

Thursday, 2 July 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>

5,473,999

Confirmed cases of
Covid-19 in the
Americas



Covid-19 in the world

Countries



Highest number of
cases in the
Americas:

USA (2,715,124)
BRA (1,448,753)
PER (288,477)
CHL (284,541)
MEX (231,770)



Source: Johns Hopkins University, available at <https://bit.ly/3dJ1CZX>. Data as at 2 July 2020 (14:00 md CST).

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

Analysis and scenarios

The latest from the IICA Blog:

[The impact of Covid-19 on the biofuel industry](#)

Waning consumption and falling prices for petroleum byproducts (diesel and gasoline) will negatively impact **mandatory and voluntary biofuel markets**.

In the case of mandatory markets, lower consumption reduces the demand for biodiesel and ethanol, whereas in voluntary markets lower gasoline and diesel prices will remove the respective biofuels from the competition.

Globally, 16% percent of the **corn** and 20% of the **sugarcane** that is grown is earmarked for **bioethanol** production, whereas 19% of the **soybean oil** and 16% of the **palm oil** produced is used in **biodiesel** manufacturing. The decline in biofuel consumption will increase the stocks of the associated raw materials, exerting greater pressure and causing the prices of these commodities to fall.

Find out all the details in this week's #IICA Blog post by *Agustín Torroba, international biofuel specialist at IICA*. <https://bit.ly/2ApCtVr>

[The impact of the Coronavirus on Argentina's corn chain](#)

The fall-off in the demand for ethanol has dealt an **equally devastating blow** to its co-products, such as **distillers** grains – an important source of protein for animal feed; **corn oil**—which is used to produce biodiesel—and **CO₂**, which is purified and used in the carbonated beverages industry.

From the perspective of cereal consumption and taking into account that the market is split equally between sugar cane- and corn-based production, the Covid-19 crisis will mean that a total of 187,500 tons less of cereal will be consumed, contributing to an **oversupply** in the **international market** and **lower income** for farmers.

Find out all the details in this week's #IICA Blog post, by *Patrick Adam, Executive Director of the Argentine Corn Bioethanol Chamber*. <https://bit.ly/3irbrOA>

Relevant issues for the agrifood sector

Production	
<p>* 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>	
<p>Colombia: hits 21.4% record unemployment high in May</p> <p>The unemployment rate reached 21.4% in May (a month in which the government began to relax its measures), which is equivalent to a 10.9% increase over the same month last year (when the unemployment rate was 10.5%).</p> <p>A total of 4.9 million people left the workforce in May (as compared to May 2019), primarily from the trade, industrial and public administration sectors. On the other hand, 569,000 workers in the agriculture, livestock, forestry and fishery sectors lost their jobs, representing a 7.3% decline in employment for the 2020 March-May quarter vis-à-vis the same period in 2019.</p> <p>https://bit.ly/3il1JNM and https://bit.ly/2VEVwCq</p>	<p>Costa Rica: state of emergency declared to combat the disease that is endangering banana production</p> <p>Government authorities have declared a national phytosanitary emergency, as a measure to prevent the entry of the Fusarium Wilt Tropical Race 4 disease into the country.</p> <p>The decree is a preventive measure that is channeling resources from the Emergency Fund of the State's Phytosanitary Service, to introduce actions to safeguard production.</p> <p>Costa Rica is the third largest global exporter of the fruit, surpassed only by Ecuador and the Philippines. The sector generates more than 140,000 jobs in the country.</p> <p>https://bit.ly/2ZKh2Hx</p>
<p>Wheat farmers and harvesting companies are struggling to find and keep workers</p> <p>The pandemic has delayed the arrival of temporary migrant workers who harvest wheat in the United States, although the government continues to issue farm work visas. Although the wheat industry is highly automated, harvesting has been hampered by the labor shortages. The industry has had to resort to local workers to operate the machinery. The United States is the number three global exporter of wheat.</p> <p>https://reut.rs/2VGFwQt</p>	<p>United States: USDA updates crop acreage data</p> <p>Estimated corn acreage for 2020 is 92 million acres or 3% more than last year. Estimated acreage for soybean is 83.8 million acres, representing a 10% increase over 2019.</p> <p>On the other hand, estimates indicate a decline in wheat acreage (44.3 million acres or 2% less than 2019) and in cotton (12.2 million acres or 11% less than last year).</p> <p>https://bit.ly/31FLrt4</p>

Guatemala: announces its withdrawal from the International Coffee Organization

The stated reason for the departure was the organization's failure to assist producing countries in addressing the crisis of low prices, a situation which has been further exacerbated by the Coronavirus.

The withdrawal will take effect as of the next coffee season. The country will seek options for regional support to assist Guatemalan coffee producers with problems they face in selling their product.

Together, Central America and Mexico produce one-fifth of the Arabica beans in the world.

<https://bit.ly/3gdIjd0> y <https://reut.rs/2NSuELb>

Paraguay: Economic Reactivation Plan allocates USD10 million to the Livestock Fund and USD20 million to the Agricultural Credit Agency

The funds will be used to finance livestock and agricultural products, as part of proposed measures by the government to reactivate the economy.

The allocation for the Livestock Fund will be used to benefit the families of 6,000 micro-, small- and medium-scale producers in this sector.

In Paraguay, only 1.9% of producers are large-scale farmers with more than 1000 heads of cattle, while the rest own either 1 to 10, 10 to 50 or 50 to 100 animals.

