

16 June 2020

Preventing the COVID-19 crisis from becoming a food crisis

Urgent measures against hunger in Latin America and the Caribbean



I. COVID-19 puts food at risk¹

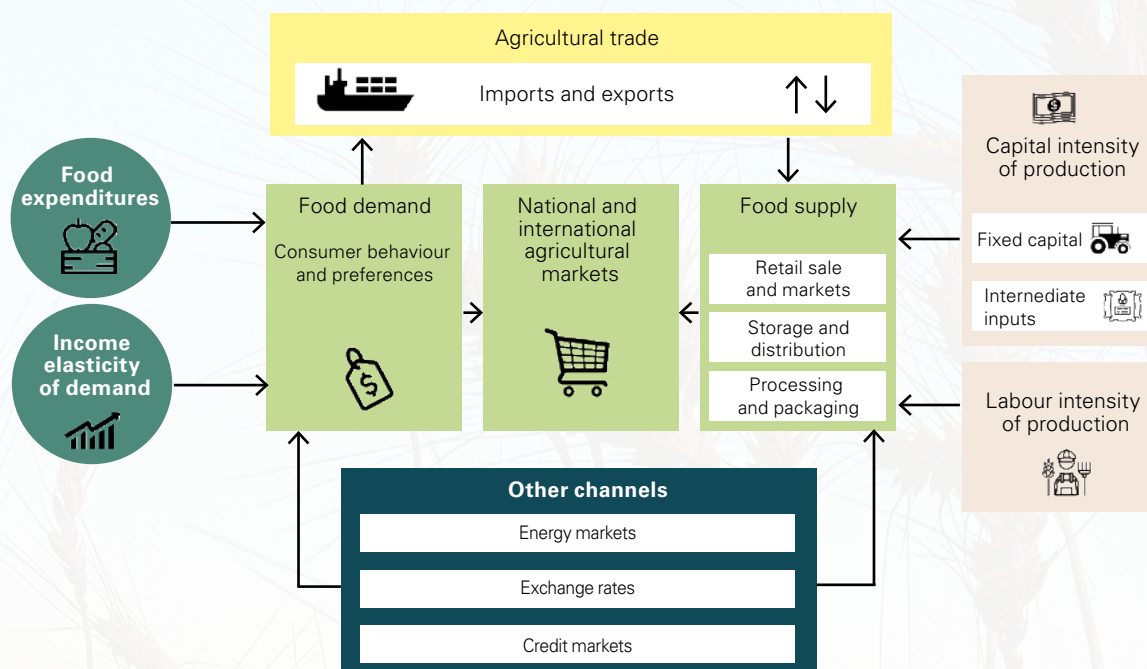
- The coronavirus disease (COVID-19) pandemic affects the activities of the food system (food production, processing, distribution, marketing and consumption) and its outcomes —particularly food security and social well-being. The United Nations Secretary-General has drawn attention to the need for an immediate response to avoid a food crisis (United Nations, 2020a). This report offers policy recommendations for sustaining demand and administering the food trade during the emergency and preventing a regional food crisis should it continue.
- COVID-19 impacts reach the region through five external transmission channels: (i) the decline in the economic activity of the region's main trading partners and the effects of this, (ii) the drop in commodity prices, (iii) the interruption of global value chains, (iv) lower demand for tourism services, and (v) greater risk aversion and worsening global financial conditions (ECLAC, 2020a).
- The Food and Agriculture Organization of the United Nations (FAO) has produced a systematized analysis of the main channels of transmission of the impacts of the pandemic on food and agriculture, using a model that identifies the effects on food demand, supply and international trade (see diagram 1). The key factors in each case are:
 - **Demand:** the share of income that households spend on food and the price and income elasticities of food that affect household purchasing power and the distribution of spending among types of food.
 - **Supply:** the relative capital or labour intensity of production and the importance of fixed capital and intermediate inputs.
 - **International trade:** the effects depend on each country's position as a net importer or net exporter.

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¹ The cut-off date for the information used to prepare this report is 10 June 2020.

Diagram 1 | Channels of transmission of the impacts of the COVID-19 pandemic on food and agriculture



Source: Economic Commission for Latin America and the Caribbean (ECLAC)/Food and Agriculture Organization of the United Nations (FAO), on the basis of Schmidhuber, J. Pound and B. Qiao, *COVID-19: Channels of Transmission to Food and Agriculture*, Rome, FAO, 2020.

- In many countries, agriculture and other food-related activities are being treated as essential, on a par with health care, energy and water services.
- The pandemic has shown the importance of cooperation between countries, between international agencies, and between the public and private sectors. Experience-sharing among countries enables good practices to be shared and mistakes avoided. Cooperation and coordination among international agencies can help them to respond to the support needs of countries. Public-private partnership can help to resolve bottlenecks in the food supply chain and in access to food, especially for the population suffering from hunger and extreme poverty.
- The pandemic has also shown that only the State has the capacity to facilitate, coordinate and intervene to ensure the availability of food. Hence, it is the responsibility of governments to prevent the health crisis from becoming a food crisis. To this end, multilateral cooperation mechanisms must be activated at the international level, along with cooperation between governments, businesses and their workers, and civil society organizations. Policy measures to address the crisis are constantly changing, as can be seen in the COVID-19 Observatory in Latin America and the Caribbean developed by the Economic Commission for Latin America and the Caribbean (ECLAC) (ECLAC, 2020c).

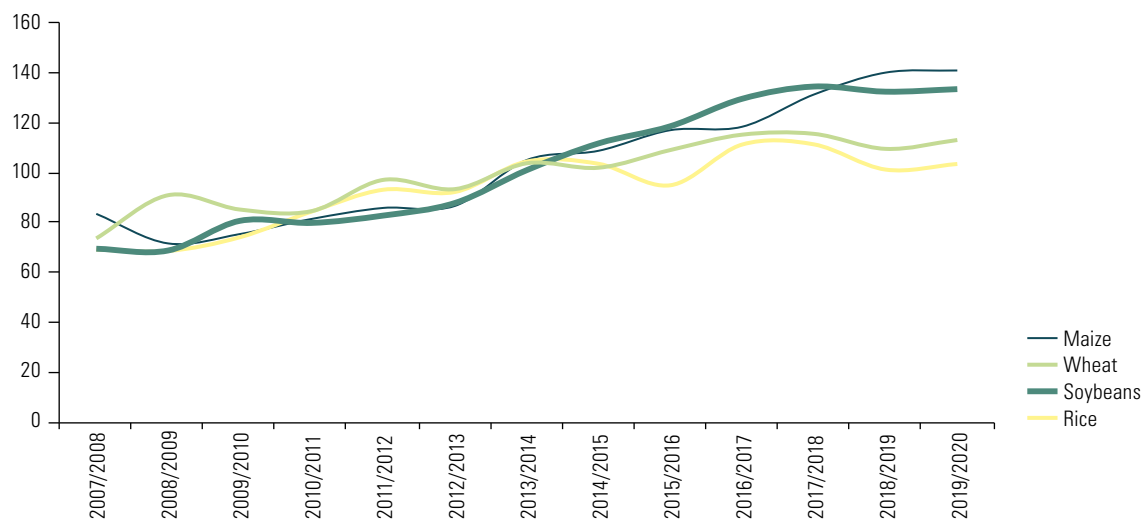
II. International markets have responded well so far, but there is no guarantee of their resilience if the pandemic continues

A. Flows and stocks

- Over the past decade, global agrifood trade² has been more stable and dynamic than total global trade, with cumulative average annual growth in the value of total and agrifood exports of 4.5% and 6.8%, respectively, between 2007 and 2018. The volume of trade in the main food products (rice, maize, soybeans and wheat) also increased steadily in terms of cumulative average annual growth between 2007/08 and 2019/20: 5.6% for soybeans, 4.4% for maize, 3.6% for wheat and 3.4% for rice (see figure 1).

² Categories 01-24 of the Harmonized Commodity Description and Coding System.

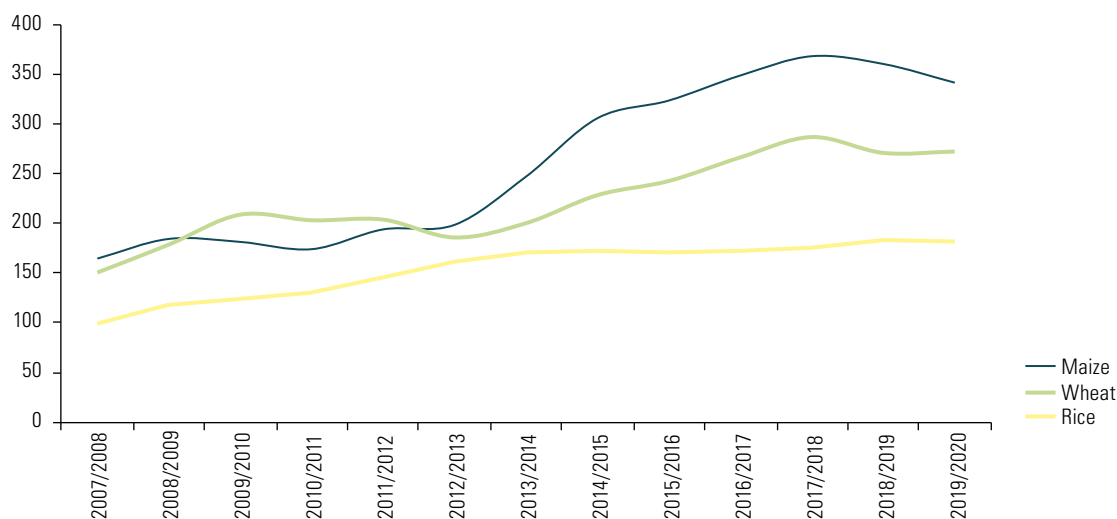
Figure 1 | Global trade in rice, maize, soybean and wheat, 2007/2008–2019/2020
(Average indices: 100=2012 /2013–2014/2015, based on trade volumes)



Source: Agricultural Market Information System (AMIS)/Food and Agriculture Organization of the United Nations (FAO), “Market Database: Supply and Demand Overview” [online] <https://app.amis-outlook.org> [accessed on 30 April 2020].

■ The pandemic has broken out at a time when stocks of the main cereals for food security (rice, maize and wheat) are high (see figure 2). Between 2007/08 and 2019/20, stocks increased at a cumulative average annual rate of 6.3% for maize, 5.2% for rice and 5.1% for wheat. At the onset of the crisis, the global food system was well supplied with the main staple goods owing to stockpiling and good harvests in South America and elsewhere (OECD, 2020). With a record grain harvest in Brazil, for example, the value of agricultural production in 2020 is expected to be the highest for 31 years (Government of Brazil, 2020).

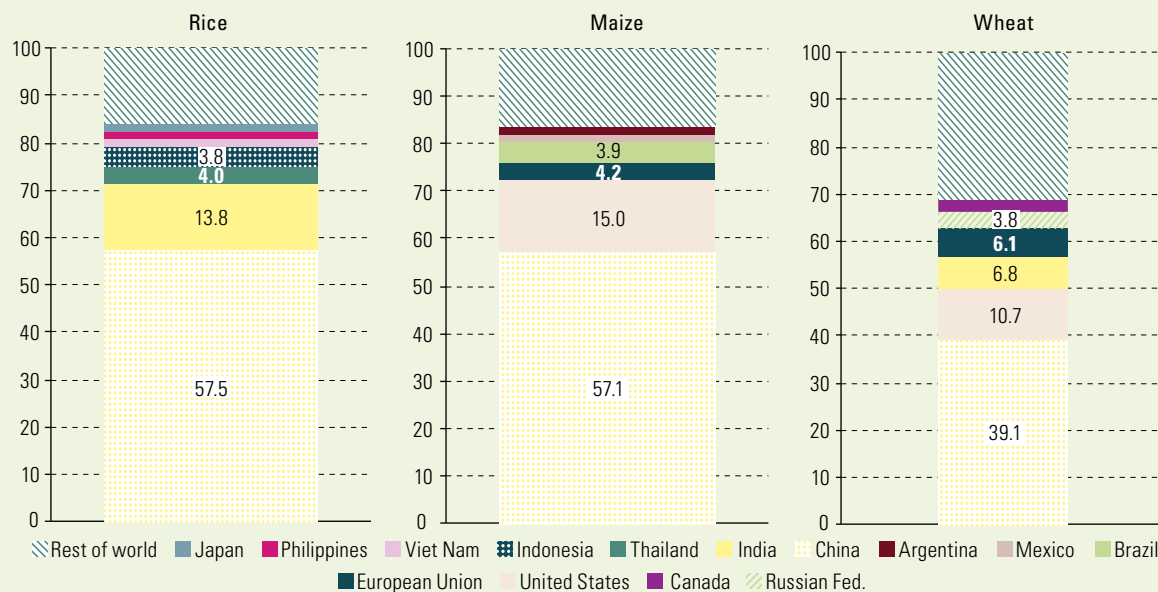
Figure 2 | Global stocks of rice, maize and wheat, 2010/2011–2019/2020
(Millions of tons)



Source: Agricultural Market Information System (AMIS)/Food and Agriculture Organization of the United Nations (FAO), “Market Database: Supply and Demand Overview” [online] <https://app.amis-outlook.org> [accessed on 30 April 2020].

■ **Stocks are concentrated in a small number of countries, notably China and the United States.** In the annual averages for the period 2015/16–2019/20, China held 57% of rice and maize stocks and 39% of wheat stocks. The United States was the second largest stock holder of maize (15%) and wheat (11%), and India was the second largest stock holder of rice (14%) and the third largest of wheat (7%). Rice stocks were concentrated in Asian countries, while maize stocks in Argentina, Brazil and Mexico were among the top six in the last decade, accounting for 7.5% of the total, half that of the United States (see figure 3).

Figure 3 | Distribution of cereal stocks by country, annual average, 2015/16–2019/20
(Percentages)

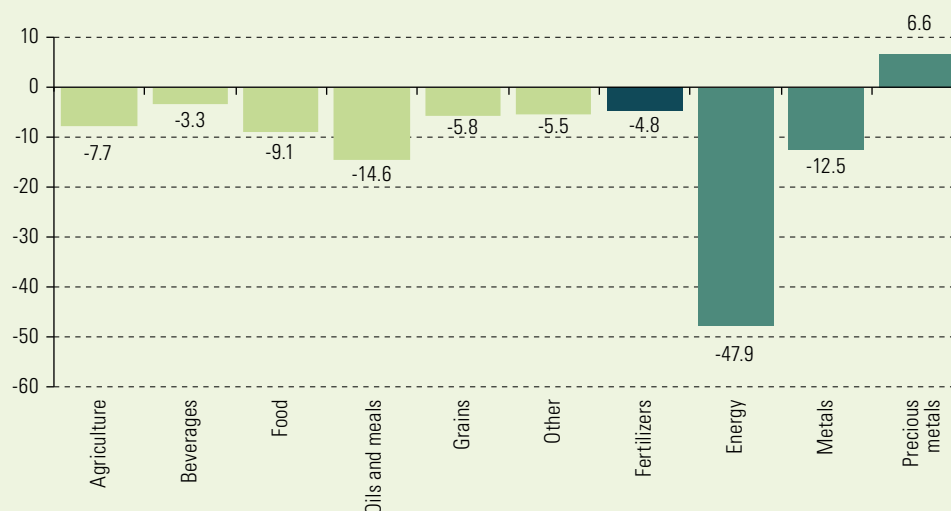


Source: Agricultural Market Information System (AMIS)/Food and Agriculture Organization of the United Nations (FAO), "Market Database: Supply and Demand Overview" [online] <https://app.amis-outlook.org> [accessed on 30 April 2020].

