



Food systems and COVID-19 in Latin America and the Caribbean: Impact and risks in the labour market

Bulletin 5

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1. Editorial



The agrifood sector is key in Latin America and the Caribbean in terms of contribution to the economy and employment generation. Hence, the interruption of food systems normal functioning can have severe consequences on poverty levels and food security.

The first case of COVID-19 in the region is still recent, and the fluctuations in agrifood employment are not extreme; even so, we cannot be confident. We must continue to monitor the employment indicators in the sector. Only in this way can we identify the sector's risks and challenges, and implement early and appropriate measures. It should be stressed that any measures taken to ensure their effectiveness and efficiency in mitigating the health and economic crisis must take into account the particularities of the sector, such as vulnerable groups of workers.



2. Key messages



- The agrifood sector is very labour-intensive, and therefore essential to the regional economy.
- Although it is too early to measure the impact of COVID-19 on the labour market in the region, a slight downward trend could be seen in the first months of 2020 compared to last year. Therefore, it is necessary to continue evaluating employment-related indicators, especially when a time of high labour demand is approaching for some countries.
- The reduced availability of data due to restrictive measures, which affects state officials, poses a new challenge for decision makers in designing evidence-based policies.
- The food sector is one with medium risk to the impacts of COVID-19, and it is considered essential by the vast majority of governments. However, if restrictive measures continue and the economic impact is accentuated, the sector is likely to be affected.
- The vulnerability of the sector's employability is based on the high percentage of informality, which makes it vulnerable to layoffs, if the crisis continues.
- Informality is higher among women, youth, migrants, and indigenous groups.
- It is vital to maintain jobs in the agrifood sector for economic and food security reasons.
- A powerful package of measures and policies is needed for the maintenance and recovery of agricultural MSME in the region.
- "No one should be left behind", that is to say it is crucial not to lose sight of the most vulnerable populations in the labour market, such as informal workers, young people, women, migrants, and indigenous people.
- In countries that depend on tourism and are net food importers, workers in the agrifood sector may also be affected by the crisis; such is the case of the Caribbean, where local workers and producers do not have hotels or restaurants operating to sell their agricultural or fisheries products.

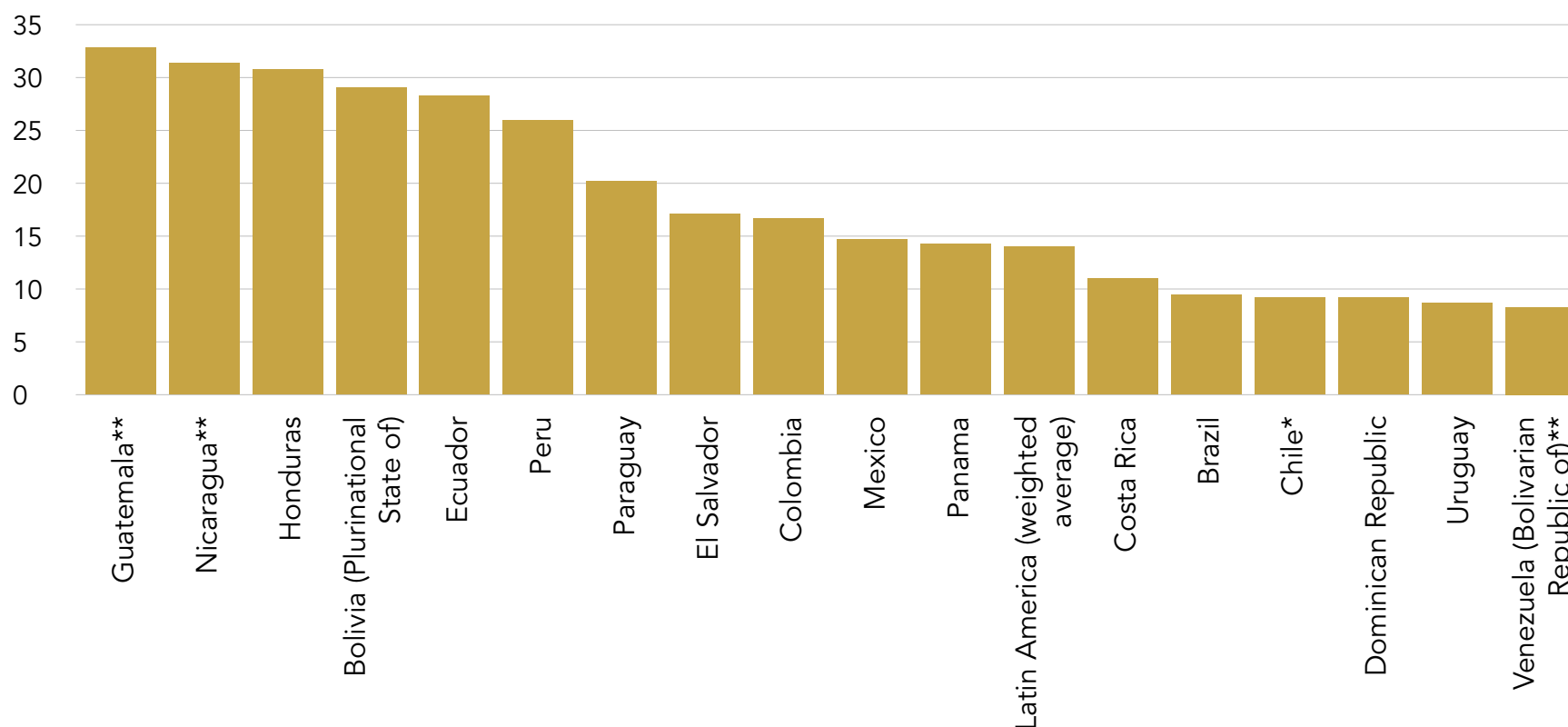


3. Impacts of COVID-19 on the agrifood labour market



Agriculture in Latin America and the Caribbean is a labour-intensive activity. It represents about 5 percent of GDP and accounts for about 14 percent of the workforce; a figure that can rise to 24 percent if we add workers from the rest of the food chain. Thus, according to the data, the agrifood sector is essential to the economies of the region.

