

Thursday, 2 September 2020



Food Security Monitor for the Americas

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

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

13,625,996

Confirmed cases of
Covid-19 in the
Americas



Countries



Highest number of
cases in the
Americas:

USA (6,088,187)
BRA (3,950,931)
PER (657,129)
COL (624,069)

Analysis and scenarios

The latest from the IICA Blog:

[Food market stability: a necessary step for global social and environmental sustainability](#)

Efforts to increase food production in order to achieve global food security should involve a **careful, integrated and collaborative approach** to ensure the **efficient and sustainable use** of land, water, and energy at the global level.

The promotion of sustainable food systems for global food security **has not been considered seriously enough** by the **World Trade Organization (WTO)** in international trade negotiations in recent decades.

****This monitor is a dynamic, constantly updated tool created by IICA to analyze and forecast the impact of the world health crisis on food security in the Americas. The views expressed herein are not necessarily the opinion of the Institute, but a reflection of developments worldwide.*

Global leaders need to **pay more attention** to trade barriers that are not science-based and that are negatively affecting food security, global warming, and natural resource availability.

As such, the T20 prepared a **Policy Brief** for the current **Saudi Arabia G20 presidency**, suggesting a strategy for **more sustainable agricultural trade and development**. The brief put forth **two proposals**. The first proposal relates to **increased agricultural productivity** and **total food availability**, while taking into account the impact of agricultural production systems on climate change and natural resource sustainability. The second relates to the two main **elements needed to achieve environmentally sustainable food security**: balanced and sustainable global production systems and a smooth agricultural trading system.

Find out all the details in this week's post by **Pablo Elverdin**, *Coordinator of Strategy and Content for the Group of Southern Producing Countries (GPS)*; **Martín Piñeiro**, *Director of the CEO Group, Chair of the Committee on Agriculture of the Argentine Council of International Relations (CARI)*; **Valeria Piñeiro**, *Senior Research Coordinator at the International Food and Policy Research Institute*; **Estefanía Puricelli**, *who holds a Master's in Agricultural Economics from the University of London and a B.Sc. in Economics, Agricultural Economics and Farm Management*; and **Federico Villarreal**, *Director of Technical Cooperation at IICA*. <https://bit.ly/2Gp7M5t>

Migrant farm workers are at high risk for contracting Covid-19

At any one time and depending on the season, there are between **1 to 2.4 million farmworkers** in the U.S., about **half of whom are undocumented**.

Living in **closed environments** with limited personal protection equipment and few opportunities to **wash their hands**; with frequent exposure to pesticides, dust and exhaust fumes from machinery; **limited access to healthcare services**; and fear of undergoing Covid-19 tests, due to their undocumented status, are just some of the **factors that make migrant farmworkers** a high risk group for **contracting the Covid-19**.

They are also vulnerable, given that they live in **dormitory-style facilities or retrofitted trailers**, shared by as many as ten to twenty workers and **are transported to their worksites sitting shoulder-to-shoulder in crowded trucks and vans**. Moreover, even when provided with handwashing stations in the fields, they are often too far away to be accessed.

What is the United States doing about this?

Find out all the details in this week's post by **Suzanne Driscoll**, *freelance writer from St. Petersburg, Florida. She has written for national publications on issues related to business, healthcare, education and immigration*. <https://bit.ly/32V94fY>

This week's graph

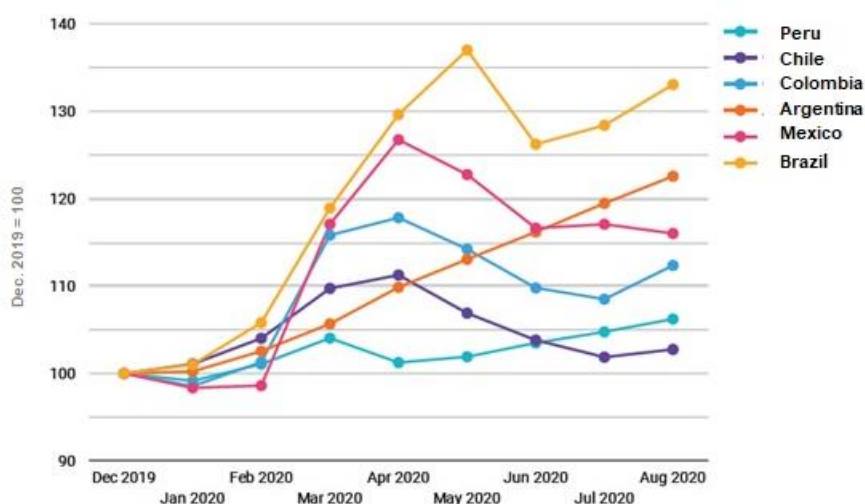
Monitoring exchange rates and their impact on the sector during Covid-19: **Devaluation of LAC currencies vis-à-vis the USD**