B. International prices

- The COVID-19 crisis was preceded by relative price stability from mid-2016, following strong volatility between 2007 and 2011 and high prices between 2011 and 2015. At present, trends in food production are favourable, especially for the cereals that form the basis of the world's diet.
- The emergency has coincided with a downturn in international prices for most commodity groups (see figure 4). On average, food prices fell by 9.1% between January and April 2020, compared with declines of 12.5% in metal prices and 47.9% in energy prices.

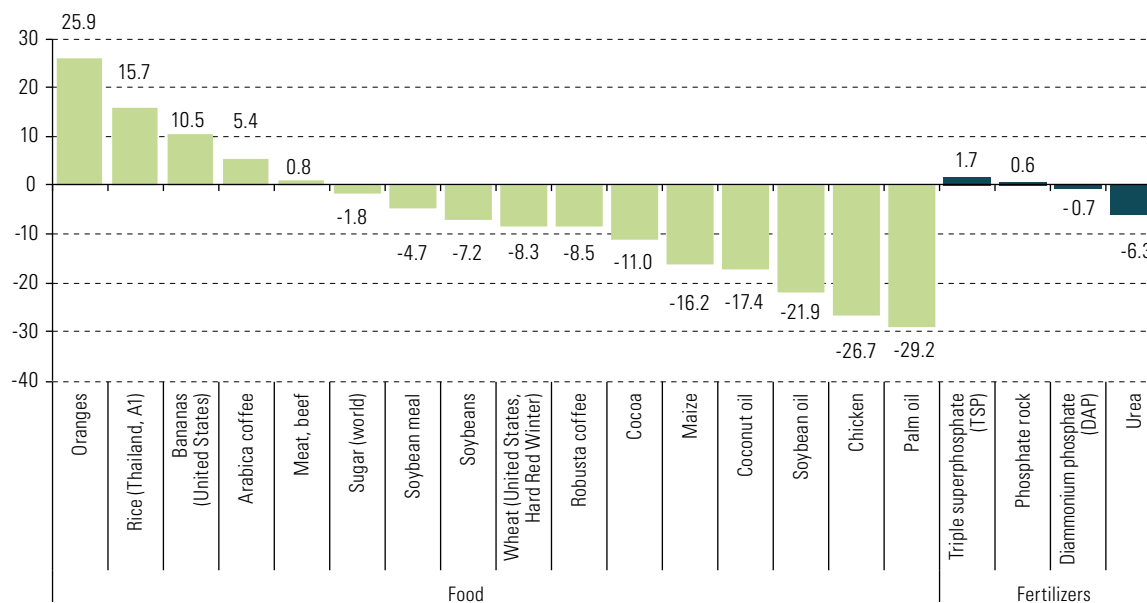
Figure 4 | Prices of major commodity groups, January–May 2020
(Percentage change)



Source: World Bank, "World Bank Commodities Price Data (The Pink Sheet)", 2 June 2020 [online] <http://pubdocs.worldbank.org/en/774651591120179792/CMO-Pink-Sheet-June-2020.pdf>.

- Most food prices have taken an overall downward trend (see figure 5). Rice was the only major product essential to food security to record an international price rise between January and May 2020 (15.7%). Meanwhile, the prices of wheat and maize fell, by 8.3% and 16.2%, respectively.

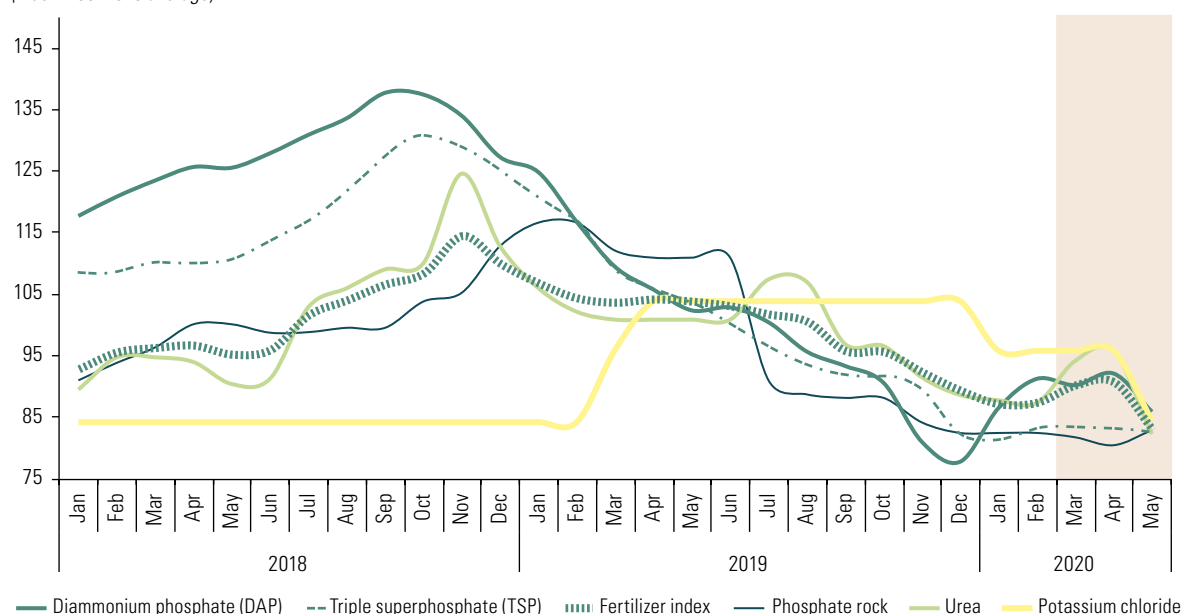
Figure 5 | Prices of agricultural products and fertilizers, January–May 2020
(Percentage change)



Source: World Bank, "World Bank Commodities Price Data (The Pink Sheet)", 2 June 2020 [online] <http://pubdocs.worldbank.org/en/774651591120179792/CMO-Pink-Sheet-June-2020.pdf>.

- Excluding bananas and arabica coffee, whose international prices climbed by 10.5% and 5.4%, respectively, key products in the region’s export basket also saw their international prices fall between January and May 2020. This was the case for soybean complex products —soybean cake (-4.7%), soybeans (-7.2%), soybean oil (-21.9%)— and for robusta coffee (-8.5%) and cocoa (-11.0%).
- **Global fertilizer markets**, in which prices have trended downward since late 2018, saw a partial reversal of that decline in early 2020 (see figure 6).

Figure 6 | International fertilizer prices, monthly, 2018–2020
(Index: 100=2019 average)



Source: World Bank, "World Bank Commodities Price Data (The Pink Sheet)", 2 June 2020 [online] <http://pubdocs.worldbank.org/en/774651591120179792/CMO-Pink-Sheet-June-2020.pdf>.

III. Warning signs in national food markets

A. The supply side: preventing production and distribution failures

- The very nature of the food industry allows it to adapt better to the crisis than the average economic sector.
- Unlike the manufacturing sector, its global value chains are simpler and more resilient. In general, foodstuffs are produced by companies in just one country and have few (or substitutable) ingredients, while, in the event that they are exported, services are provided by a small number of foreign companies (insurance, transportation, marketing or others). This contrasts with the global value chains of other industries that are spread over a wide geographical area, with products crossing several borders before they reach the final consumer.
- There is very limited scope for teleworking in the food sector and the economic vulnerability of agricultural workers to supply shocks is comparatively low.
- Disruptions in the payment chain have specific consequences for the agricultural sector, which is characterized by a multiplicity of actors, thousands—in some countries, millions—of small, informal agricultural companies that produce primary goods, dependence on climate and on other public goods, long biological cycles and price volatility, in addition to other uncertainties and risks. To keep their supply chains moving, governments have set up coordination arrangements with the private sector.
- To **ensure financing for productive activities**, loan repayments by the campesino agriculture sector have been automatically postponed and development banks have been capitalized to help the agricultural sector (as in Chile); export tax rebates have been granted to improve firms' liquidity (as in Ecuador); and public procurement programmes for basic foodstuffs have been launched with guaranteed minimum prices (in Mexico it has been applied to maize, among other staples).
- The food supply can also be affected by **breaks in the supply chain resulting from logistical problems**. The large wholesale markets and the network of local retail markets (including farmer's markets, street markets and supermarkets) are particularly vulnerable, because they are places where thousands of workers and consumers are concentrated. Health protocols must be established and enforced in these links in the food chain that are particularly exposed to the pandemic. Protecting the health of agro-industry workers is another priority. Examples of warnings about food supply chain disruptions in countries of the region reported in the press are given in table 1.

Table 1 Latin America and the Caribbean (11 countries): food supply chain disruption warnings

Activity	Examples of disruption warnings
Agricultural production	Colombia: Colombian Farmers' Association (SAC), "Drama en el campo: no hay quién compre y las cosechas se pierden", 25 May 2020 [online] https://sac.org.co/drama-en-el-campo-no-hay-quien-compre-y-las-cosechas-se-pierden/ . Cuba: agricultural production down as a result of lower incomes and the closure of the tourism sector.
Harvest management and storage	Brazil: coronavirus puts pressure on milk producer prices. Uruguay: Todo el Campo, "Se decretó la liquidación de Citricola Salteña con afectación a miles de familias", 21 May 2020 [online] http://www.todoelcampo.com.uy/se-decreto-la-liquidacion-de-citricola-saltena-con-afectacion-a-miles-de-familias-15?nid=43220 .
Indictment	Mexico: El Sudcaliforniano, "Incierto el panorama de producción para los trigueros; no hay precio", 24 May 2020 [online] https://www.elsudcaliforniano.com.mx/local/incierto-el-panorama-para-los-trigueros-no-hay-precio-5270708.html . El Salvador: Canal 12, "Ganaderos de Nueva Concepción afectados por la cuarentena: los procesadores artesanales de leche de Chalatenango no tienen a quién venderle la producción", 22 May 2020 [online] https://www.canal12.com.sv/actualidad/-88605 .
Transportation and collection centres (logistics)	Costa Rica: El Observador, "8 días de cierre en la frontera norte aumentan incertidumbre y empresarios piden acudir a vía diplomática", 26 May 2020 [online] https://observador.cr/noticia/8-dias-de-cierre-en-la-frontera-norte-aumentan-incertidumbre-y-empresarios-piden-acudir-a-via-diplomatica/ . Colombia: Contexto Ganadero, "Falta de transporte preocupa a productores de Nariño en medio de la pandemia", 26 May 2020 [online] https://www.contextoganadero.com/regiones/falta-de-transporte-preocupa-productores-de-narino-en-medio-de-la-pandemia .

Table 1 (concluded)

Activity	Examples of disruption warnings
Distribution to wholesalers and retailers	Brazil: COVID-19 causes a 9.6% drop in sales in wholesale markets in São Paulo. Peru: "Lima: Gran Mercado Mayorista cerrará de manera parcial por el coronavirus", 21 May 2020 [online] https://www.peru-retail.com/lima-gran-mercado-mayorista-cerrara-de-manera-parcial-por-el-coronavirus/ .
Commerce: supermarkets and corner shops	Costa Rica: El Mundo, "87% de las pymes cayeron o detuvieron su actividad como resultado de la crisis del COVID-19", 13 May 2020 [online] https://www.elmundo.cr/economia-y-negocios/87-de-las-pymes-cayeron-o-detuvieron-su-actividad-como-resultado-de-la-cri-sis-del-covid-19/ . Antigua and Barbuda: Curfew and opening time restrictions have affected the sales of supermarkets and food businesses.
Consumers	Chile: Mergopress, "Protestas en barrios populares de Santiago de Chile reclamando trabajo y alimentos", 26 May 2020 [online] https://es.mergopress.com/2020/05/26/protestas-en-barrios-populares-de-santiago-de-chile-reclamando-trabajo-y-alimentos . Argentina: La Nación, "Coronavirus: el Gobierno no logra comprar alimentos y peligra el abastecimiento", 6 May 2020 [online] https://www.lanacion.com.ar/economia/coronavirus-gobierno-no-logra-comprar-alimentos-peligra-nid2362168 .

Source: Food and Agriculture Organization of the United Nations (FAO), Regional Office for Latin America and the Caribbean, on the basis of information from the above-mentioned media reports.

B. The demand side: less purchasing power and changes in diet

1. Less purchasing power

- The global economic recession will increase poverty and hunger and other forms of food insecurity, especially in countries with weak social safety nets. ECLAC expects the GDP of Latin America and the Caribbean to contract by at least 5.3% in 2020, with sharper falls in Mexico (-6.5%) and South America (-5.2%) than in the Caribbean (-2.5%) and Central America as a whole (-2.3%).
- In Latin America, ECLAC (2020a) estimates that if the effects of COVID-19 lead the economically active population to lose 5% of their income, poverty could increase by 3.5 percentage points, while extreme poverty is expected to rise by 2.3 percentage points, equivalent to 13.5% of the region's population, the highest incidence in the last two decades. This means that 15.9 million more people could fall into extreme poverty, bringing the total to 83.4 million people in 2020 (see figure 7).