Figure 1/ Share of the population employed in agriculture (%), 2018

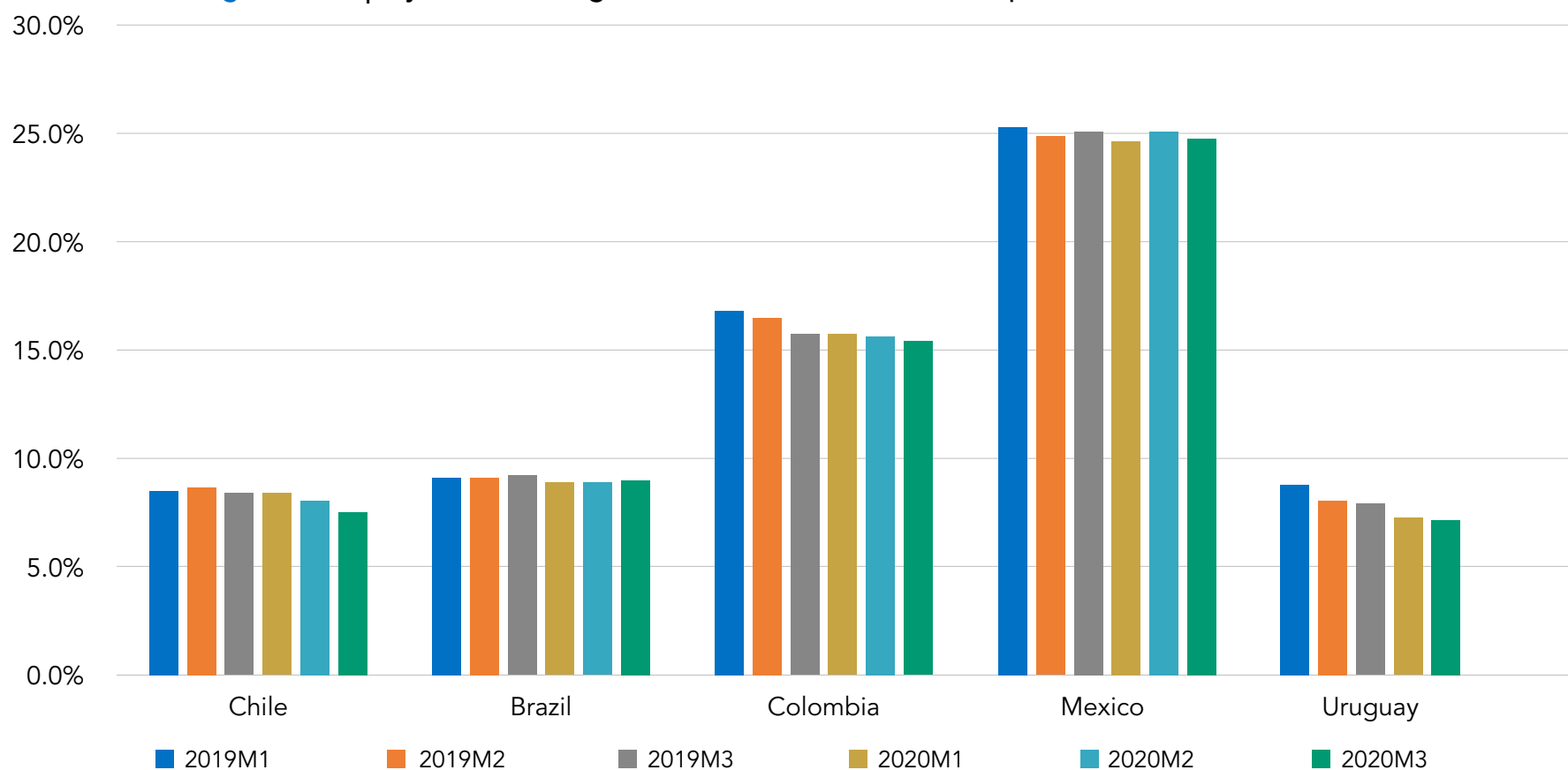


Source: ECLAC (2020a).

The first case of COVID-19 in the region was recorded in Brazil on February 26 this year. The spread of the virus was fast in almost all Latin American and Caribbean countries. With the same speed, in almost all the countries, a set of restrictive measures was implemented in an attempt to stop the advance of the novel coronavirus; measures such as limiting the freedom of movement of citizens, and temporarily suspending many productive activities. Although a vast majority of the countries in the region agreed to exempt food sector workers from these measures – to avoid interrupting the food production and supply chain –, the officials responsible for unemployment surveys were not exempted. A major problem when it comes to assessing the impacts and, thus, designing mitigation policies. This comes as a consequence of the quarantines adopted by the countries and the consequent suspension of non-essential state jobs.

In the countries of the region that have updated information on this subject, a comparison of the employment rate in the first quarter of 2019 and 2020 in the agricultural sector (namely, agriculture, livestock, forestry and fishing), does not show a significant impact, although a negative trend is beginning to emerge (see Figure 2).