Data as at August 2020 (monthly average) reveals that there has been a depreciation in the following currencies, in comparison to December 2019: **Brazil's real by 33.06%**; **Argentina's peso by 22.57%**; **Mexico's peso by 16.02%** and **Uruguay's peso by 13.52%**. This type of devaluation impacts the agrifood sector in various ways. On the one hand, **the slide in the value of the national currency vis-à-vis the U.S. dollar causes national products to be cheaper for foreign buyers, benefitting exports.** However, this also **pushes up the import bill for food and inputs.**

The article [Monitoreando los tipos de cambio](#) (Monitoring Exchange Rates) in the [#IICABlog](#), provides an interactive graph on the devaluation of LAC currencies vis-à-vis the USD, as well as an interactive graph illustrating the progression of the exchange rate vis-à-vis the USD. It illustrates the volatility of LAC currencies in recent months.

See more details in the [#IICABlog](#) post at <https://bit.ly/2M2a3TQ>

Devaluation of LAC currencies vis-à-vis the USD
Average daily index, by month. December 2019 = 100
Select up to 5 currencies: Argentina, Brazil, Chile, Colombia, Mexico, P... (6)



Source: IICA, with data from the University of British Columbia and official data from the Central Bank of each country.
Note: updated figures as at 31 August 2020.



Relevant issues for the agrifood sector

Production *Measures related to the agrifood production sector and information on impact channels and areas affected in the countries of the Americas (products grown or harvested during this time of year).	
<p>Argentina: article on environmental protection included in agreement with China</p> <p>The country is developing an agreement with China to drive investments in Argentinian pork production. According to La Nación, the plan includes Chinese investments with local capital, amounting to more than USD 3.7 billion.</p> <p>The agreement was slated to be signed this month, but prompted by criticism about its potential environmental impact, the Argentinian Government decided to strengthen this area and to incorporate an article about animal and environmental well-being. Thus, it was returned to China for review and subsequent signing by the Ministers of Agriculture (in November). https://bit.ly/3i4KfEE</p>	<p>Brazil: economy to contract 9.7% in the final six months of 2020</p> <p>According to data from the Brazilian Institute of Geography and Statistics (IBGE), the GDP of the country fell 9.7% during the second quarter of 2020, in comparison to the first quarter and was 11.4% less than the second quarter of last year. The cumulative contraction in the economy was 5.9% over the first six months of the year, reducing the GDP to the equivalent of its end of 2019 level.</p> <p>The stagnation in the economy is the result of the historic decline in industry and services – 12.3% and 9.7%, respectively. Agriculture grew 0.4% during the quarter, driven by soybean and coffee production.</p> <p>https://bit.ly/3ISv0Bk and https://bit.ly/2QMRt4I</p>
<p>Chile: economy contracts 10.7% in July</p> <p>According to data from the Monthly Economic Activity Index (IMACEC), prepared by the Central Bank of Chile, in July 2020 the index was 10.7% lower than the same month last year, due to the impact of the pandemic. The seasonally adjusted series was 1.7% higher than the previous month but declined by 12.9% over twelve months.</p> <p>The IMACEC for the mining industry grew 1.4%, whereas the non-mining IMACEC fell 12.0%. In deseasonalized terms and, in comparison to the previous month, the mining and non-mining IMACECs grew 0.9% and 1.8%, respectively.</p> <p>https://bit.ly/3jCpqRw</p>	<p>Ecuador: losses in the floriculture sector amounted to \$130 million</p> <p>A report by El Universo states that the pandemic led to the cancellation of 60% of flower orders and an 80% reduction in exports (data from the Ecuadorian Association of Flower Producers and Exporters).</p> <p>This triggered the loss of 10,000 direct and 6,000 indirect sources of employment and 120,000 jobs, as well as a 17% reduction in flower cultivation. Ecuador is the world's second largest exporter of roses.</p> <p>https://bit.ly/3gTMN7c</p>