Figure 7 | Latin America: per capita GDP and extreme poverty, 2001–2020^a

A. Per capita GDP and extreme poverty rate (dollars and percentages)

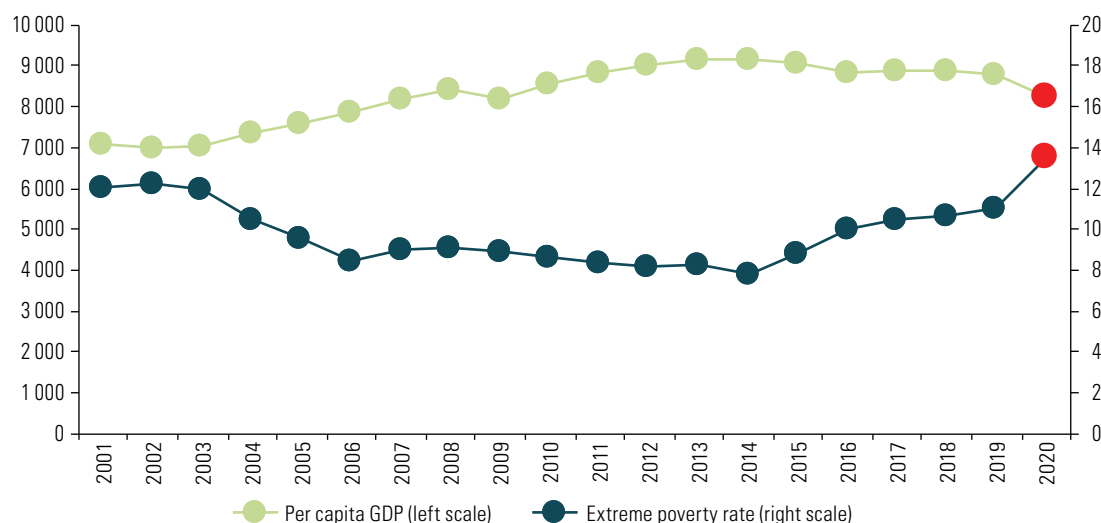
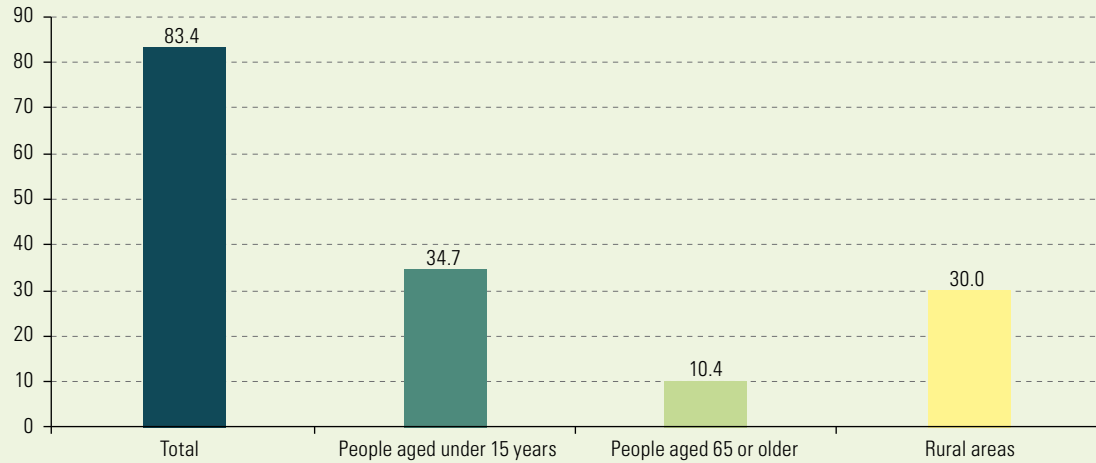


Figure 7 (concluded)

B. Estimates of people living in poverty in 2020
(millions)



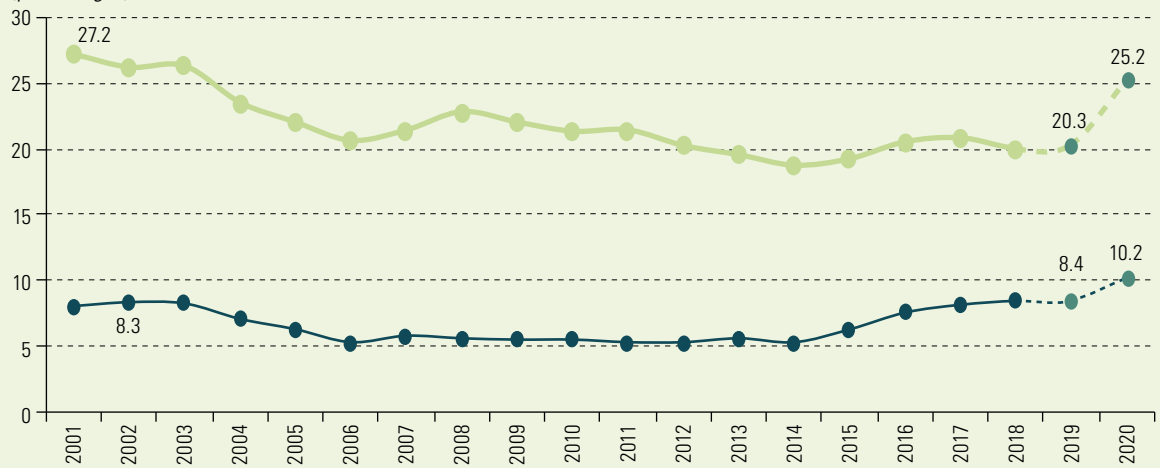
Source: Economic Commission for Latin America and the Caribbean (ECLAC).

^a The figures for 2019 and 2020 are estimates.

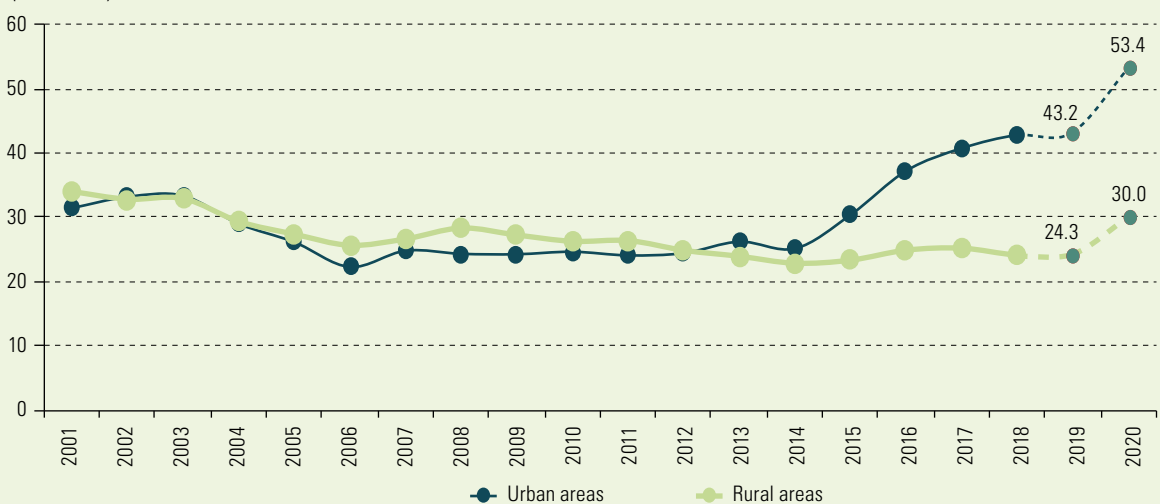
- The rise in extreme poverty during 2020, in absolute and relative terms, steepens the trend observed since 2014/15, especially in urban extreme poverty. The number of people living in extreme poverty could reach 53.4 million in urban areas and 30 million in rural areas (see figure 8).

Figure 8 | Latin America: rural and urban extreme poverty rates, 2001–2020^a

A. Share of the population living in extreme poverty
(percentages)



B. Persons living in extreme poverty
(thousands)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).

^a The figures for 2019 and 2020 are estimates.

- Many countries in the region have instituted cash income transfers, or other forms of in-kind food assistance, in accordance with their operating conditions and expertise. El Salvador and the Plurinational State of Bolivia have provided cash transfers, while other countries, such as Chile, Guatemala and Honduras, have distributed food baskets.
- School feeding programmes normally funded by public budgets have also been maintained. Despite the disruption of school classes, these programmes continue to be carried out in all countries where they operated before the pandemic, albeit through different distribution methods. In some countries, complementary feeding programmes for the most vulnerable population groups have been strengthened, by creating new lines or extending their coverage (see table 2).

Table 2 | Latin America and the Caribbean (19 countries): government responses to the pandemic, April 2020

Country	In-kind food vouchers	School feeding programmes	Cash transfers
Argentina	Measures extended	Measures maintained	Measures maintained
Bahamas	Measures maintained	Measures maintained	Measures maintained
Belize	Measures maintained	Measures maintained	Measures maintained
Brazil	Measures maintained	Measures extended	Measures maintained
Chile	New measures	Measures maintained	Measures maintained
Colombia	Measures extended	Measures maintained	Measures maintained
Costa Rica	New measures	Measures maintained	Measures maintained
Dominican Republic	Measures maintained	Measures maintained	Measures maintained
Ecuador	New measures	Measures maintained	Measures maintained
El Salvador	Measures extended	Measures maintained	Measures maintained
Guatemala	Measures maintained	Measures maintained	Measures maintained
Haiti	New measures	Measures maintained	Measures maintained
Honduras	New measures	Measures maintained	Measures maintained
Jamaica	New measures	Measures maintained	Measures maintained
Mexico	Measures maintained	Measures maintained	Measures maintained
Panama	Measures maintained	New measures	Measures maintained
Paraguay	Measures extended	Measures maintained	Measures maintained
Uruguay	Measures maintained	Measures maintained	Measures maintained
Venezuela (Bolivarian Republic of)	New measures	Measures maintained	Measures maintained

Measures maintained ■
 Measures extended ■
 New measures ■

Source: Economic Commission for Latin America and the Caribbean (ECLAC)/Food and Agriculture Organization of the United Nations (FAO), on the basis of data from the World Bank.

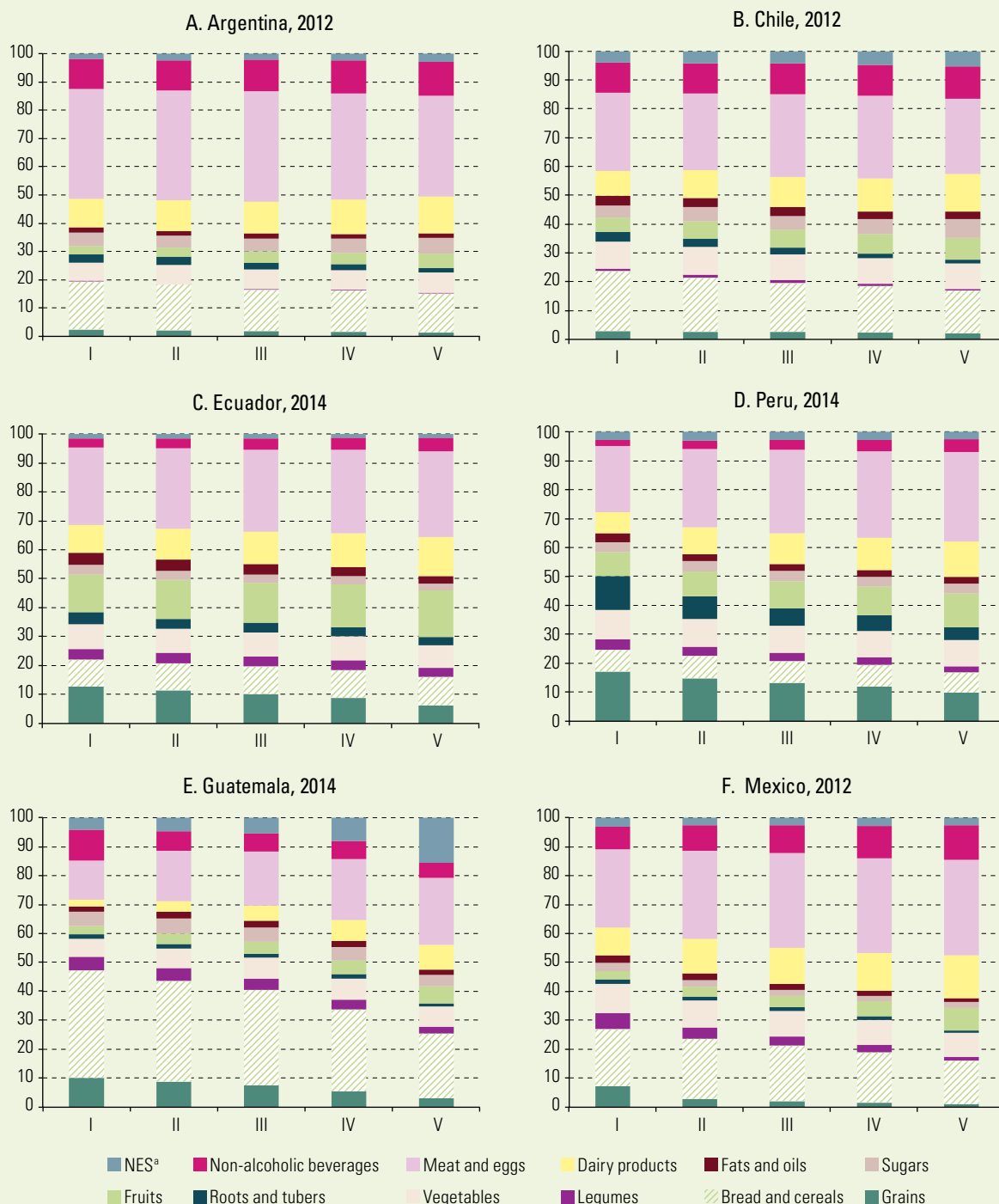
- To protect the access of lower-income groups to basic consumer products, several countries have adopted measures aimed at controlling or setting prices. These measures have been implemented either through recommendations to the food industry (as in Chile at the beginning of the pandemic), or by capping prices for some mass consumption food and health products (as in Argentina). Measures have also been put in place to monitor the price of agricultural inputs and control agricultural production costs, as in Colombia. Suppliers have resisted some of these measures, as they are unable to freeze prices because the national currency has depreciated and input prices have increased.
- Almost all the countries of the region have programmes to promote technological uptake (irrigation systems, greenhouses, small-scale livestock farming for households’ own consumption, among other technologies) that make a substantive contribution to rural families’ own consumption. These initiatives were in place before the crisis and must now be strengthened to complement other actions. This line of action can help to feed families during the economic disruption (especially if it becomes prolonged) or to prepare them for the post-pandemic situation.

2. Changes in food consumption and use patterns

- The income drop will likely change the diet of those households and individuals for whom food accounts for a high percentage of total expenditures. In these circumstances, more nutritious

and expensive foods (such as dairy products, meat, fruits and vegetables, fish and seafood) tend to be replaced by cheaper ones, higher in saturated fats, sugar, sodium and calories (FAO and others, 2018). This will exacerbate the nutritional inequality that existed before the pandemic: lower-income households consume more grains, bread and cereals and less dairy, meat and eggs than higher-income households (see figure 9).

Figure 9 Latin America (6 countries): food expenditure as percentage of total household expenditure, by income quintile, around 2012
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).
^a Not elsewhere specified.

- The crisis has reduced access to fresh food, such as fruit and vegetables, given the restrictions imposed on farmer's markets and other local markets where people bought these products. Limiting the number of outlets for food purchases encourages people to buy non-perishable and, in many cases, highly processed products, which adversely impacts the nutritional quality of the food consumed.
- The crisis has also changed how food for final consumption is obtained: ready-made products and food in general are increasingly being purchased through e-commerce websites. These options are more readily available to households with greater purchasing power, as they require an Internet connection and electronic means of payment. Some farmers' markets and wholesale markets have been successfully digitized, including the delivery component, in Chile, Colombia and Costa Rica (*Las Ultimas Noticias*, 2020; FAO/FLAMA, 2020; *Delfino*, 2020).