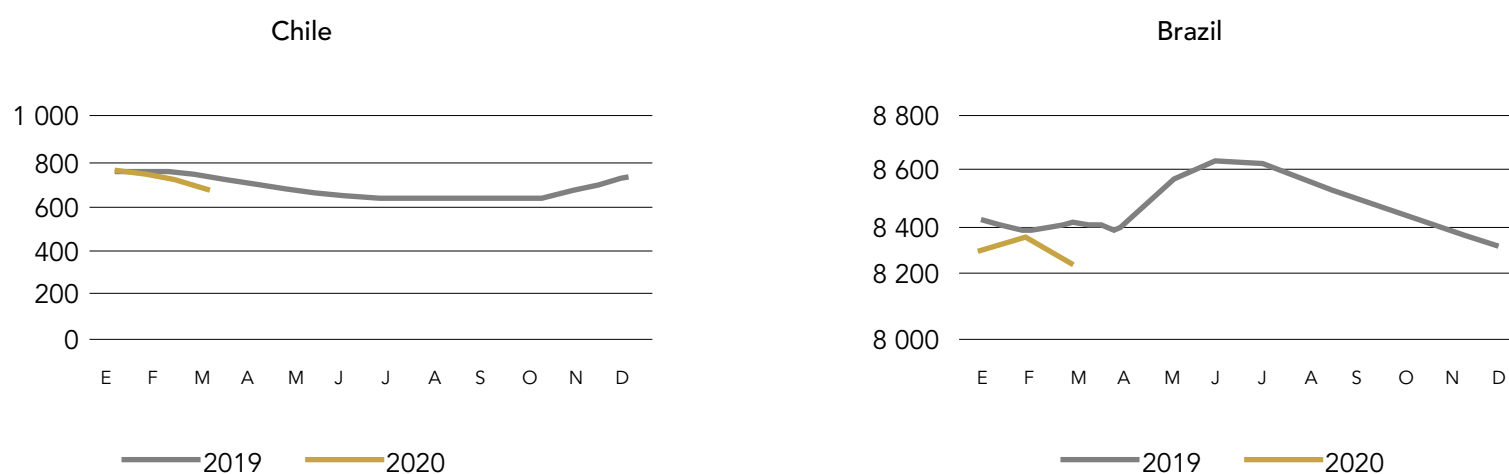
Figure 2/ Employment in the agricultural sector (%) in the first quarter of 2019 and 2020



Source: FAO, based on official figures from the statistical offices of the countries surveyed.

Although with little impact, the information does not allow for further regional comparison to determine whether this trend is repeated in other countries. However, the consequences of COVID-19 are expected to manifest themselves significantly in the second quarter of 2020. Therefore, it is necessary to monitor these variables in order to take appropriate mitigation measures, especially as the season of higher labour demand approaches for some countries (see Figure 3). For example, we can see that in 2020 the number of people employed in the agricultural sector has decreased in Chile and Brazil, compared to the same period last year.

Figure 3/ Employment in the agricultural sector (thousands)



Source: FAO, based on data from the Chilean National Institute of Statistics (INE, by its initials in Spanish) and the Brazilian Institute of Geography and Statistics (IBGE, by its initials in Portuguese).

4. Risks for the agrifood labour market



The agricultural sector has not yet felt the economic effects of the pandemic. According to the International Labour Organization (ILO) (2020b), the risk of being affected by COVID-19 is medium-low for this sector, compared to other economic sectors such as tourism and services. However, measures to halt activities, including borders closure for the passage of people, have had varying impacts on the sector. It is possible that, over time, workers will also be largely affected.



Labour intensity

Agriculture is an intensive industry in the use of inputs, pesticides, fertilizers, machinery and labour, among others. Labour is a critical component, especially in places where it is scarce. Labour intensity also varies by subsector or crop, since, for example, fruits and vegetables demand more labour than industrial crops, which have a higher level of mechanization.

An important component of the labour market in the agricultural sector depends on labour per harvest and sowing season. Labour intensity in agriculture is not constant over time; it varies by planting and harvesting season, geographical area and crop.

Countries with labour-intensive agricultural systems estimate that there is a risk of production disruption for three main reasons:

- diseases that reduce the physical capacity of workers;
- risk of exposure to the virus; and
- quarantine restrictions (FAO, 2020c).



Micro, medium and small enterprises (MSME)

Strict quarantines and road closures disrupt logistics, which can harm small and micro intermediaries involved in the collection and distribution stages, as well as small producers to trade their products.

The great risk for small and medium-sized entrepreneurs is in maintaining cash flow and liquidity to acquire inputs and keep their businesses running, despite interruptions in the payment chain of various economic activities (ILO, 2020a).

One of the measures announced by the countries to deal with the pandemic is special financial support for MSME, other businesses and the informal sector, through renegotiation and improved bank credit conditions (ECLAC, 2020c).