Info: <https://bit.ly/2YTsjfN> and <https://bit.ly/2ZqjMti>

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.

<p>Promised support for trade financing</p> <p>The Director General of the WTO and the heads of six multilateral development banks have issued a joint statement, promising to address shortages in trade finance, to ensure that the financial market stress resulting from the Covid-19 crisis does not prevent trade transactions, particularly of essential goods such as food.</p> <p>https://bit.ly/31F8LqW</p>	<p>MERCOSUR makes headway with regional integration</p> <p>Despite the pandemic, MERCOSUR has succeeded in approving approximately 50 standards that will facilitate further strengthening of intraregional trade. Moreover, Paraguay, on completing its term as Pro Tempore President of the organization, has submitted a report outlining progress made in the legal review of an agreement with the European Union and EFTA, as and in ongoing negotiations with Canada, Korea, Singapore and Lebanon. At the regional level, MERCOSUR has continued to engage in dialogue with the Pacific Alliance regarding trade matters.</p> <p>https://bit.ly/2BwuDdg</p>
<p>Chile: Prochile has assisted the Magallanes region to export mutton to the United States</p> <p>A market opportunity that has been in the works has finally come to fruition for the Magallanes region of Chile – the country’s leading mutton producing region, which currently exports mainly to Europe, North America and China. After prolonged negotiations, the Agromarín de Chile company gained access to and sent its first shipment to the Whole Food Market supermarket chain in the United States.</p> <p>https://bit.ly/3dVmjb0</p>	<p>El Salvador: one of the Central American countries most affected by the pandemic</p> <p>According to estimates of the Banco Central de Reserva, the contraction of the country’s Economic Activity Index (IVAE), the decline in employment and increase in poverty are key factors in determining that El Salvador’s economy will be the hardest hit in the region.</p> <p>Moreover, the lack of transportation is increasingly affecting supply and in turn, the purchasing capacity in the country.</p> <p>https://bit.ly/31yM5Zg</p>
<p>United States: five economic sectors will be impacted when the United States-Mexico-Canada free trade agreement takes effect</p> <p>The new United States-Mexico-Canada (USMCA) took effect on July 1, and amidst the pandemic, the five economic sectors that are expected to experience the greatest impact are energy; manufacturing; agriculture and food; small business; and intellectual property and digital trade.</p>	<p>Argentina: a global trade scenario with multiple options. Requirements for the development of an assertive strategy</p> <p>Félix Peña, a permanent member of the Advisory Committee of IICA’s International Trade and Regional Integration Program, has indicated that: “in reflecting on the possibilities for the development of external trade in the future, a country like Argentina—among</p>

In the case of agriculture and food, one of the main benefits for a state such as Texas will be trade with Canada. The new agreement greenlights the sale of milk and other dairy products to the country's northern neighbor, while also providing greater access for its chicken, turkey and egg products. Given the opening up of more export markets, production will increase, as will employment in the sector.

<https://bit.ly/2D43tul>

many others—must recognize that the global trade scenario offers multiple options.

This applies both to those seeking to sell goods and services, as well as to those who need to determine what to buy and where. The following article discusses what Argentina would need to substantially boost its capacity; and to understand how to develop its future external trade in a global context of multiple options and in a climate of constant change.

<https://bit.ly/3ilj894>

Supply

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

Agriculture is key to the economic recovery of the region

The Director General of the Inter-American Institute for Cooperation on Agriculture (IICA), Manuel Otero, participated in the panel, “The Greening of Trade Policy and New Barriers: Carbon Neutrality to Position Argentinian Products”, during the 4.0 Maizar Congress, which was held virtually.

For more than 10 years, the Corn and Sorghum Association of Argentina has been staging this event, which brings together all the stakeholders in the corn and sorghum scientific, production, commercial, industrial, food and export chains, with a view to contributing to the growth of the sector’s value chain.

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

South American parliamentarians discuss the implementation and regulation of agricultural insurance

The Chairpersons of the Agriculture Committees in the Chambers of Deputies and Senates of Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay shared information and experiences on agricultural insurance during a virtual meeting convened by the Parliamentary Agricultural Front (FPA) of the Brazilian Congress and the Inter-American Institute for Cooperation on Agriculture (IICA).

For purposes of the discussion, Marcelo Girardi, the Secretary General of the Latin American Association for Agricultural Development (ALASA) and Fernando Vila, an International Specialist in Agricultural Insurance at IICA, presented concepts and an analysis, with a view to formulating proposals related to agricultural insurance.

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

Chile’s food price index rose in June

According to the Food and Agriculture Organization of the United Nations, global food prices surged in June – the first increase in the year following the abrupt drop in prices resulting from the Covid-19 pandemic.

Amidst continuing uncertainty in the market, prices for vegetable oils, sugar and dairy products rebounded, reaching their highest levels in months after the precipitous decline in May. However, in the cereal and meat markets, most prices remained under downward pressure.

<https://bit.ly/2NMX5Ko>

Food companies defy the Argentine Government by introducing price increases

Amidst the ire surrounding the government’s extension of its price ceiling measures, the food and cleaning products sectors are once again attacking the retail sector. Megamarkets, wholesale cash and carry stores and provincial chains have reported price increases for various products in the basic food basket that took effect today.

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

Peruvian Government to establish 50 temporary markets across the country

The Executive Branch of the government today authorized the establishment of 50 temporary markets (MT) across the country, with S/ 6 million in resources, with a view to creating optimal conditions for the supplying of essential goods.

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