Honduras: Central Bank of Honduras relaxes reserve requirements and facilitates production loans for MSMEs

The Central Bank of Honduras has approved a 3 percent point decrease in the local currency reserve requirements (from 12% to 9%). The BCH also established a 3% mandatory investment in local currency, to include it as part of the total value guaranteed under the Guarantee Fund for loans to SMSMEs in priority sectors.

These measures are expected to gradually free up 8.8 billion lempiras to be used for new loans, channeling them into specific sectors affected by the pandemic.

<https://bit.ly/3lQTnzp> and <https://bit.ly/2QKRN3H>

Mexico: the pandemic wreaks havoc on flower and forestry production in the state of Mexico

El Universal, based on information from the Business Coordinating Council (CCE) of Mexico, has reported that the pandemic has created up to a 50% loss of employment and an 80% loss of sales in rural Mexico, mainly in floriculture, forestry and aquaculture.

The floriculture sector has shed 75,000 jobs and sales have slumped up to 80%. On the other hand, timber production fell 35%, with more than 50,000 jobs affected.

<https://bit.ly/32SY9Ds>

Trade

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

Logistics are posing a challenge for countries

One of the effects of the crisis on international commerce has been that the flow of goods has been affected by **disruptions in logistics processes** and physical and social distancing measures. Although the agriculture sector, as a supplier of essential products, was often granted exemptions from confinement, quarantine or physical distancing measures in the initial stages of the crisis, limitations in the applicability and implementation of these exemptions **limited the availability of labor in the different links of the chain and the availability of inputs, such as seeds, fertilizers and agrochemicals.**

On the logistics side, **transit times for goods transported by land** continue to **increase**, whereas air transportation has become less available and more costly. There have also been disruptions at the ports that have **restricted the entry and exit of goods.**

However, **Argentina has been an example of resilience**, as the country has managed to reduce logistical costs to increase its competitiveness and to continue adapting to the new reality dictated by Covid-19, which has compelled countries to **implement new strategies for differentiation, positioning and trade promotion of new products**, in new international markets.

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

Capitalizing on trade agreements to tackle the challenges of the pandemic

Covid-19 has dealt a blow to exports of products to the main trading partners of the countries of the Americas, and amidst this process, countries must **capitalize on the benefits of trade agreements**, so that **governments may offer exporters new markets for their products and new potential clients in countries with which there is an existing trade agreement**, as these provide a wide range of trade-related tariff and regulatory benefits that have been agreed on by the parties.

One example is the recent **entry into force of the new United States-Mexico-Canada Agreement (USMCA)** otherwise known in Mexico as the Free Trade Agreement between Mexico, the United States and Canada (T-MEC), which has added chapters and provisions for various sectors, such as those referring to **an increased percentage of regional content in the automotive industry; anti-corruption and anti-bribery measures; more rules stipulating that certain manufactured components should be made in regions paying higher wages; greater protection for intellectual property and new rules for e-commerce, among others.**

Moreover, the signatories to the Agreement will face considerable **labor and environmental challenges, as well as challenges in the area of e-commerce.** During the pandemic, the national authorities of these countries are holding virtual meetings to follow up on the commitments made and to take advantage of the trade opportunities offered by the Agreement.

<https://bit.ly/31QyGv8>

Protein exports are on the rise, with positive projections for the coming months

Latin American agricultural exports have grown during the Covid-19 crisis. For various countries, external **sales of animal protein** have been outstanding, and the **outlook** for production and exports in the coming months is **promising**.