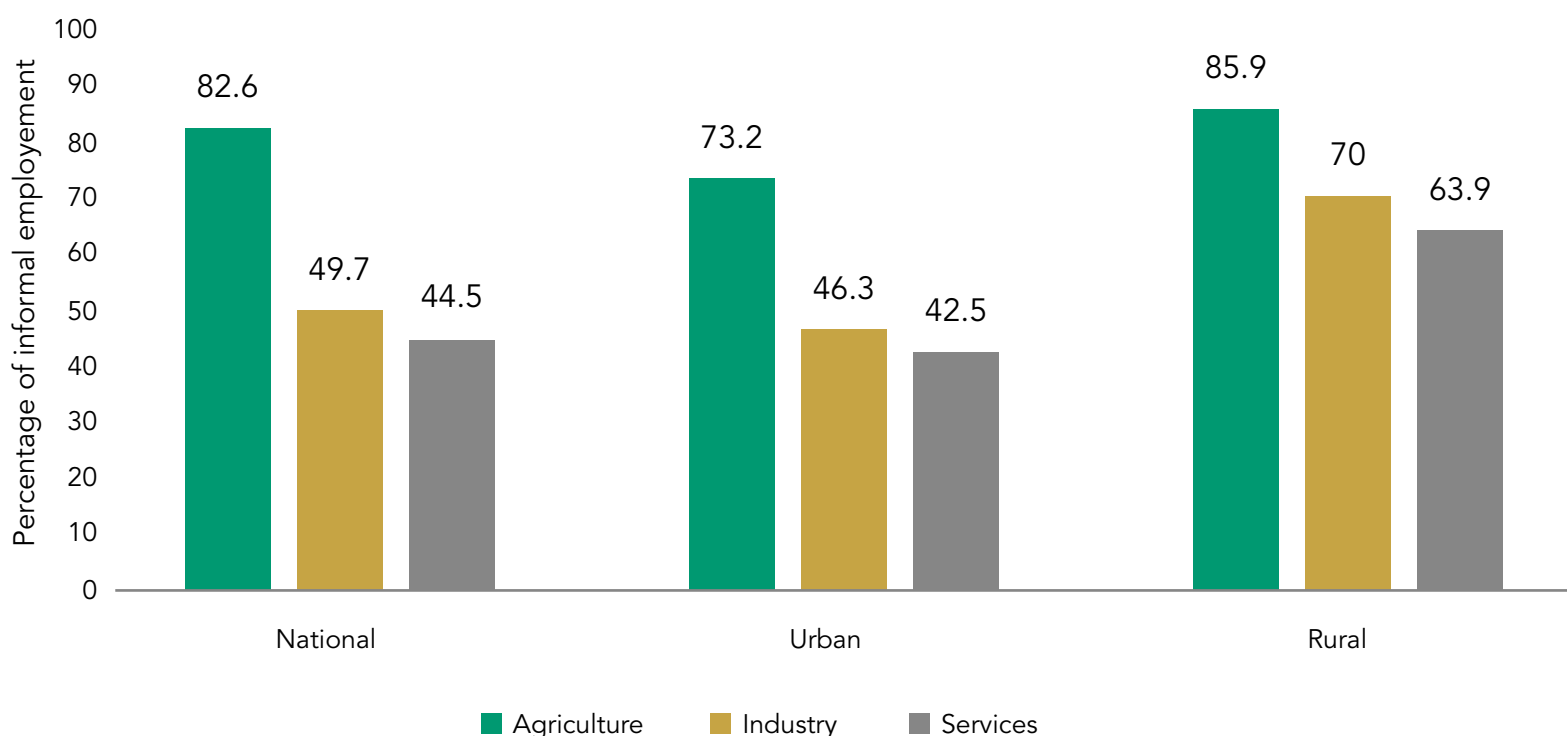


Informal

The rate of informal employment in the region's agricultural sector, considering wage earners and self-employed workers, is 82.6 percent (see Figure 4), against 49.7 and 44.5 percent in the industrial and service sectors, respectively (ILO, 2020c).

Although food is an essential commodity, and its production systems should not be affected by restrictive measures, containment and movement restrictions have begun to impact markets and agrifood supply chains (FAO, 2020a). For example, informal workers are at greater risk of losing their jobs due to the COVID-19 pandemic. Besides, informal workers are at greater risk of falling ill, as they lack the basic protection that formal sector jobs often provide as social security coverage (ILO, 2020a).

Figure 3/ Informal employment rate (%) by sector of economic activity, in fifteen Latin American countries* by geographical area, 2017



* Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay
Source: FAO, based on ILO data (2020c).



Migrants

The Food and Agriculture Organization of the United Nations (FAO) (2020b) points out that migrants play a critical role in agrifood systems. Restrictive measures affecting the movement (internal and international) of people and absenteeism from work due to illness or precaution will have an impact on agricultural value chains, with possible consequences for food availability and market prices worldwide.

Although official statistics often underestimate the proportion of migrants employed in agriculture – due to lack of data and widespread informality – we know that a significant group of migrants are employed on an occasional or informal basis, that is, they work without any kind of social protection.

It is expected that fewer jobs for migrants will lead to a dramatic reduction in remittances to their countries of origin, with significant effects on livelihoods and food and nutrition security in those countries.

The Economic Commission for Latin America and the Caribbean (ECLAC) indicates that remittance flows to Latin America and the Caribbean could contract by 10-15 percent in 2020 and that it could take four to eight years for them to recover to the levels reached in 2019 (ECLAC, 2020d).

In Haiti, remittances accounted for more than 30 percent of GDP; in El Salvador and Honduras, about 20 percent; and in Jamaica, Guatemala and Nicaragua, more than 10 percent. Between 80 and 90 percent of remittances are used to cover the basic needs of recipient households (food, health, and housing), so their contraction will impact consumption and the incidence of poverty (ECLAC, 2020d).



Women

It is estimated that COVID-19 will have particularly profound impacts on rural women, as women's informal employment rates are higher than men's in lower-income countries. In Latin America, in 2017, the rate of informal employment among women in urban areas was 45.4 percent, while among men it was 44.3 percent. On the other hand, in rural areas, the same rates were 78.8 percent for women and 75.9 percent for men (ILO, 2020a). According to these data, women are more vulnerable to possible dismissal, and to lower access to occupational safety measures and medical care in health centres.

Besides, many women in rural communities work in sectors that have been hard hit by the economic and social consequences of the crisis, such as non-essential agricultural and fisheries production, or the flower

industry (FAO and UNDP, 2020). Rural women account for 41 percent of the world's agricultural workforce (FAO, 2020a), a proportion that is higher in lower-income countries such as Colombia or the Plurinational State of Bolivia.

