and June 2020 compared to the same period in 2019 (%), by subregion*.



* The countries considered for South America are: Argentina, Brazil, Chile, Colombia, and Peru. In Central America: Costa Rica and Mexico.

** Data until July for Colombia and Chile.

Source: FAO, based on official information from national sources.

3.4. Impact of the crisis on the price level

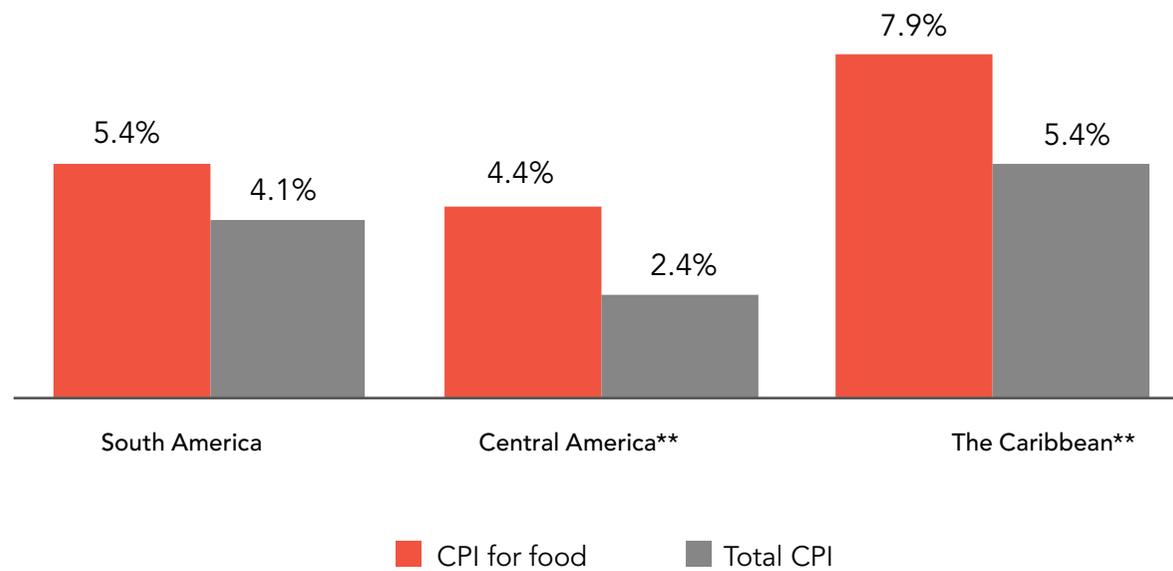


Unlike other indicators, the Consumer Price Index (CPI) has had a more significant impact on food than on the other products of the basic basket.

Feeding during the pandemic has cost more than in the same period last year. At the regional level, the food CPI has changed by 5.6 percent, while the total CPI has changed by 3.8 percent. The Caribbean subregion has seen the highest increases so far this year compared with the same period last year.

²It should be noted that "employment" is not a strictly comparable indicator between countries, although the figures in Figure 3 represent average changes versus the same period in the previous year. Besides, because of the pandemic, employment data may experience measurement problems or methodological changes in surveys.

Figure 4/ Change in the food and beverage CPI and total between January and August 2020 compared to the same period in 2019 (%), by subregion*.



* The countries considered for South America are: Bolivia (Plurinational State of), Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, and Uruguay. In Central America: Costa Rica, the Dominican Republic, El Salvador, Guatemala, Guyana, Mexico and Nicaragua. In the Caribbean: Aruba, Haiti, Honduras, Jamaica, and Saint Vincent and the Grenadines.

** Data until May for Aruba, Guyana, Haiti, St. Vincent and the Grenadines. Data until June for Nicaragua.

Note: There could be measurement problems or methodological changes in surveys due to the pandemic, so imputation methodologies are used which may introduce measurement distortions.

Source: FAO, based on ECLAC (2020a).

A survey of the region's main wholesale markets would confirm these findings (FAO and FLAMA, 2020). The survey highlights that, although market prices have remained stable, there is an upward trend in some products, mainly meat and fish, which would affect household access to quality food.



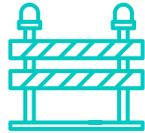
4. Policies implemented



4.1. Analysis of policies implemented at the national level

All actions implemented at the national level to date to address the pandemic were analysed. These actions have been classified by ECLAC (2020b) as: travel restrictions, economy, education, employment, gender, social protection, and health. However, some national actions have probably not been incorporated yet into the platform.

Table 1/ Classification of actions taken by countries.

| Actions | Type |
|--|--|
|  Travel restrictions | <ul style="list-style-type: none"> • Entry restrictions or bans for foreign travellers • Closure and border controls • Restrictions and closures of public places and mass meetings |
|  Economy | <ul style="list-style-type: none"> • Fiscal, monetary and corporate policy • Restrictions on economic activity • Price and quantity controls • Economic incentive • Regulation of the hygiene market • Debt relief and suspension of credit payments (individuals and micro-entrepreneurs) |
|  Education and schools | <ul style="list-style-type: none"> • Suspension of classes • Provision of tools to develop distance learning • Maintain school feeding programmes |
|  Employment | <ul style="list-style-type: none"> • Employment protection • Elective work permit • Reduction of working hours • Prohibition of dismissal |
|  Gender | <ul style="list-style-type: none"> • Measures to control violence • Care economy • Generation of employment and income • Benefits, transfers and other social protection measures and digital acceleration |
|  Social protection | <ul style="list-style-type: none"> • Transfer of cash, food and goods • Service guarantee |
|  Health | <ul style="list-style-type: none"> • Health emergency • Compulsory coverage • Mandatory general quarantine • Coverage and extension of screening tests • Adaptation of hospitals |

Source: FAO, based on ECLAC (2020b).

A first analysis indicates that the measures have been implemented mainly in the **economic field**, followed by the **health field** by far. This shows what the main concerns of the countries in the region have been at this stage of the crisis. The Caribbean stands out, where, in addition to the measures mentioned, policies related to movement restriction have been implemented with a similar intensity (see Figure 5).

Figure 5/ Number of policies implemented, by sub-region.



Source: FAO, based on ECLAC (2020b).

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