C. Higher local food prices

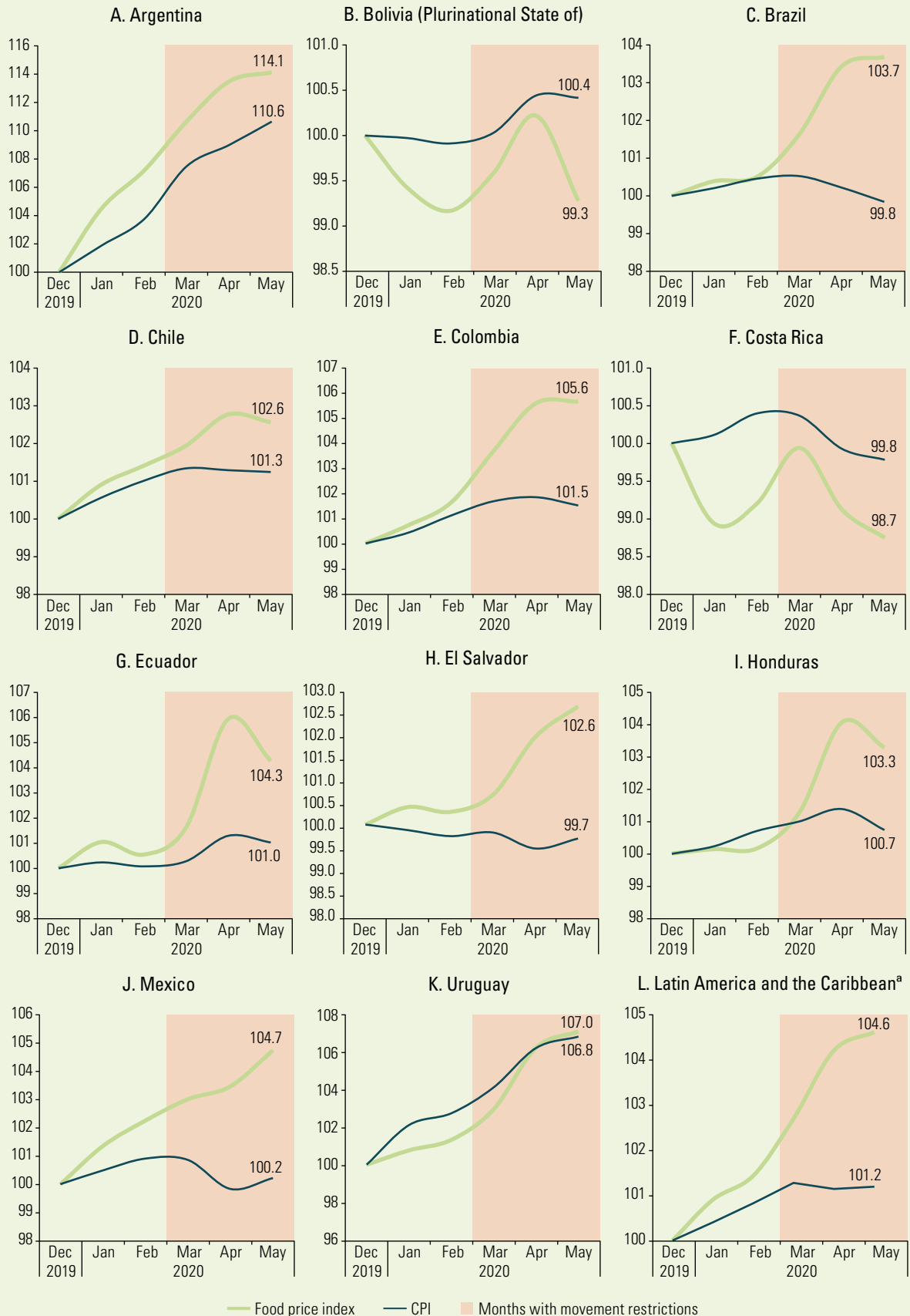
- **COVID-19 has increased the risk of volatility in local food prices in the future.** The prices of some products have increased, and the food price index has risen more than the consumer price index (CPI) in almost all the countries for which updated information is available (see figure 10 and table 3). This rise occurred mainly during March and April, when containment measures began to be implemented in most countries, leading to increased demand and supply uncertainty. In most of the countries, inflation then receded in May, as uncertainty eased and the countries began or intensified food distribution programmes.
- The weighted average increase in the regional food price index between January and May 2020 was 4.6%, almost four times higher than the CPI (1.2%). The hike has been particularly steep in Argentina (14.1%), Colombia (5.6%), Mexico (4.7%) and Uruguay (7.0%). The difference between food inflation and general inflation is much smaller in Uruguay than in Brazil, Ecuador, Colombia and Mexico and the average for Latin America and the Caribbean.
- Table 3 shows the price changes for some food groups, comparing the increase between January and April 2020 to the year-on-year variation up to April 2020. The prices of eggs, rice and potatoes went up the most. Uruguay, Colombia and Brazil have seen the most widespread increases, and they are also among the countries with the highest food inflation.
- Currency devaluation puts upward pressure on food prices, especially when the product contains a high percentage of imported ingredients. Between January and April 2020, there were significant falls in the value of the Venezuelan bolivar (-41%), the Mexican peso (-22.7%), the Brazilian real (-22.4%), the Colombian peso (-16.4%), the Uruguayan peso (-14.2%), the Chilean peso (-9.4%), and the Argentine peso (-8.5%). The Caribbean currencies fluctuated less, as they generally follow the United States dollar closely. However, the trend was reversed in most countries during May (see figure 11).

Table 3 | Latin America and the Caribbean (5 countries): variation in the food price index, by food group, April 2020
(Percentages)

Country	Variation	Rice	Chicken	Eggs	Bread	Potatoes	Fruit
Chile	January–April 2020	5	-1	4	4	2	-9
	Year-on-year to April	6	4	4	6	7	18
Uruguay	January–April 2020	10	4	20	5	32	9
	Year-on-year to April	15	49	27	11	41	22
Dominican Republic	January–April 2020	1	-5	9	0	2	-2
	Year-on-year to March 2020	1	-3	9	0	2	25
Colombia	January–April 2020	13	0	7	1	18	18
	Year-on-year to April	41	2	9	3	-12	18
Brazil	January–April 2020	7	3	14	1	38	8
	Year-on-year to April						

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

Figure 10 Latin America (regional averages and 11 selected countries): variation in the food price index and consumer price index (CPI) and the food CPI, December 2019–May 2020
(Indices: December 2019=100)

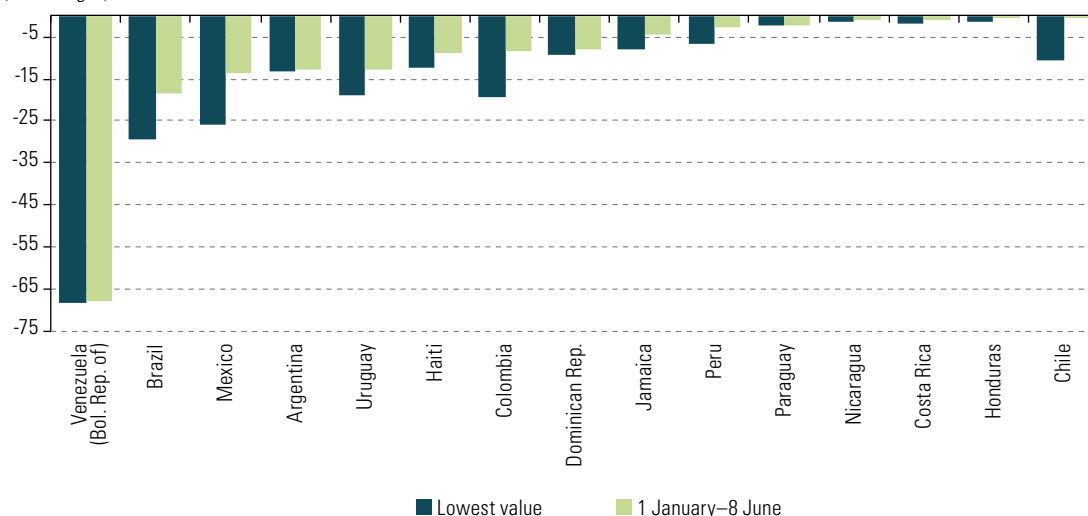


Source: Economic Commission for Latin America and the Caribbean (ECLAC).

^a The values for Latin America and the Caribbean are obtained from the population-weighted average for 14 countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

- The depreciation of local currencies is passed through to local food prices to the extent that food is imported, local production is linked to international trade or contracts between agribusinesses and producers are denominated in dollars, which is common.
- **The effects of the exchange rate on food prices differ** across countries and products, and may vary depending on the weight of local production of each product, the exchange rate, local demand and price protection policies. The improvement in the value of national currencies in May helped to mitigate the rise in food prices, as was the case in Chile, where the exchange rate returned to January levels in early June (see figure 11).

Figure 11 | Latin America and the Caribbean (15 countries): exchange-rate variation between national currencies and the United States dollar, January–June 2020 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).

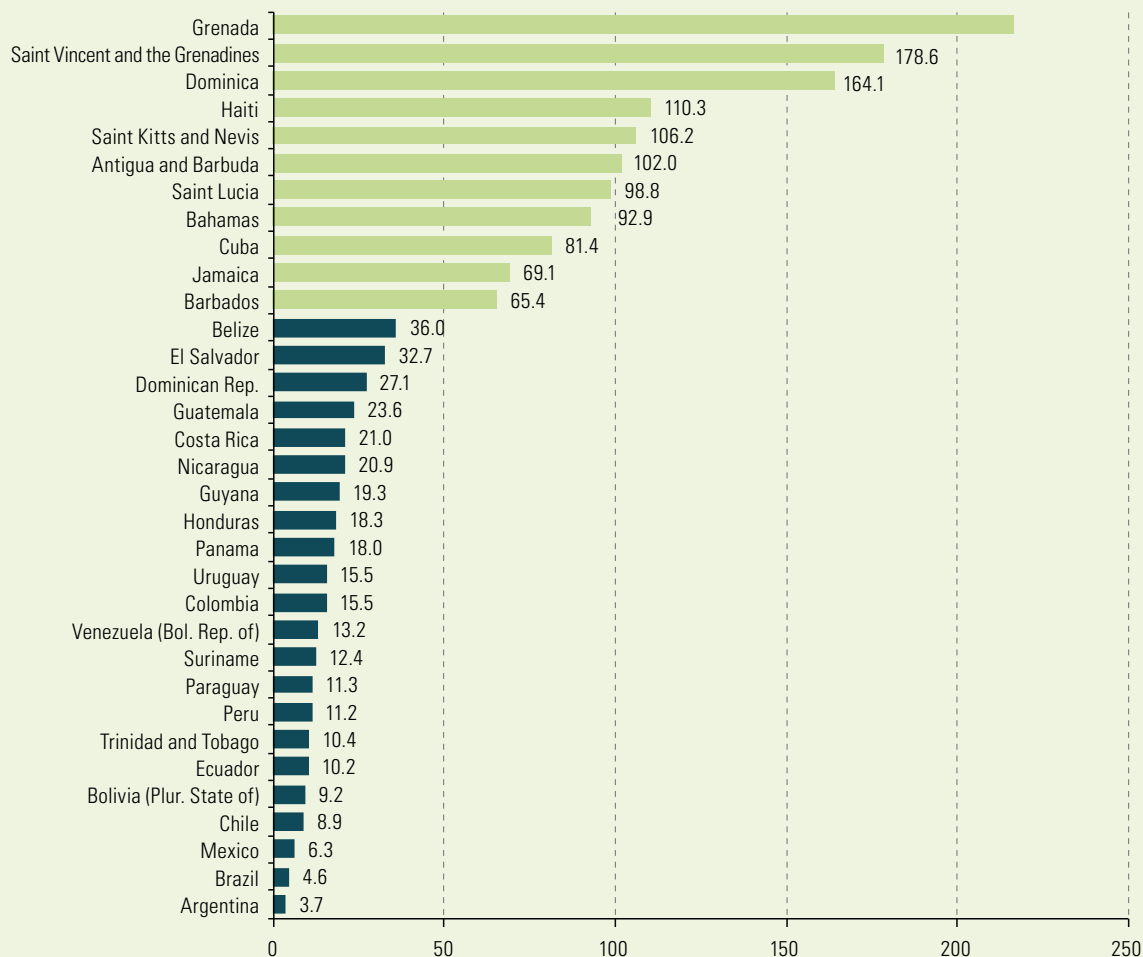
IV. Vulnerabilities in the regional food system

A. Vulnerabilities in international food trade

1. Imports

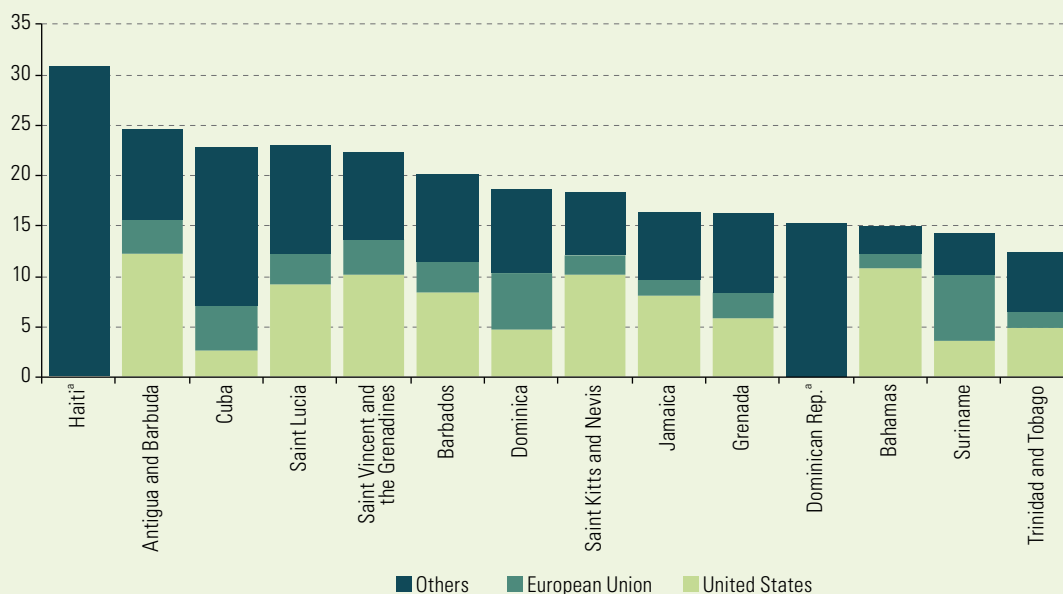
- The ratio of food imports to total exports is an indicator of the stability dimension of food security. Higher values imply increased vulnerability, as a large share of export earnings goes towards the purchase of food. Caribbean countries are the most vulnerable in the region: the value of food imports accounts for more than 50% of the value of exports in 11 countries and exceeds 100% in 6. At the other end of the spectrum, this ratio is below 5% in Argentina, Brazil, Chile, Mexico and the Plurinational State of Bolivia (see figure 12).
- The vulnerability of Caribbean countries with respect to dependence on food imports is exacerbated by the concentration of suppliers in the United States and the European Union (see figure 13), which places food security at risk in the event of disruptions in international food distribution chains.

Figure 12 Latin America and the Caribbean: ratio of food imports to total exports, average for 2015–2017
(Food imports as a percentage of total exports)



Source: Food and Agriculture Organization of the United Nations (FAO), Corporate Database for Substantive Statistical Data (FAOSTAT).

Figure 13 The Caribbean (14 countries): dependence on agricultural imports, by source market, average for 2015–2017
(Agricultural imports as a percentage of total exports)



Source: Food and Agriculture Organization of the United Nations (FAO), Corporate Database for Substantive Statistical Data (FAOSTAT).

^a Detailed information by origin not available.

- Table 4 shows the dependency on food imports by groups of countries and by type of foods. The countries of the Caribbean are the most vulnerable, with imports as a share of food supply close to or exceeding 40% for dairy products (36%), meat (44%), sugars (45%), fish (62%) and cereals (83%). By contrast, net food exporting countries depend on imports for only about 40% of their food supply, mainly for fish (36%) and sugars (40%). Dependence on imports is lowest for vegetables and fruit in all country groupings.