Changes in markets and consumption patterns could aggravate the vulnerability of this group, since reducing demand and space for selling agricultural products limits the informal income of many of these women (FAO and UNDP, 2020).

Displacement restrictions diminish their opportunities for agricultural and livestock activities, making it difficult for them to obtain essential resources for their families (water, firewood, natural food resources, etc.), which puts their well-being and that of their families at risk (FAO and UNDP, 2020).

Finally, because women assume primary responsibility for care in their homes, they are more likely to be burdened with additional household tasks, which increase when there are more people in the household during quarantine (FAO, 2020a).



Children and young people

According to ILO, young workers will be strongly affected by the economic consequences of COVID-19, for the following reasons:

- Younger workers are often the first to reduce their hours or be dismissed (mainly for lack of networks or experience);
- Three out of four young people work in the informal economy, for example in agriculture or small cafés, and restaurants;
- Many young workers are in "non-standard forms of employment", such as part-time or temporary work, with little or no social protection (leave pay, unemployment insurance) (ILO, 2020d).

In 2017, in urban areas, 55.6 percent of young people aged between 15 and 24 were in informal employment; in rural areas the same rate was 85.9 percent (ILO, 2020a). This disparity reflects the degree of vulnerability for young people starting their careers in the labour market, which will be exacerbated by the current crisis.

Concerning children, who in most countries of the region do not have face-to-face schooling, FAO (2020a) warns of the possibility that their families may ask them for support in tasks related to farming, family farming or even as wage labourers, which could expose them to dangerous or age-inappropriate work. Children who are already working are also likely to face greater difficulties and have an even greater responsibility for meeting the family's food security needs.



Indigenous and ethnic minorities

Indigenous peoples and ethnic minorities also have a disproportionate presence in the area of informal labour, particularly in agriculture. The rate of informal employment is 87 percent for indigenous peoples and 51 percent for non-indigenous peoples (ILO, 2020a). Indigenous people have a greater share of unskilled self-employment and wage gaps compared to non-indigenous men and non-Afro-descendants.

The situation is particularly serious in the case of women. Indigenous women's hourly earnings are less than a third of those of non-indigenous and non-afro-descendant men with the same level of education (ECLAC, 2020b).

Today, the outlook is extremely uncertain. Rapid and far-reaching events place us on unfamiliar ground, forcing us to assess at once the impact that the health crisis may have on the labour market and the economy, and to forecast the duration and severity of the crisis (ILO, 2020a). Hence, paying special attention and establishing measures for these groups could be very significant in mitigating the consequences of this crisis.

5. Proposals to mitigate the impact on the agrifood labour market



Implementing measures to reactivate public and private investment with a territorial and sectoral approach is essential to follow up on strategies for impact assessment, immediate response, recovery and reconstruction (FAO and ECLAC, 2020a). Social dialogue and the involvement of social actors (employers' organizations and trade unions) in their design are key components.

In this regard, it is critical to build public-private coordination to fight COVID-19. Sub-national governments can play the role of articulator, and sectoral public agencies the role of executing arms.

ILO (2020a) proposes some guidelines for territorial and sectoral action in three relevant areas that can be useful both for the immediate response stage and for the reconstruction stage. These are:

1. Life-saving measures. Prevent and mitigate COVID-19.
2. Measures to ensure food safety and security.
3. Measures to save companies, protect workers in the workplace, and lay the foundations for the revival of activities and sectors.

Measures to save lives, and prevent and mitigate the spread of COVID-19 among workers were addressed in the previous issue of this bulletin (FAO and ECLAC, 2020b). In this bulletin, we will deal with the measures in points two and three.

The following describes some measures that have been implemented to date by governments and lists actions that are recommended for countries to implement by risk group.



Micro, medium and small enterprises (MSME)

Border closures and quarantine measures severely impact the level of activity in trade and service sectors, which represent more than half of the region's workforce, both formal and informal (ILO, 2020a).

To date, the measures taken have focused on keeping companies' cash flow afloat, as well as avoiding disruptions in the payment chain of the various economic activities. These measures focused on the formal sector are aimed at maintaining the liquidity of MSME, extending income tax payment periods, temporarily carrying over credits with no penalty, etc.

FAO has collected information on some measures that have been (or will be) implemented for the recovery of small productive units, especially the most vulnerable ones. These include the purchase of inputs, for example in Haiti, where small producers receive seeds and planting material; or increased liquidity, as in the Bolivarian Republic of Venezuela, where rapid response actions/programmes are planned, including cash-based transfer modalities to provide immediate assistance to farmers.

The list of measures or suggested actions is (ILO, 2020a):

- Encourage public procurement as an important mechanism for maintaining economic activity, income generation, supply maintenance, and supply to vulnerable populations receiving food from the State.
- Establish direct financial support and policies to increase liquidity, and specific tax benefits for the agrifood sector, especially for small-scale agriculture, such as tax exemptions.
- Massively support the development and implementation of occupational safety and health plans to favour the continuity of MSME' operations during and after the pandemic.
- Promote the implementation of measures to prevent and mitigate COVID-19 in agriculture, such as those mentioned in the previous issue of this bulletin (FAO and ECLAC, 2020b).
- Promote local fairs for the sale of products from small-scale agriculture, establishing mechanisms that reduce the mobility of producers to the supply markets in order to avoid potential contagion, guaranteeing measures of physical distance and safety in the handling of food.
- Establish control mechanisms and compliance with health measures in the supply markets.
- Support digital transformation processes of rural MSME that allow for shortening marketing chains, favouring direct contact between producers and consumers.



Informal

Response measures should encourage the extension of social protection coverage to informal workers in agriculture and rural sectors, including through timely cash transfers, and cash or in-kind food distribution. Special care should be taken with groups that abound in informal work, such as women, youth, indigenous groups and migrants.