In the case of **Paraguay**, beef and offal exports grew 6.78%, according to data from SENACSA. On the other hand, according to the Agricultural Market Consultancy Group (GCMA), **Mexican** meat sales increased 31% in the first six months of 2020, with beef exports projected to increase by 10.5% and pork exports by 2.4%. Countries like **Colombia** increased meat exports by 42%, with fresh and frozen beef exports increasing 25% and 174%, respectively, up to June of this year.

The **United States** is also projecting increased meat exports, particularly poultry sales to Canada, where 2021 production may be modest, given the cautiousness of the government and consumers, in response to the Covid-19 pandemic.

<https://bit.ly/3hVZIXJ>, <https://bit.ly/32KwXa8>,
<https://bit.ly/31RDctE>; <https://bit.ly/2GopQN6>

Environmental and technological sustainability: key to food security

The Global Manufacturing and Industrialization Summit (# GMIS2020), taking place from 4 -5 September, will organize a session with various leaders from countries such as Brazil, focusing on “Restoring prosperity in a post-pandemic world”. Discussions in the Summit will address the issue of **how 4IR technology can help to achieve prosperity** for populations in less developed countries that might be affected by a crisis.

Latin America is one of the regions that stands to be most affected economically, as the region will have experienced a 9% decline in the GDP by the end of this year, as well as the closure of 2.7 million SMEs and microenterprises. However, emergence from this new recession may trigger a much more complex ecosystemic crisis if, in doing so, it increases environmental pollution and exploitation. (Infobae, 2020). Thus, the **Green or Circular Economy, as well as the technologies that are available under this model**, are key to **economic recovery and food security**.

At the same time, the **stability of the food market** is a step towards **social and environmental sustainability** of the region and the world. According to various experts, who are contributors to the **IICA Blog**, markets affect the way in which food is produced, since in many regions of the world, these processes involve intensive production systems that destroy natural resources and contribute to global warming. Thus, **greater efforts in negotiation and international dialogue in forums like the WTO and the OECD are a means of driving technological innovations** and production processes to increase competitiveness and productivity, particularly in developing countries.

<https://bit.ly/2EYdpa8> ; <https://bit.ly/3gSqSNV>; <https://bit.ly/32Ji2wI>

Out of IICA

E-auction opens the door to the worldwide growth of Honduran specialty coffee

On September 8, Honduras will move one step further in its efforts to increase the recognition of the quality of its coffee, by holding its first global e-auction.

The event will auction off 36 nano lots and micro lots of specialty coffee, chosen from among the more than one hundred participants in the Marcala Coffee Cultivation Festival, which was held previously. The September 8 competition is organized by the Café Marcala Denomination of Origin (DO), with the support of the European Union (EU) and Inter-American Institute for Cooperation on Agriculture (IICA), through the Central American Program for Integrated Coffee Rust Management (PROCAGICA).



“Our aim is to have at least 50 buyers”, said Walter López, President of the Marcala DO. “This is a business opportunity for producers who are members of the DO association to better position ourselves at the international level. Our quality is internationally recognized, but there is no direct sales channel from the producers to the roasters and we are trying to shorten the chain”. Further details can be accessed at: <https://bit.ly/31QXHGy>

The dairy sector of the Americas is critical to the food security of the region

IICA webinar, featuring **Tom Vilsack**, former United States Secretary of Agriculture; **Rick Smith**, Chairman of the Global Dairy Platform; and **Manuel Otero**, Director General of IICA.

The ongoing Covid-19 pandemic has made it even more necessary for actors in the sector to work together to bolster its sustainability and to create a more resilient food system.

Tom Vilsack, former United States Secretary of Agriculture and CEO of the U.S. Dairy Export Council (USDEC), stated that the hemisphere has already made progress in achieving this objective, indicating that, “In the last 15 years, the U.S. has been able to produce a gallon of milk using 30% less water and 20% less land, while reducing greenhouse gas emissions by 19%”.



Smith remarked that, “People have rediscovered the nutritional benefits, affordability and excellent taste of dairy products. We continue to improve our processes, to produce in an environmentally healthy and responsible way and are working hard to combat climate change. We have made great strides in reducing our global greenhouse gas emissions, although we still have a far way to go”. Find out all the details of the seminar at: <https://bit.ly/2QQBNgx>