Table 4 | Latin America and the Caribbean: dependence on food imports, by food group and groups of countries, average for 2015–2017

(Percentages of national food supply for each food group)

Group of countries	Cereals	Fish	Meat	Dairy	Sugars	Fruit	Vegetables
The Caribbean	83	62	44	36	45	8	7
Net importers excluding Caribbean countries ^a	64	70	9	6	26	4	10
Net food exporters and net cereal importers ^b	47	32	19	25	33	6	7
Net food exporters and net cereal exporters ^c	17	36	13	11	40	17	6

Source: Economic Commission for Latin America and the Caribbean (ECLAC)/Food and Agriculture Organization of the United Nations (FAO), on the basis of information from the Corporate Database for Substantive Statistical Data (FAOSTAT).

Note: The colours of the shaded cells vary according to the degree of vulnerability on a scale from dark green (low) to red (high).

^a Bolivarian Republic of Venezuela, El Salvador, Panama and Suriname.

^b Belize, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Peru and Plurinational State of Bolivia.

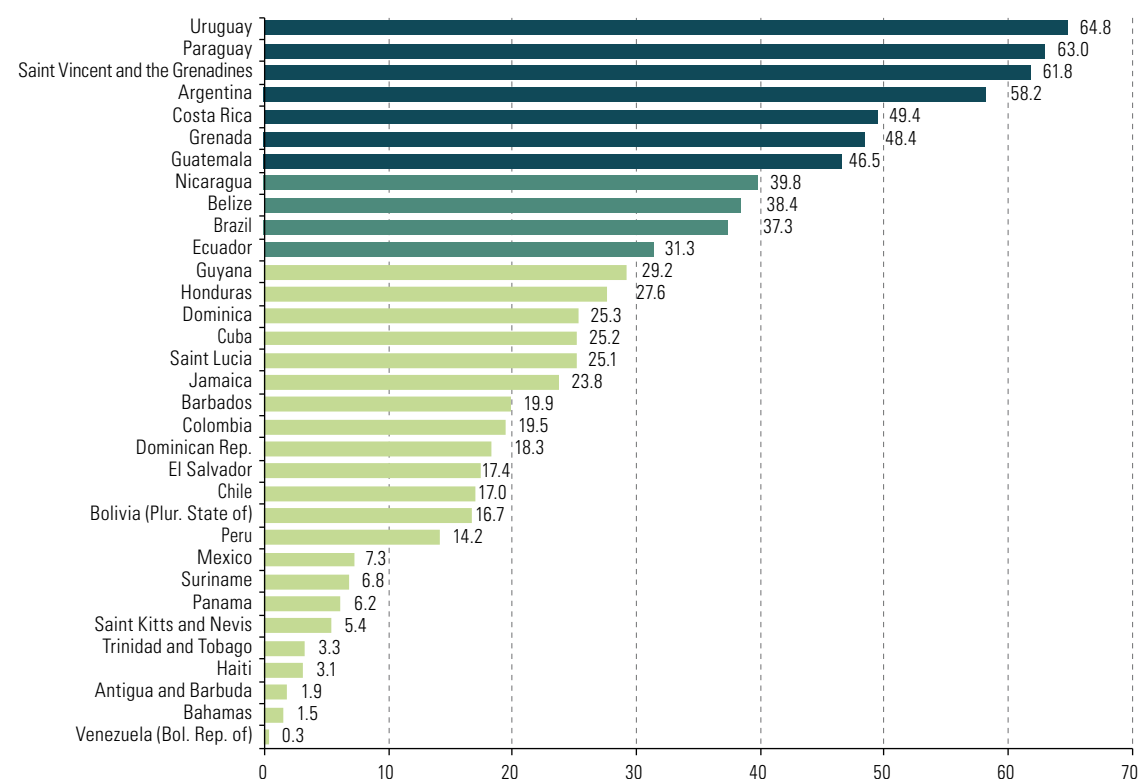
^c Argentina, Brazil, Guyana, Paraguay and Uruguay.

2. Exports

- A large share of agricultural exports in total exports can also be a factor of vulnerability, depending on the diversification of destination markets and the extent to which they have been affected by COVID-19 (see figures 14 and 15).

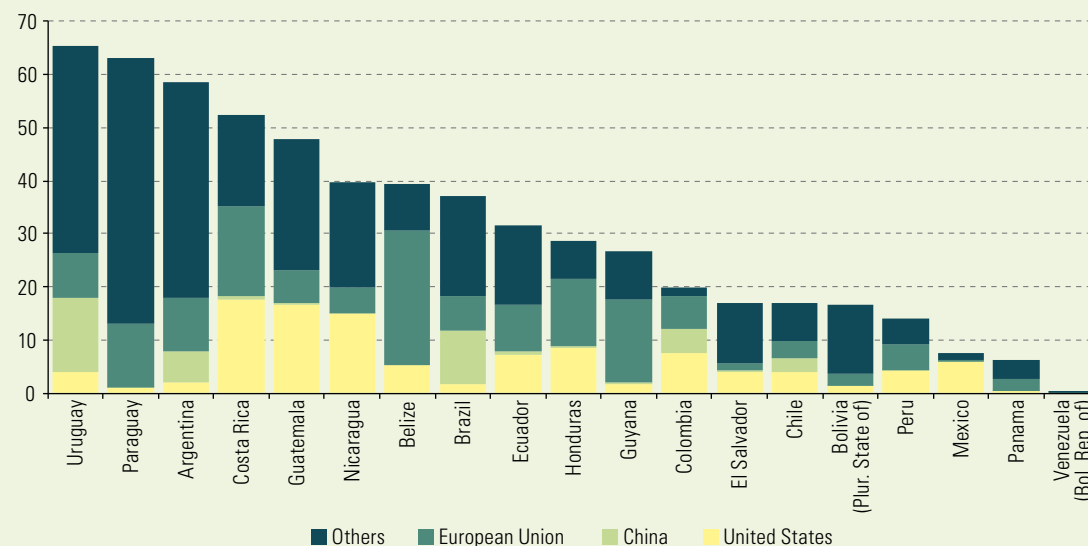
Figure 14 | Latin America and the Caribbean: ratio of food exports to total exports, average for 2015–2017

(Food exports as a percentage of total exports)



Source: Food and Agriculture Organization of the United Nations (FAO), Corporate Database for Substantive Statistical Data (FAOSTAT).

Figure 15 Latin America (18 countries): dependence on agricultural exports, by destination market, average for 2015–2017
(Agricultural exports as a percentage of total exports)



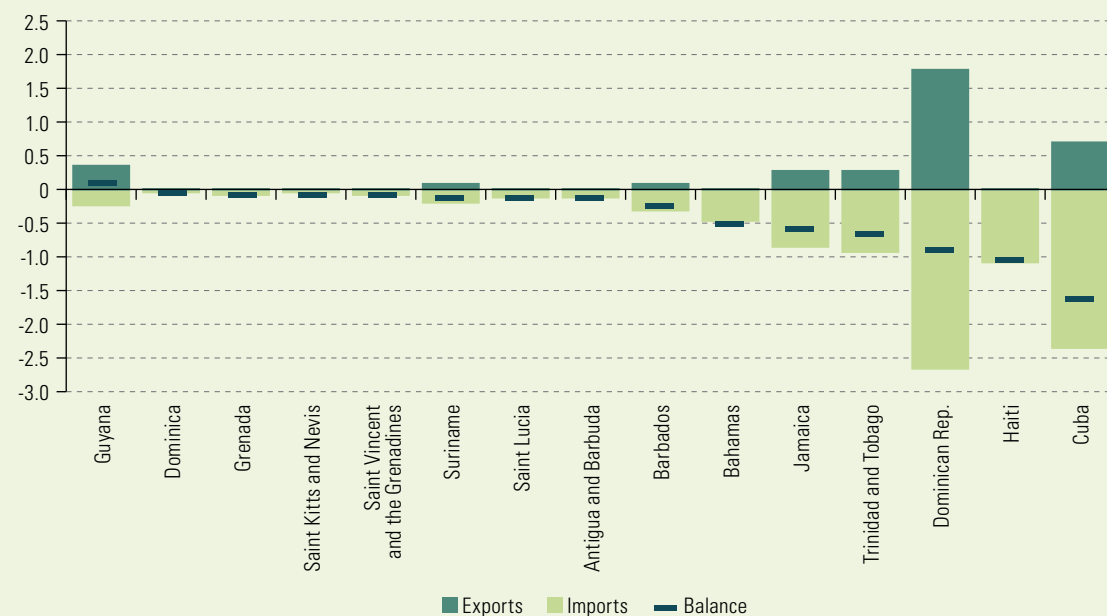
Source: Food and Agriculture Organization of the United Nations (FAO), Corporate Database for Substantive Statistical Data (FAOSTAT).

- However, high dependence on agricultural exports can also serve as a buffer against weak international trade in other sectors of the economy and increases the resilience of food security. In the event of market closures, non-exported food can be diverted to sustain domestic consumption.
- On the whole, there are few destination markets for agricultural exports, mainly the United States and the European Union and, increasingly, China— particularly for exports from Uruguay, Brazil and Argentina. All three destination markets have been severely hit by the pandemic. The countries that depend most on the United States market are Costa Rica, Guatemala, Mexico and Nicaragua.

3. Food trade balance

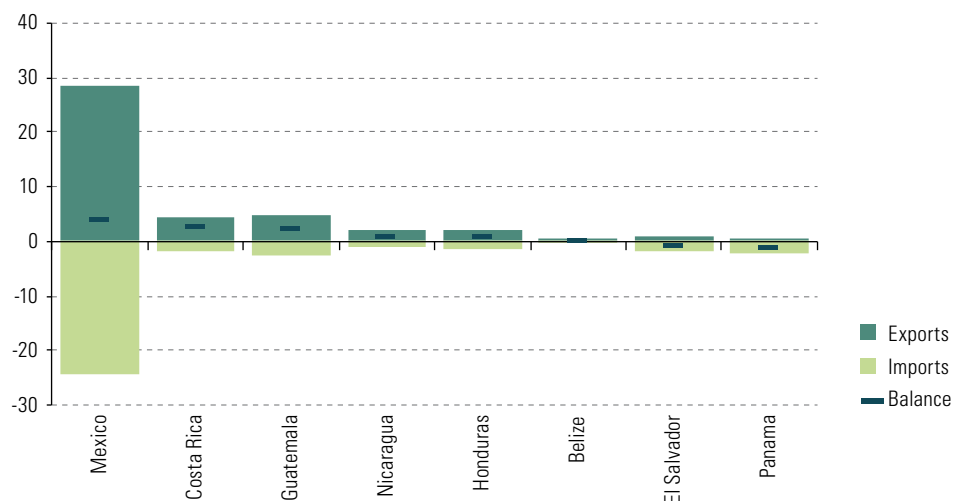
- There is a clear discrepancy between Caribbean countries and Latin American countries as regards the difference between the value of exports and imports of agricultural products. In the Caribbean, with the exception of Guyana, all countries are net food importers (see figure 16). Conversely, in Latin America, the only countries in a similar position are El Salvador and Panama in Central America (see figure 17) and the Bolivarian Republic of Venezuela in South America (see figure 18).

Figure 16 The Caribbean (15 countries): international food trade, by country, average for 2015–2017
(Billions of dollars)



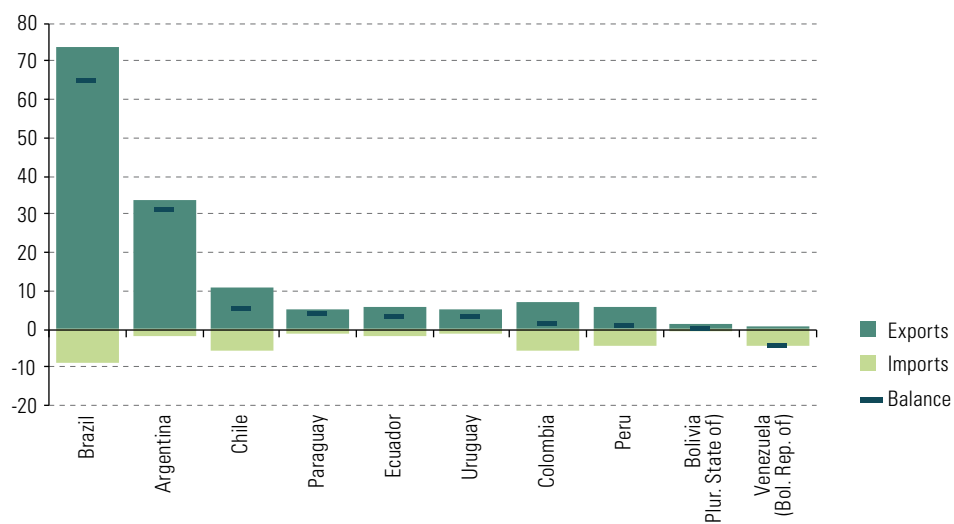
Source: Food and Agriculture Organization of the United Nations (FAO), Corporate Database for Substantive Statistical Data (FAOSTAT).

Figure 17 | Central America (8 countries): international food trade, by country, average for average for 2015–2017 (Billions of dollars)



Source: Food and Agriculture Organization of the United Nations (FAO), Corporate Database for Substantive Statistical Data (FAOSTAT).

Figure 18 | South America (10 countries): international food trade, by country, average for 2015–2017 (Billions of dollars)



Source: Food and Agriculture Organization of the United Nations (FAO), Corporate Database for Substantive Statistical Data (FAOSTAT).

- The greatest vulnerability occurs when countries are net importers of food, they allocate a high share of exports to finance food imports and their agricultural exports represent a small share of total exports. This is the case in Antigua and Barbuda, the Bahamas, Haiti and Saint Kitts and Nevis. Vulnerability is even greater in low-income countries where there are high levels of malnutrition, such as Haiti (see table 5).
- By allocating a small percentage of exports to food imports, net food importing countries can reduce their vulnerability. While this is not currently the case in any country in the region, Panama, Suriname and Trinidad and Tobago have an intermediate share of exports going to finance food imports. In these countries, the risk to food security lies more in the disruption of food supply chains.
- Some countries that are net food importers have medium to high values of agricultural exports that are little diversified. Two extreme examples are Grenada and Saint Vincent and the Grenadines, which are highly dependent on exports of spices and bananas, respectively.

Table 5 Latin America and the Caribbean: classification of countries by agricultural import and export indicators, average for 2015–2017

		Agricultural exports as a percentage of total exports		
		Low	Medium	High
Agricultural imports as a percentage of total exports	Low	Mexico	Bolivia (Plurinational State of) Chile	Argentina Brazil
	Medium	Panama Suriname Trinidad and Tobago Venezuela (Bolivarian Republic of)	Colombia Guyana Honduras Panama Peru Dominican Republic	Belize Costa Rica Ecuador Guatemala Nicaragua Paraguay Uruguay
	High	Antigua and Barbuda Bahamas Haiti Saint Kitts and Nevis	Barbados Cuba Dominica El Salvador Jamaica	Grenada Saint Vincent and the Grenadines

Source: Economic Commission for Latin America and the Caribbean (ECLAC)/Food and Agriculture Organization of the United Nations (FAO).

Note: Countries shown in bold type are net food importers.