The most common measures taken so far include the introduction of cash grants and food distribution to vulnerable groups, as well as temporary employment schemes for informal workers (FAO, 2020a). Most countries in the region have adopted mitigation measures targeting informal workers, and a few have formulated specific measures for them, such as Argentina, Brazil, Colombia, and Ecuador. To identify and reach target audiences, countries use existing platforms that already have information on informal workers or introduce new registration mechanisms such as specific websites.

In Costa Rica, according to information gathered by FAO, support relies on a national plan designed to address food security in indigenous territories in the context of emergency and post-crisis productive recovery.

In addition to social protection, some countries have implemented measures to maintain the agricultural supply chain, which is also expected to indirectly benefit informal workers. Short marketing chains have also been encouraged, especially for rural family farming.

Recommendations should take into account existing employment and social protection policies, as well as gender and age disparities in the rural informal workforce. Therefore, different interventions can be carried out in a synergistic manner (FAO, 2020a):

- Implement or use existing systems or databases that have information to identify and monitor informal workers, since information on this group is generally not available.
- Provide temporary compensation, in the form of vouchers or in-kind food or specific cash transfers, to informal workers who are unable to work, or one-time, universal cash payments.
- Support with sustainable financial measures (microloans, microinsurance, group loans, etc.) to contribute to the financial recovery of informal workers.
- Promote economic stimulus packages aimed at maintaining jobs and the economy, in particular for MSME, such as tax measures, direct economic support for businesses, or economic support for workers (unemployment insurance).
- Provide targeted support to vulnerable sub-groups of informal workers (women, children, youth, indigenous groups and migrants).
- Maintain agricultural supply chains and strengthen market linkages of local producers, promoting decent work and introducing mechanisms to connect labour supply and demand, so that informal workers can access employment opportunities available in agrifood value chains.



Migrants

The effects of the crisis can have an impact on migrants according to their migration or employment status. Refugees, internally displaced persons, migrant workers, internal or international migrants, permanent, temporary or seasonal migrants, documented or undocumented migrants have different access to work permits, social protection programmes, recovery measures, and health systems.

To date, most of the measures in the destination areas have been aimed at extending work visas for temporary and seasonal migrants. In general, those who have implemented these measures are the countries that need migrant labour, mainly European and Oceanic countries. Other measures that have been taken include:

- ensuring the continuity of contracts for migrant workers in the event of illness or as a result of containment measures;
- relaxing entry restrictions for seasonal farmworkers; and
- granting temporarily full citizenship rights to migrants and asylum seekers, allowing them access to the national health system.

To date, however, the regularization of migrants and the extension of temporary work permits have been limited (FAO, 2020b).

A few countries have adopted response measures, such as social protection measures, that explicitly include migrant workers. Countries that have announced basic income protection measures could include migrant workers (FAO, 2020b).

The private sector has also reacted (FAO and ECLAC, 2020b). Producers, workers and employers organizations have issued guidance on personal protective measures to be taken in agricultural workplaces. Notwithstanding the above, which is very valuable, there is no specific advice for vulnerable workers categories, or specific contexts, such as remote rural areas. Moreover, there is little or no reference to specific agricultural sub-sectors, such as fishing boats, food markets or processing facilities.

In this context, policy recommendations are mainly aimed at minimizing labour shortages or the likelihood of contagion among migrant workers. It is also recommended to take measures to mitigate the economic impact on individuals, as mentioned by FAO (2020b):

- Adjust the demand for labour force in the agricultural sector with the supply of migrant labour through direct communication with agricultural companies, and coordination with the migration offices.
- Ensure the implementation of occupational safety and health measures and guarantee that all migrants have access to them.
- Extend the expiry of work visas for migrant workers employed in all agricultural sub-sectors.
- Ensure the safe movement of agricultural workers within and between countries, including during containment, and allow exceptions to the granting of work visas to seasonal agricultural workers.
- Regularize migrants present in the territory and grant temporary work permits to all of them.
- Ensure the inclusion of all migrants in the response to the pandemic, and in the measures being implemented to mitigate the economic downturn caused by COVID-19, regardless of migration or employment status.



Women

It is crucial to integrate the gender perspective into the generation of information, design, and monitoring of measures to deal with the pandemic. Indeed, the overload of domestic and care work, the low incidence in formal markets, and the limited access to goods and services has been a historical reality among Latin American and Caribbean women in general, and in rural women in particular (FAO and UNDP, 2020). Given the effects of this crisis, it is therefore essential to ensure that "no one is left behind" and that special attention is paid to those who are most vulnerable, such as women.

To date, these are the initiatives promoted by governments to address the crisis in three thematic areas related to employment, and to promote women's autonomy, and gender equality:

- **Household tasks and care in a context of containment:** campaigns for joint responsibility for care in the home, travel for care in compulsory isolation period, domestic workers' rights, care for dependent persons.
- **Employment protection and measures for women workers in certain sectors:** care leave, paid leave, employment protection, protected employment for women in situation of violence.
- **Benefits, transfers and other social protection measures for women in their diversity:** transfer of specific bonds as in Argentina, Brazil, the Plurinational State of Bolivia, Colombia, Chile, Ecuador, El Salvador, Panama, Peru, Uruguay and the Bolivarian Republic of Venezuela.
- **Measures to protect against domestic violence against women:** quick reporting mechanisms, legal measures to distance partners or acquaintances with cases of violence.

When developing policies focused on women, it is necessary to ensure the incorporation of the gender perspective in macroeconomic, social protection and employment policies, among others. The Montevideo Strategy contributes to gender mainstreaming in policies to address COVID-19 and its consequences. These measures are (ECLAC, 2020b):

Communication: promote campaigns to widely disseminate the services available to guarantee women's rights.