B. Vulnerabilities in food distribution systems

- All countries have been able to keep their markets functioning relatively normally. At the time of writing, the risks of shortages have been limited, as governments and businesses have managed to adapt. However, the system is under pressure and there have been some interruptions in supply chain operations, such as the border closures to cargo transport between Nicaragua and Costa Rica and between Haiti and the Dominican Republic.
- In addition to border closures, wholesale markets that were identified by authorities as outbreak hotspots have been closed in Peru (La Victoria in Lima), Ecuador (San Roque in Quito) and Brazil (the State-owned company CEAGESP in São Paulo), and 38 retail markets have been closed in Mexico City (in the municipalities of Venustiano Carranza, Cuauhtémoc, Tlalpan, Azcapotzalco and Gustavo A. Madero).
- Occasional disruptions and the efforts of governments, companies, agricultural producers and other stakeholders have highlighted weaknesses in supply chains. This has prompted a conceptual review that places greater emphasis on social inclusion and system resilience (see box 1).

Box 1 | A new approach to food supply chains

The new concept of food supply chains envisages improving supply capacity by moving away from offshoring (the prevailing model prior to the crisis) and by increasing local production. This would combine efficiency and resilience and would increase diversification, supplier redundancy, intersectoral linkages, value added, bioeconomics and digitization.

- There is a need for logistics that will enhance integration with supplier companies (in terms of information, location and internal power structures), inventory management systems (to improve availability) and the overall stability of the chain. Digitization, traceability and biosecurity must be priorities.
- Multinational food companies stake their reputation among consumers, while systemic crises cause significant losses that cannot be worked out by means of isolated solutions. The conditions thus arise for a new corporate social responsibility that goes beyond philanthropy and the principle of shared value (Porter and Kramer, 2011). Companies must begin to commit to collective pro-community strategies geared towards reducing systemic risks. Conditionalities should be used to make government bailouts contingent on firms' actions during the crisis (Mazzucato, 2020).
- The role of major buyer and exporter countries in the pricing of agricultural products is also crucial. This is particularly true in the case of China, which manages large stocks of grain to ensure food security and, thus, can affect price volatility (Courleux and Depeyrot, 2017).
- The weakest links in supply chains are small businesses. They will require investment from sources both external (banks and others) and internal (local assets) to overcome difficulties and improve productivity. Partnering is essential for scaling up production and enhancing market position. Cooperatives, collaborative networks and new relationships between cooperatives and transnational corporations are also a must.
- International commodity pricing systems must be made more transparent. More information is needed on the role of financial actors, governments and transnational corporations, their competitive mechanisms and their internal power structures. Consumers must also play an active role in the end market, with more sophisticated and digitized short circuits.

Box 1 (concluded)

- There is a need for new stabilizing mechanisms to manage price volatility and other risks, at all levels (local, regional, national and international), as well as multi-level reserve funds (local savings, insurance, options, parafiscal funds, payments for environmental services and grants, among others).
- Sustainable production is more relevant than ever. The pandemic is a manifestation of global problems, but there are other systemic risks. To avoid those risks and increase resilience, new production models must be developed that are not only inclusive and efficient but also promote more environmentally sustainable and resilient agriculture.

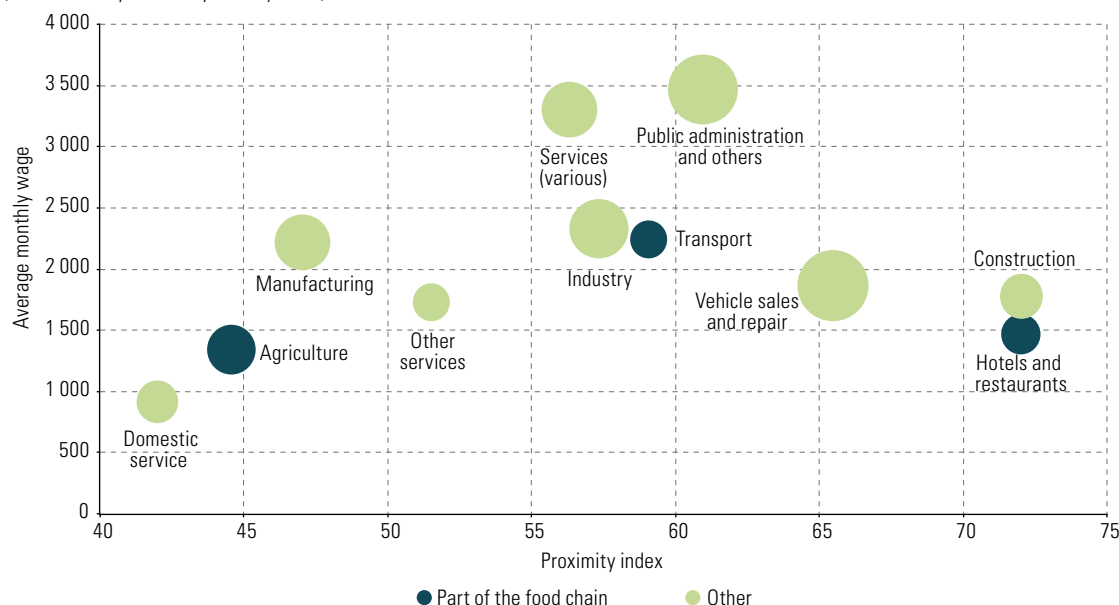
Source: Economic Commission for Latin America and the Caribbean (ECLAC)/Food and Agriculture Organization of the United Nations (FAO), on the basis of M. Porter and M. Kramer, "Strategy & society: the link between competitive advantage and corporate social responsibility", *Harvard Business Review*, No. 1680, December 2006; M. Mazzucato, "Capitalism's triple crisis", Project Syndicate, 20 March 2020 [online] <https://www.project-syndicate.org/commentary/covid19-crises-of-capitalism-new-state-role-by-mariana-mazzucato-2020-03/english>; F. Courleux and J. Depeyrot, "La Chine, le nouveau stockeur en dernier ressort, après les États-Unis ?", *Transformations agricoles et agroalimentaires: entre écologie et capitalisme*, G. Allaire and B. Daviron, Versailles, Éditions Quæ, 2017.

C. The vulnerabilities of food system workers

- Agriculture is labour-intensive in Latin America and the Caribbean: the sector represents 5% of GDP and absorbs 13.9% of the employed population.³ Workers throughout the agriculture chain are exposed both physically and economically by COVID-19.
- According to the index of the occupational information network O*NET, workers in the agriculture sector are among those requiring the least physical proximity in the entire economy (45 on a scale of 1 to 100) to perform their work. The risks arise because their jobs have been classified as essential and the tasks involved cannot be performed remotely. Workers therefore continue to move around and interact with each other, even during quarantine. In addition, agricultural workers in the region show higher rates of informality and their wages are below average.
- These vulnerabilities are illustrated in figures 19 and 20, which present information from Brazil and the Dominican Republic. In Brazil there were 8.5 million agricultural workers (9% of the employed population) in 2019. Only the domestic service sector posted lower average income (see figure 19). In the Dominican Republic, the agricultural sector represented 9% of the labour market, i.e. close to 430,000 jobs, the great majority of which were informal (see figure 20).

Figure 19 | Brazil: labour market vulnerability in sectors relating to the food system, average monthly wage and physical proximity, 2019

(Reais at 2019 prices and proximity index)^a

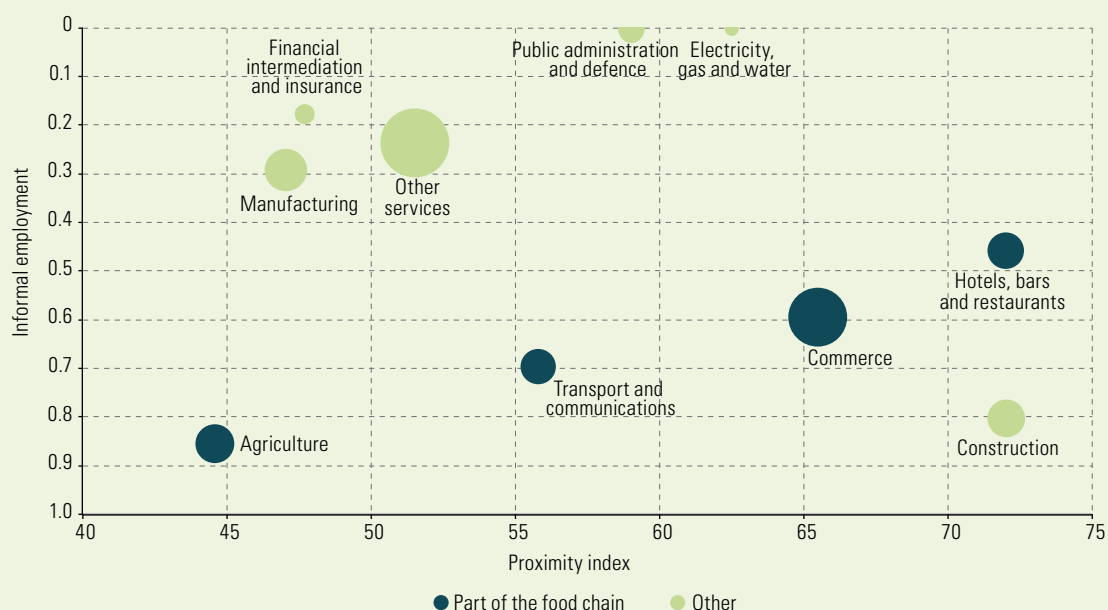


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from O*NET (proximity) and National Statistical Office (ONE) (labour market figures).

^a Index: 100 = the sector requiring the greatest degree of physical proximity between people.

³ See 2018 data in Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database] <https://estadisticas.cepal.org/cepalstat/portada.html?idioma=english>.

Figure 20 Dominican Republic: labour market vulnerability in sectors relating to the food system, employment informality and physical proximity, 2018
(Percentages of informal employment and proximity index)^a



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from O*NET (proximity) and National Statistical Office (ONE) (labour market figures).

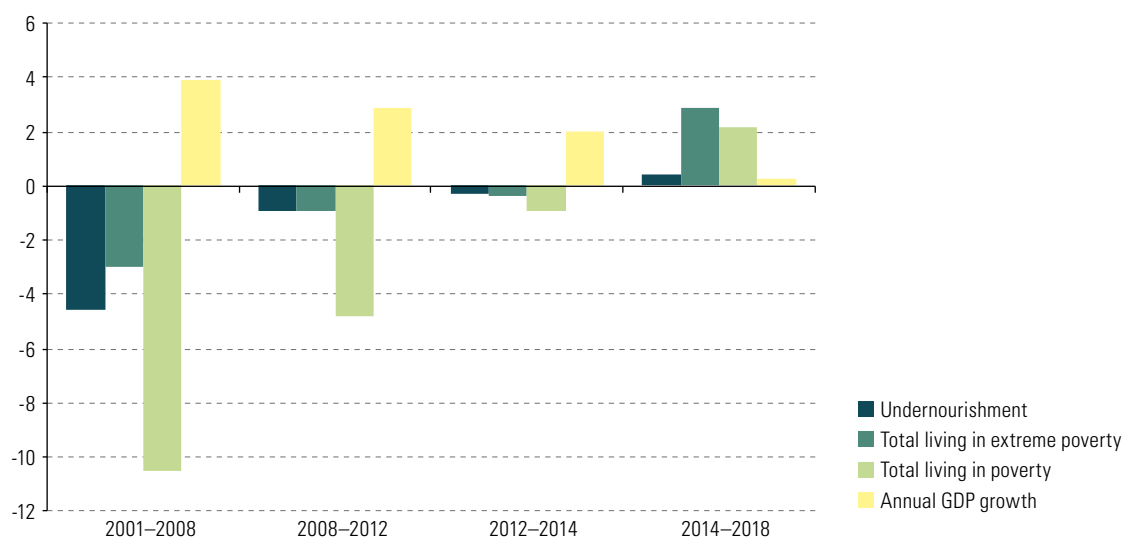
^a Index: 100 = the sector requiring the greatest degree of physical proximity between people.

- At the intermediate phases of the chain, in processing and distribution, there is lower economic risk (with less informality and higher wages), but a greater risk of contagion owing to the greater proximity between people needed to perform activities and the necessity of working in situ. In the United States, for example, a pork processing plant became a contagion hot spot and placed some of the pork supply at risk (Swanson, Yaffe-Bellany and Corkery, 2020).
- Jobs at the end of the chain are high-risk. Workers in wholesale and retail markets (street markets and supermarkets) remain at high risk of infection in their work (75 out of 100 on the O*NET index) and their wages do not make up for the great risk. Finally, wages for workers in restaurants and the tourism sector in general are low and these jobs have tended to disappear amid falling demand, while home deliverers of food also receive low wages and work in conditions of great informality.

D. Socioeconomic vulnerabilities

- As the extreme poverty line is determined by the cost of the basic food basket, people living below this line do not have sufficient income to cover basic food costs. This means that the economic downturn projected for this year is likely to have a direct impact on the food security of millions of people. In Latin America and the Caribbean, hunger stems from poverty (particularly extreme poverty), not from a lack of food (see figure 21).
- The financial crisis of 2008 demonstrated the effects of a global economic downturn on low-income populations, concentrated in the rural areas of developing countries and largely dependent on agriculture. The 2008 crisis pushed up hunger levels in 65 of 77 developing countries (FAO and others, 2019a). International events since then (for example, the recurrent hurricanes in the Caribbean and the famine in South Sudan in 2017) have led to a reassessment of the sensitivity of global food systems to the health crisis.

Figure 21 Latin America and the Caribbean: average annual GDP growth and percentage change in the prevalence of undernourishment, poverty and extreme poverty, 2001–2018
(Percentages and percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC)/Food and Agriculture Organization of the United Nations (FAO), on the basis of CEPALSTAT and Corporate Database for Substantive Statistical Data (FAOSTAT).

- Lessons can also be learned from the repercussions of other epidemics on food security. Epidemics like HIV/AIDS, Ebola and Middle East respiratory syndrome (MERS) have had negative impacts on food and nutrition security, particularly for vulnerable populations, including children, women, older people and those living in poverty. Ebola, for example, had a major impact on the agricultural areas of some African countries. With regard to production, roadblocks meant that farmers had limited access to inputs such as seeds, fertilizers and insecticides, and many regions faced acute labour shortages. All this led to more than 40% of agricultural land not being cultivated and the prices of some commodities, such as cassava, skyrocketing by as much as 150%. By contrast, outbreaks of severe acute respiratory syndrome (SARS) had relatively little impact on the economy and food and nutrition security of China, including Hong Kong (Special Administrative Region of China) and Taiwan Province of China, largely because of the country’s emergency response capacity, but also because of its large food reserves and the fact that its value chains are well integrated into domestic and international markets (Fan, 2020).
- These experiences indicate that the adverse effects of the COVID-19 crisis on food security will be uneven and more intense for those countries, regions and population groups that were already highly vulnerable. In Latin America and the Caribbean, poverty and extreme poverty rates are higher in rural areas, as is the employment informality rate, while the rate of access to social protection networks is low, which combines to create a situation of extreme vulnerability. The incidence of poverty is not only higher among people living in rural areas, but also among children, adolescents and young people; indigenous people; women of working age; and those with lower levels of education.
- Rural poverty is associated with the existence of a large number of low-productivity smallholders, with little, poor quality land and limited access to public goods. Although no updated figures are available, it is estimated that this sector comprises some 16 million farms, to which must be added the 2 million or so small-scale, artisanal fishers operating in the region. Over 90% of the region’s farms are cultivated by family farmers, but they only own 23% of agricultural land. Self-employed agricultural workers and their unpaid family members, mostly family farmers (although definitions vary from country to country), have the lowest income levels of the different categories of labour market participation in rural areas.