Cooperation: promote regional, subregional and bilateral cooperation initiatives in technical, financial, labour and rights matters.

Information systems: have data concerning the impacts on people and the economy, disaggregated by sex, and prospective studies.

Participation: encourage, through virtual platforms, consultations with women's and feminist organizations on strategies to deal with the pandemic.

Financing: expand the fiscal space to mobilize sufficient public resources to address COVID-19 from a gender perspective.



Children and young people

Young workers are more likely to be impacted by the COVID crisis at work. However, the responsibility of economic recovery will mostly fall on them in the medium and long term, and they will be a key element in an inclusive recovery (UN, 2020).

Currently, social protection measures such as cash transfer payments, unemployment support, paid sick leave, and access to health care are being extended temporarily. If such measures are to "leave no one behind", it is crucial that they take into account the particular concerns and needs of young people.

In this sense, governments and the private sector are partnering with young people interested in launching initiatives that support their communities, through voluntary initiatives, such as in the distribution of food and medicine, or in supporting innovation centres working on technological measures to address COVID-19, as has happened in Nigeria and New York (UN, 2020).

During a crisis, measures should not only safeguard the livelihoods and financial security of young people in the short term but also serve to build resilient social safety nets in the long term. Hence, the recommendations are to (UN, 2020):

- Provide universal health coverage, including for unemployed or informal youth, including mental health services (containment measures have been shown to affect their mental health. The impacts that they may have on mental health in the long term are not known).
- Promote the dissemination of public health information through various communication tools and empower young people to make evidence-based decisions.
- Ensure that social protection systems include all young people, with a special focus on those who are not covered by current social protection.
- Support young innovators who are responding to the pandemic through projects with social impact. This type of policy, in addition to providing economic dividends, provides a way for young people to contribute and demonstrate their solidarity in a time of crisis.
- Distance learning, labour training, and specialization programs.
- Professional placement programs in areas where there is a demand for labour force.

6. Interview with the Executive Director of the Association of Commercialization and Export of Bananas of Ecuador



Richard Salazar V., Executive Director of the Association of Commercialization and Export of Bananas of Ecuador (ACORBANEC, by its initials in Spanish)



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In recent weeks, several measures have been put in place restricting mobility. Do you think food transport services, both domestic and export, have been affected, and in what ways?

In Ecuador, a state of emergency was declared due to a public disaster following the declaration of a COVID-19 pandemic on 16 March 2020. Among other measures, the right to free movement was eliminated and a curfew was established, except for the export sectors (including bananas and their chain), doctors, food and other essential services for the country. For these sectors, the provision of laissez-passer was established at the national level.

Since the beginning of the pandemic, the producing and exporting sector has been working in compliance with protocols and biosecurity measures in the farms that produce and pack export bananas. Measures such as disinfection of contact surfaces, social distancing in work areas, personal hygiene, and mandatory use of masks and gloves have been implemented.

The banana sector is one of the few that has remained operational after the health emergency was declared. However, we have not been spared logistical problems, mainly due to staff absenteeism for fear of contagion, especially among transporters, container yards and other actors in the chain. In the same way, vehicles and drivers were stopped or detained at preventive controls, until the use of laissez-passer and logistic corridors were ordered to be respected so that trucks with banana containers, and suppliers of banana production and export materials could transit without problems. Even so, with all these problems, bananas have been exported in the last four weeks.

Different policies to alleviate the crisis have been implemented around the world to protect small, medium and large enterprises. In the case of the Ecuadorian banana sector, what measures have been implemented?

Important destination markets for banana exports such as the Russian Federation, Poland, the United Kingdom of Great Britain and Northern Ireland, Germany, France, Holland, Italy, Greece, Belgium, Spain, Eastern Europe (with Ukraine and Georgia) and the Middle East, among others, have reduced or stopped banana purchases, mainly due to problems in the logistics of fruit distribution. Governments of destination countries have implemented mobility restrictions and border closures, among other measures.

Therefore, several exporters have been affected in their liquidity, because many importers have been late in payments, have not been able to pay, or simply do not want to pay. But it is also true that some clients, unfortunately, taking advantage of the crisis, have tried to lower the prices of the fruit, which has been rejected by banana exporters in Ecuador.

The weakening of international markets and world currencies, compared to the dollar, causes deterioration in the competitiveness of fruit (a 20 to 30 percent reduction in exports). Together, these situations have severely affected the liquidity of the export sector.

We expect a reaction from the national government to provide liquidity to the export sector in general, and the banana sector in particular. As a banana sector, we have presented our needs to the national government and the national assembly, which can be summarized in three points:

1. To deal with liquidity problems, as far as taxes are concerned, the reduction of certain taxes is proposed, or at least extending the period for payment of these, which would particularly benefit taxpayers whose productive units obtain certification of good agricultural practices.
2. Assessing the possibility of making procurement modalities more flexible, to ensure the ability of companies to maintain their operations in the country. This is because many companies have to adopt different working arrangements that vary from normal obligations.
3. Finally, it is necessary to implement measures to provide individuals and companies with liquidity and incentives, through different mechanisms.



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The prices of food and inputs from the agrifood industry, such as oil and fertilizers, have suffered variations. Do you think these variations are affecting or could affect the producers of the banana sector in Ecuador?

Let's hope that oil products will lower their price in Ecuador, starting with fuels such as gasoline and diesel, the latter of which is highly used in the banana sector. We also expect a reduction in fertilizers. Without a doubt, all of this will have a positive effect on helping to lower production costs; remember that we are dollarized.