E. Subregional vulnerabilities

- The region's food systems have multiple vulnerabilities to COVID-19. Given the heterogeneity of Latin America and the Caribbean, not all vulnerabilities are the same. The main determinants of vulnerability are dependence on food imports, previous levels of poverty and hunger and the extent to which these increase (depending on the depth of the economic crisis), reliance on few markets for international food trade and whether food supply chain are disrupted.

The Caribbean

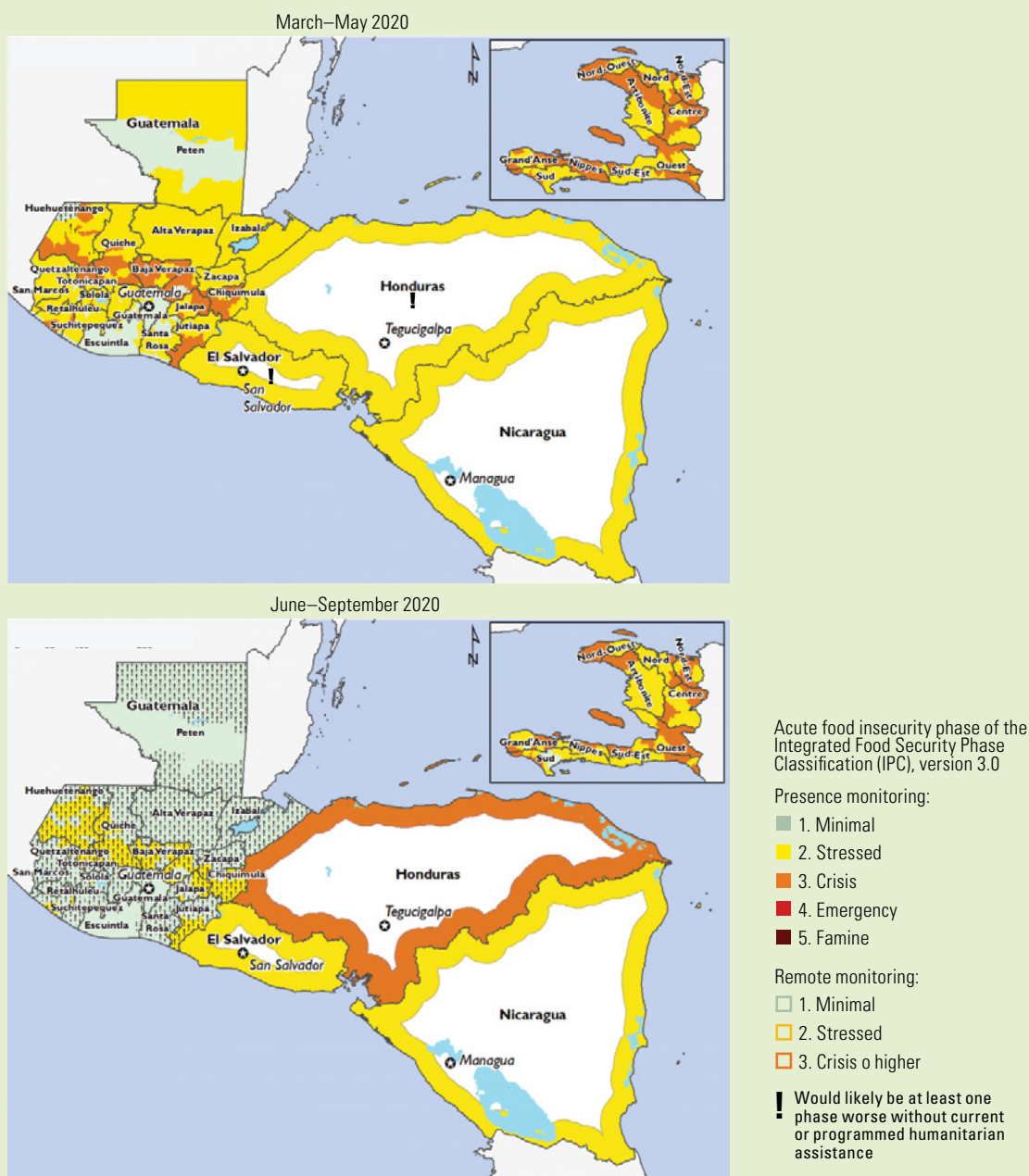
- All the Caribbean countries are net food importers from a small number of markets of origin. Therefore, disruption of food supply chains increases the risk of food insecurity. The Caribbean has countries with high levels of poverty and undernourishment, where hunger is the main concern (Haiti, for example); while all the countries show a high incidence of overweight and obesity due to poor nutrition. Increases in food prices and reductions in incomes could push people to consume cheaper and less nutritious food, both of which increase the risk of malnutrition.
- It is also important to be aware that the 2020 hurricane season has officially begun. The Climate Prediction Center (CPC) of the National Oceanic and Atmospheric Administration (NOAA) of the United States forecasts a 60% chance for an above-normal season, with a 70% chance of having 13–19 named storms, of which between 6 and 10 could develop into hurricanes, including 3 to 6 major hurricanes (categories 3, 4 or 5). This is a recurrent vulnerability that could worsen during 2020, increasing the food security risks associated with the pandemic.

Central America and Mexico

- In this subregion, middle-income countries (for example, Belize, Costa Rica, Mexico and Panama) coexist with countries with high levels of poverty and undernourishment, located in the Northern Central America and the Central America Dry Corridor (El Salvador, Guatemala, Honduras and Nicaragua). In these four countries and Mexico, the reduction of remittances from the United States could exacerbate problems of poverty and hunger in the populations that depend on them, especially in rural areas.
- All these countries are net importers of cereals, mainly from the United States; and the United States is also the main destination market for their agricultural exports. The risk of supply chain disruption therefore makes their international food trade doubly vulnerable. This is in addition to border closures motivated by disagreements between countries over the management of the health crisis. Such situations affect intraregional trade in food and agricultural inputs, which is important for all the countries. The risk associated with the start of the 2020 hurricane season also exists in this subregion, although historically it has been less vulnerable to the impacts than the Caribbean.

Box 2 | The Central America Dry Corridor and Haiti: food security projections before the COVID-19 crisis

Due to low stocks of previous years' crops, in the Central America Dry Corridor by the second quarter of 2020 most low-income households had already spent the income received from the last coffee harvest (late 2019 and early 2020). Labour income is usually limited because producers are devoted to growing crops on their farms. The crisis has led to a drop in economic activity, generating unemployment and reducing that income. As the lean season progresses, more vulnerable households are likely to slip into crisis, particularly in Guatemala and Honduras. The health crisis will accelerate this trend, as may also occur in Haiti.



Source: Famine Early Warning Systems Network (FEWS NET).

Note: The classification of the Famine Early Warning Systems Network (FEWS NET) is IPC-compatible. IPC-compatible analysis follows key IPC protocols but does not necessarily reflect the consensus of national food security partners.

FEWS NET remote monitoring countries use a coloured outline to represent the highest IPC classification in areas of concern.

The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

South America

- Two groups of countries may be distinguished in this subregion. On the one hand are the Andean countries and a portion of the Amazon shared with Brazil; and on the other, the southern countries. In the Andean countries (especially Ecuador, Peru and the Plurinational State of Bolivia) there is a marked duality of agricultural systems, with a large presence of campesino and indigenous family agriculture. These countries have made significant progress in reducing poverty and undernourishment, which could be reversed, depending on the duration and depth of the economic crisis. Owing to its geography, this group of countries has limited connectivity, especially in the high Andean and the Amazon regions, which represents a risk for the food supply chain, especially for more market-dependent family agriculture.
- The Bolivarian Republic of Venezuela is suffering serious food insecurity, a situation also faced by the Venezuelan migrant population in neighbouring countries, especially Colombia and Ecuador (FAO/WTO/WTO, 2020).
- The countries of southern South America are net exporters of food and, with the exception of Chile, are also net exporters of cereals. The European Union is a larger destination market than the United States, and China has gained importance for all these countries, especially Argentina, Brazil and Uruguay, the three largest agro-exporters in South America. With the exception of Paraguay, these are also highly urbanized countries with large cities, which makes them particularly vulnerable to disruption of the food supply chain. Despite the closure of land borders for passengers from other countries, no restrictions have been imposed on agricultural cargo.

F. Emerging measures taken by countries to mitigate food supply chain vulnerabilities

- Countries and subregions have responded to the emergency at the policy level, with the deployment of multiple initiatives. The **agenda** has focused on the following aspects: (i) overall assessment of the impact of the COVID-19 crisis on food security in the region; (ii) sanitary and phytosanitary risks at borders; (iii) food production and supply capacity, adjustment of health protocols, operation of production chains, policy measures to stabilize firms; (iv) maintenance of international trade and cooperation between governments to resolve specific problems; and (v) intraregional management of agricultural surpluses to respond to emergencies.
- FAO and ECLAC have listed the policy measures taken by governments to address the emergency in the food sector and in the rural territories of the region (FAO/ECLAC, 2020). Prominent among these measures are:
 - **The implementation of macroeconomic and sectoral policies to stabilize the economy and support production sectors**, especially small and medium-sized enterprises (SMEs), in order to ensure the availability of food. Measures include refinancing, payment reduction or postponement, tax reduction, flexibilization of contracts and application of subsidies, among others (see table 6).
 - **The creation of task forces at each level to navigate the emergency**, comprising ministries of agriculture and other public bodies, FAO, the Inter-American Institute for Cooperation on Agriculture (IICA), the World Food Programme (WFP), the International Fund for Agricultural Development (IFAD) and the other agencies, funds and programmes of the multilateral system, as well as non-governmental organizations (NGOs), food companies, cooperatives, wholesale markets, retail markets, food banks, trade unions, producers' associations and other stakeholders.
 - **The adaptation of supply chain logistics**. The following measures are important in enabling agriculture to continue to function: refinancing for companies; the adoption of new protocols with biosecurity measures; training of the workforce, regrouping teams and prioritizing tasks; adjustment of the level of operation in agro-industrial plants; the rescheduling of sowings and changes in the choice of crops (in the case of annual crops), among others. All types of businesses, including family farms, have adopted measures of these sorts. It has also been important to coordinate network actors (by chains and territories) and to promote digital commerce and other short circuit options.

Table 6 | Latin America and the Caribbean: measures taken by development banks to support the agricultural sector

Bank and country	Measures
Agrobanco (Peru)	6-month interest-free postponement of farmers' debts
Agricultural Bank of the Dominican Republic (BAGRICOLA)(Dominican Republic)	Flexibilization of current loans Restructuring to past-due loans without affecting credit ratings
Central Bank of Cuba	Moratorium on payment of interest and capital for those clients whose activity is totally or partially suspended
Agricultural Development Bank (BDA)(Panama)	Loans for agricultural and livestock activities at 0% interest (Plan Panamá Agro Solidario)
El Salvador Development Bank (BANDESAL) (El Salvador)	Flexibilization of current loans
Agricultural Development Bank (BFA)(El Salvador)	Flexibilization of current loans
Honduran Bank for Production and Housing (BANHPROVI)(Honduras)	Flexibilization of current loans (first and second tier)
National Bank for Economic and Social Development (BNDES)(Brazil)	Expansion of the supply of working capital
BANRURAL (Guatemala)	Flexibilization of current loans
Trust Funds for Agriculture (FIRA)(Mexico)	Flexibilization of current loans Additional funding to reactivate operations Reduced rates on new loans Guarantees for producers and accredited companies Credit lines and guarantees for financial institutions
National Agriculture Financing Institution (FINAGRO)(Mexico)	Loans Price controls Income support
National Development Fund (FONADE) (Costa Rica)	Cancellation of first tier financial obligations with the National Fund for Development (FONADE) for 2,705 micro-, small and medium-sized agricultural producers in the different farming areas of the country
Agricultural Financing Fund (FINAGRO)(Colombia)	Credit line for agricultural producers, with FINAGRO resources of 1.5 billion pesos (US\$ 410 million)
Development Banking System (SBD)(Costa Rica)	Moratorium on the payment of capital and interest for up to 6 months on loans with SBD resources for companies with serious economic problems Grace period of up to 12 months for the payment of the capital portion of operations financed with SBD resources for companies with moderate economic problems Refinancing of credit operations with SBD resources for working capital Emergency working capital Channelling of receipts from the "briefcase banking" tax for prevention, bailout, recovery and economic reactivation of business activities and production Non-repayable funds for 200 SMEs E-commerce platform

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

- **The strengthening of food security programmes** implemented by government agencies with the support of agencies of the United Nations system or other entities. All countries have maintained school feeding programmes and some have established schemes to distribute goods baskets or cash to vulnerable populations. The work of producer associations, trade unions, local communities, NGOs, foundations and other civil society actors has also been key in this area.
- **The design of strategies to ensure the care of the most vulnerable population**, for example, conducting rapid assessments to identify where populations with higher levels of food stress are concentrated.
- Fostering of **synergies** in rural territories between ministerial programmes and development projects run by NGOs, private companies and international agencies, and the joint promotion of strategies and programmes to support family agriculture, food system micro-, small and medium-sized enterprises and non-agricultural rural employment (including tourism).
- The development of a **communication strategy** to reassure the population about food access and availability.

V. Urgent measures to prevent the health crisis from becoming a food crisis

A. Ten measures

- In view of the sharp fall in GDP, income and remittances, and the increase in extreme poverty, hunger and food prices, ECLAC and FAO propose 10 key measures to prevent the health crisis from becoming a food crisis (see box 3).
- Based on this set of measures, two areas have been selected for which urgent measures are proposed: an anti-hunger grant to support people living in extreme poverty and actions to provide financial support to agricultural producers (facilities to offer soft loans and production investment grants).

Box 3 Ten measures to prevent the health crisis from becoming a food crisis

Three goals are pursued through the 10 proposed measures:

1. Ensure that all households, and especially those living in extreme poverty and with severe food insecurity, have access to nutritious food in adequate quantities:

- Reinforce the emergency basic income proposed by ECLAC with an anti-hunger grant.
- Strengthen school feeding programmes to ensure nourishment of children and adolescents.
- Support civil society organizations' food assistance initiatives with cash subsidies or food donations from businesses and governments.

2. Ensure that all businesses and actors in the food system can perform their work without interruption:

- Provide financial support (loans and production subsidies) to agricultural businesses, focusing on family farming.
- Adjust health and hygiene protocols in production, transport, and wholesale and retail markets.
- Expand and safeguard operation of support programmes for produce for self-consumption.
- Guarantee financing, technical assistance and access to inputs and labour for small-scale artisanal farmers and fishers.

3. Ensure that countries have enough food to guarantee supply at reasonable prices:

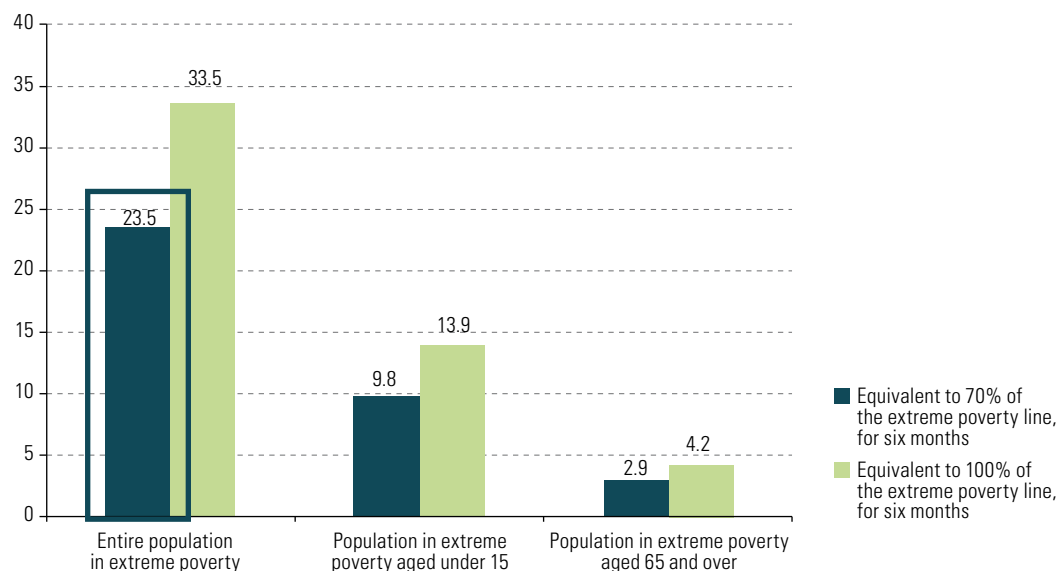
- Establish or maintain flexible mechanisms for public-private consultation and coordination among all actors in the food system, covering food production, supply, distribution and access.
- Prevent wholesale and retail markets and agribusinesses from closing or cutting back their activities.
- Maintain the policies that have kept the global food market open for trade, in particular by avoiding protectionist measures that push up food prices.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Food and Agriculture Organization of the United Nations (FAO).

B. An anti-hunger grant

- ECLAC and FAO are proposing an anti-hunger grant to complement the emergency basic income proposed by ECLAC (ECLAC 2020b). To calculate the cost of the anti-hunger grant, estimates of the number of people living in extreme poverty in 17 Latin American and Caribbean countries in 2020 were used: a total of 83.4 million people, equivalent to 13.5% of the population. The amount of the anti-hunger grant would be equivalent to 70% of a regional extreme poverty line (the regional extreme poverty line was US\$ 67 in 2010).
- The costs of an anti-hunger grant were calculated for three different scenarios regarding those living in extreme poverty: (i) all people living in extreme poverty; (ii) persons aged under 15, and; (iii) persons aged over 65. Since some countries could make larger transfers, transfer costs were also calculated for 100% of the extreme poverty line. The results for the region as a whole are presented in figures 22 and 23.

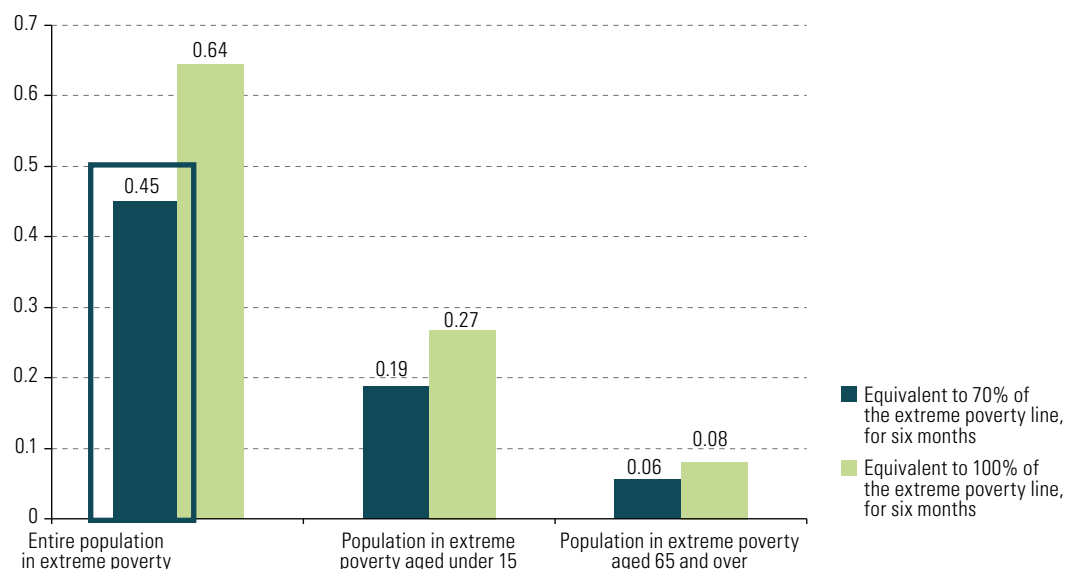
Figure 22 | Latin America (17 countries):^a absolute cost of the anti-hunger grant (Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).

^a Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

Figure 23 | Latin America (17 countries):^a cost of the anti-hunger grant as a percentage of GDP (Percentages of regional GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).

^a Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

- The cost of maintaining the anti-hunger grant for six months ranges from 0.06% to 0.45% of regional GDP (see figure 23). The lowest estimated cost (0.06%) is for the alternative of covering only those aged over 65 who are living in extreme poverty (the most vulnerable to COVID-19), and the highest cost is for coverage of the entire population living in extreme poverty.
- **ECLAC and FAO propose providing the anti-hunger grant to the entire population living in extreme poverty. This option carries an estimated cost of US\$ 23.5 billion, equivalent to 0.45% of regional GDP.**
- Depending on each situation, this can be done through cash transfers, food baskets, food vouchers or school feeding programmes. And while the responsibility for this initiative would lie with central governments, it also requires involvement of municipalities, businesses, civil society organizations and individuals, as well as international cooperation.

C. Soft loans and production investment grants

- To avoid cascading failures and to keep the payment chain functioning, it is crucial to protect companies and their workers, and especially the most vulnerable segments. Two complementary measures are proposed, to provide companies with liquidity:
 - (i) Provide liquidity through soft loans to companies in the agricultural production sector that are operating in critical conditions. To guarantee production, it is proposed that lending to the sector be increased by 20%. This policy should include guarantee systems, insurance and other incentives to help businesses. The proposed increase would cost US\$ 5.5 billion (3.1% of the sector's GDP). These resources could be mobilized through contributions from multilateral financial institutions and development banks, among other actors.
 - (ii) Increase production investment in the farms of the most disadvantaged farmers through a one-time production investment grant of US\$ 250 per farm to purchase fertilizers, seeds and other inputs. The aim is to safeguard the food supply of these families by promoting self-consumption modules capable of generating tradable surpluses. Considering a universe of 40% of total family farming in the region (around 6.8 million farms), this measure would cost US\$ 1.7 billion.
- In total, this is a US\$ 7.2 billion package of measures, 76.4% of which would be for lending and 23.6% for production subsidies. These sector-specific actions must be accompanied by macroeconomic policies, such as tax cuts, subsidies for basic service tariffs, or payment deferrals. Indeed, many actions of this type have already been implemented by governments.
- Food companies (such as those in agro-industry and restaurant chains) that purchase from family farms and small-scale artisanal fishers must commit to this initiative. In view of the fall in domestic and international demand, especially for higher-value products, it is possible that crops may be left unused in the fields, as already seen in some countries. These measures can be accompanied by government purchases through existing programmes to acquire part of this produce at cost and send it to food assistance programmes.

D. Other measures

- Three of the 10 proposed measures to prevent the health crisis from becoming a food crisis have already been quantified. The first measure is addressed through the anti-hunger grant, and the fourth and seventh measures through the financial support and investment subsidy. The other seven measures should be addressed in accordance with the particular situation in each country.
- **Strengthen school feeding programmes to ensure nourishment of children and adolescents.** School feeding programmes, which were reaching more than 80 million children before the pandemic erupted, must continue to operate, and must be strengthened with nutritious foods in urban neighbourhoods and rural territories with high rates of extreme poverty.
- Support civil society organizations' food assistance initiatives (such as soup kitchens, communal cooking and distribution of food baskets to older persons) with cash subsidies or food donations from businesses and governments. Non-governmental organizations, churches, indigenous community organizations, cooperatives, trade unions and food banks, which often reach the most isolated segments of the population efficiently and quickly, must be fully involved partners in preventing the health crisis from becoming a food crisis.
- Adjust health and hygiene protocols in production, transport, and wholesale and retail markets.
- **Expand and safeguard the operation of support programmes for growing for own consumption.** This is crucial for the households of subsistence family farms (covering around 50 million people), in view of their declining non-farm income, which in many cases accounts for more than half of their total income. Supporting production for own consumption is cheaper than subsidizing consumption of food to replace that which is not produced owing to a lack of support.
- Establish or maintain flexible mechanisms for public-private consultation and coordination among all actors in the food system, covering food production, supply, distribution and access.

The regional and hemispheric dialogues already under way between secretaries and ministers of agriculture to facilitate multilateral cooperation must be sustained and unilateral measures must be avoided or responded to rapidly. Cooperation is fundamental and requires timely and transparent information and promotion of dialogue.

- **Prevent wholesale and retail markets and agribusinesses from closing or cutting back their activities.** These links seem to be the most vulnerable in the supply chain. The closure of a single wholesale market affects supply and prices for consumers, especially in lower income strata. To prevent such locations from becoming pockets of infection, it is vital for protocols to be agreed between these actors and health authorities, establishing clear incentives for compliance. The use of food e-commerce technologies should be expanded to more local markets, following the successful examples in several countries. Local (municipal) governments are primarily responsible for this type of measure.
- **Maintain the policies that have kept the global food market open for trade.** Avoid border closure measures by agreeing on health protocols that allow for transit of trucks with food, fertilizers and other inputs. It is essential to **avoid protectionist measures that increase food prices.** One lesson from the 2008–2009 food price crisis was that policies to restrict the export of foodstuffs caused severe trade disruptions that led to large price increases for many commodities in the space of just a few months. This has not yet happened in the current crisis, albeit with some exceptions that have generally been redressed. It is essential for the global trade in food to continue to function normally, otherwise the world will rapidly enter a period of spiralling price inflation and shortages, with severe consequences in terms of food security and poverty levels.

VI. Building back better

- Food systems were already facing a process of rapid transformation. The pandemic has confirmed that the way out of the crisis must be based on the principle of “building back better”. The pre-pandemic drivers of food industry transformation (climate change, technological changes, changes in food demand and diets) still apply (Trivelli and Berdegué, 2019). However, the pandemic has created a need to strengthen resilience and social inclusion. The pandemic has made it clear that there is a need for stronger States and public agrifood and rural institutions with greater and better capacities. A new course needs to be charted, because the strategic, political and institutional configuration shaped from the 1980s onward has been exhausted and to persevere with it is to carry the same vulnerabilities into future crises.
- Governments are beginning to adopt policies and programmes for economic and social recovery. For these measures to help build back agriculture, food systems and rural societies better, they must include the following criteria:
 - The pandemic and the imminent risk of a food crisis are a reminder of the crucial importance of agriculture and food systems. Agriculture is one of the few indispensable activities, just as the goods it produces are indispensable. Building back better means that States and societies must give the industry political importance and the means to do so.
 - During the pandemic, trucks have carried food produced by millions of artisanal farmers and small-scale fishers to every city in the region, ultimately reaching the tables of 650 million Latin American and Caribbean people. These farmers and fishers could have taken refuge in their homes to avoid infection, but they chose to keep working. It is paradoxical that food insecurity and poverty can be found in the vast majority of these households, which do not have the right to social security, holidays or access to well-equipped health services. In the region, 84% of work in agriculture is informal, with a high incidence of child labour. An agriculture that has the social standards of centuries past cannot be called modern.
 - Food security is not a problem of the poor alone. Food security is a major challenge for highly urbanized societies because, in modern food systems, the physical distance between producers and consumers increases the number of links in the chains that connect them. Local governments and city dwellers need to consider the type of urban food systems they want to have.

- For 40 years, the principles of efficiency and competitiveness have been overwhelmingly prioritized with respect to other dimensions of food system performance. The crisis must lead to a re-evaluation of resilience. Industrial plants that process 5,000 head of livestock per day are efficient, but they are also an Achilles heel for regular food supply in times of crisis. South America exports around US\$ 120 billion of food annually, but only 14% goes to neighbouring countries; in the Caribbean, intraregional food trade accounts for just 4% of the total. More intraregional trade would make the region's supply chain more resilient to external shocks.
- The pandemic, like several other recent health crises, originated at the intersection between food, the environment and biodiversity. Viruses that make the jump from wild animals to humans show that fundamental ecological balances have been disturbed. This cannot be done with impunity, and the costs are measured in hundreds of thousands of human lives and trillions of dollars. Society is calling for environmentally sustainable agriculture and food systems, and this demand will only gain strength and legitimacy with time. Greater importance must be attached to integration between agriculture and biodiversity.
- In a health crisis, there is more appreciation of food quality. Biosafety, traceability, quality certification and certifications relating to environmental, social or cultural attributes will all become more important. The pace of the shift in consumers' preferences towards healthier more wholesome, identifiable by origin foods will accelerate.
- More and more opportunities for digitalizing agriculture will emerge, and this will increase the degree to which consumers shape production models and the goods and services generated by agriculture in the region. Digitization accelerates the automation and robotization of production, lessening dependence on seasonal labour performed by workers who travel to northern hemisphere countries or seasonal workers who move internally within each country or to neighbouring countries. Reducing the size of that labour force will mean less income and fewer remittances to workers' countries of origin, which may have a destabilizing effect. This scenario requires a focus on finding economic solutions in migrant populations' places of origin, which are often rural. In those territories, a new generation of agricultural and rural development programmes must be implemented, and adaptation to climate change must be stepped up.
- Similarly to the digitization of agriculture, e-commerce has been adopted; in some countries, up to a third of food purchases have been made online during the pandemic. This is the new concept of short chains. Digitization will be a great challenge for family farmers and small-scale artisanal fishers, as it will entail a different business model to the one they are used to.
- All of the above represents a challenge and opens up an opportunity for businesses. Those who have contributed to overcoming this crisis (especially in relation to their employees and suppliers) will improve their reputation. The results of a survey in the United States indicated that 59% of respondents would take this criterion into account when evaluating companies (RepTrak, 2020). Moreover, businesses that adapt more quickly to new trends will have competitive advantages over those that consider that the pandemic will reinforce the status quo.
- Lastly, the crisis has once again highlighted the urgency of reforming public agricultural, food and rural institutions. It has become evident that food security requires good, efficient, resilient markets, but it also requires States and institutions that provide the public goods that will pave a way out of the crisis with a lower cost. Public institutions that are anchored in the twentieth century will not be up to the task of building back better. The public institutional framework needed now must have a place for collaboration and participation by businesses and civil society. It must also understand that today's key challenges cannot be surmounted in isolation within each country's borders; instead, multilateralism and international cooperation are powerful tools for advancing national interests in tandem with those of neighbouring countries.

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