ECLAC has projected that economic unemployment in the region will fall by about -6 percent by 2020. Do you think there will be impacts on the employment of agricultural workers in the banana sector, particularly in rural areas?

The banana sector is one of the few sectors that have remained operational since the health emergency caused by the coronavirus pandemic. However, there has been a reduction in exports from January to March of this year, basically due to the reduction in purchases from the main banana buying countries because of the pandemic, and the measures taken to avoid contagion. According to our accounts, exports have fallen from 37.6 million banana boxes in January to 30.1 million boxes in March.

However, even though the export sector has reduced its volume of banana exports, and although that there has been labour absenteeism, no workers have been dismissed, as we continue to produce and export. We believe that, as it is a highly nutritious and low-priced fruit, it will continue to be placed in the various export destination markets for the rest of the year.

It is important to note that our sector generates more than 260 000 direct and indirect jobs in Ecuador.

Ecuador has a dollarized economy; there are unusual variations in the exchange rate of the region's competitors, which reflect a scenario of uncertainty and instability. How do you think fluctuations in the exchange rate, with respect to the dollar of your competitors, will affect the access of Ecuadorian fruit abroad?

Just because we are dollarized, we cannot have currency devaluation. However, compared to other countries, where a lower cost of production is reflected, the competitiveness of our banana exports has been affected. This is especially true in stable markets such as the United States and the European Union, where we have been losing market space to countries like Guatemala, Costa Rica, Colombia, Panama, and others that offer lower prices than Ecuador. On the other hand, international buyers such as the Russian Federation and the Middle East, whose economies depend on oil and gas, have seen their currencies suffer devaluations with the oil crisis, making banana imports more expensive and lowering demand.

The World Trade Organization (WTO) estimates that world trade will fall between 13 and 32 percent by 2020. Do you think you will have some difficulties in exporting your products to your main trading partners? If so, how do you plan to deal with them?

According to the above figures, despite the fact that exports have been decreasing from January to date, the accumulated figure reflects an increase of 6.5 percent in relation to what was exported in the same period last year. In the case of bananas, we expect to have no difficulties in exports, as we have demonstrated during this pandemic. We continue to export, despite the reduction in demand. Once this crisis has been overcome, we are sure that our fruit will play a major role in the world market. We hope to surpass exports by 2019, both in quantities and in dollars.

Do you think you will have some difficulties in importing agricultural inputs required for fruit production from trading partners?

So far we have not had any alerts indicating difficulties in importing agricultural inputs for fruit production or materials for banana exports.

How has the interaction been with other countries in the region, whether to share experiences, guarantee the fruit supply, continue exchanges with international markets and adapt to the new scenario when the pandemic ends?

We have held inter-union meetings with other banana production and export unions in Latin America, dealing with issues of common importance, such as the discussion on maximum residue limits (MRLs) imposed by the European Union.

This pandemic is definitely changing the whole world, and in the case of bananas, from the production and export side, we immediately adopted biosecurity measures when the virus was detected. We have maintained close communication with our clients abroad to adapt to the requirements of the markets.

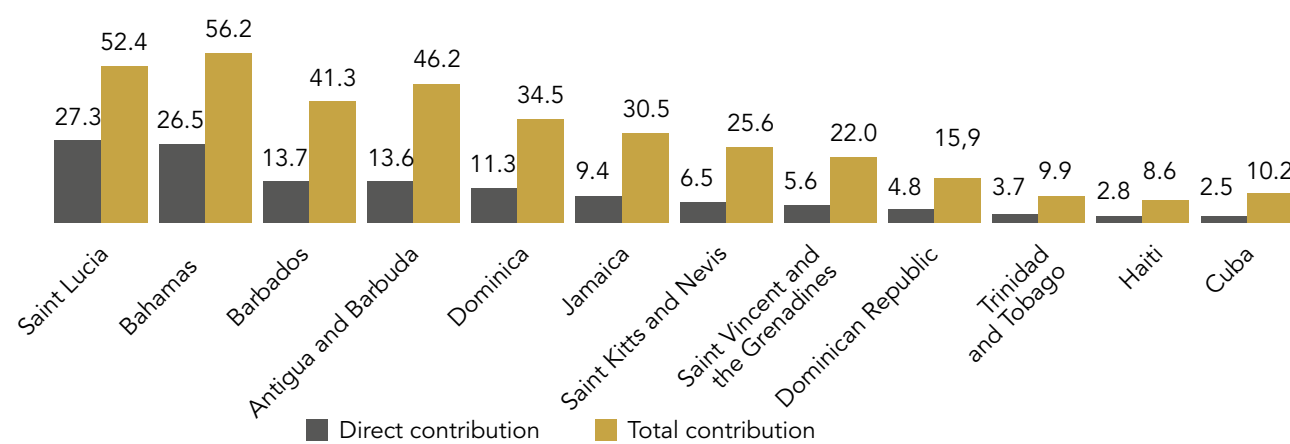
7. The pandemic in numbers

As part of the effort to go into detail about the effects of the pandemic, we present an economic microanalysis. On this occasion, we analyse the importance of tourism on employment in the Caribbean, food inflation, and real food prices.

The health crisis has hit the tourism sector hard, as it is considered non-essential (by the consumer) and because of its degree of exposure to the virus. The Caribbean is one of the regions hardest hit by the crisis, as it depends on tourism to bring consumers and foreign exchange into the country.

The tourism sector is part of the food system value chain. Restaurants and hotels are big buyers of food and offer an opportunity to sell special products at non-local prices. Therefore, in countries affected by the collapse of tourism, there will be a side effect on other sectors, such as agriculture and fisheries.

Figure 5/ Contribution of tourism to employment in the Caribbean (%), 2018

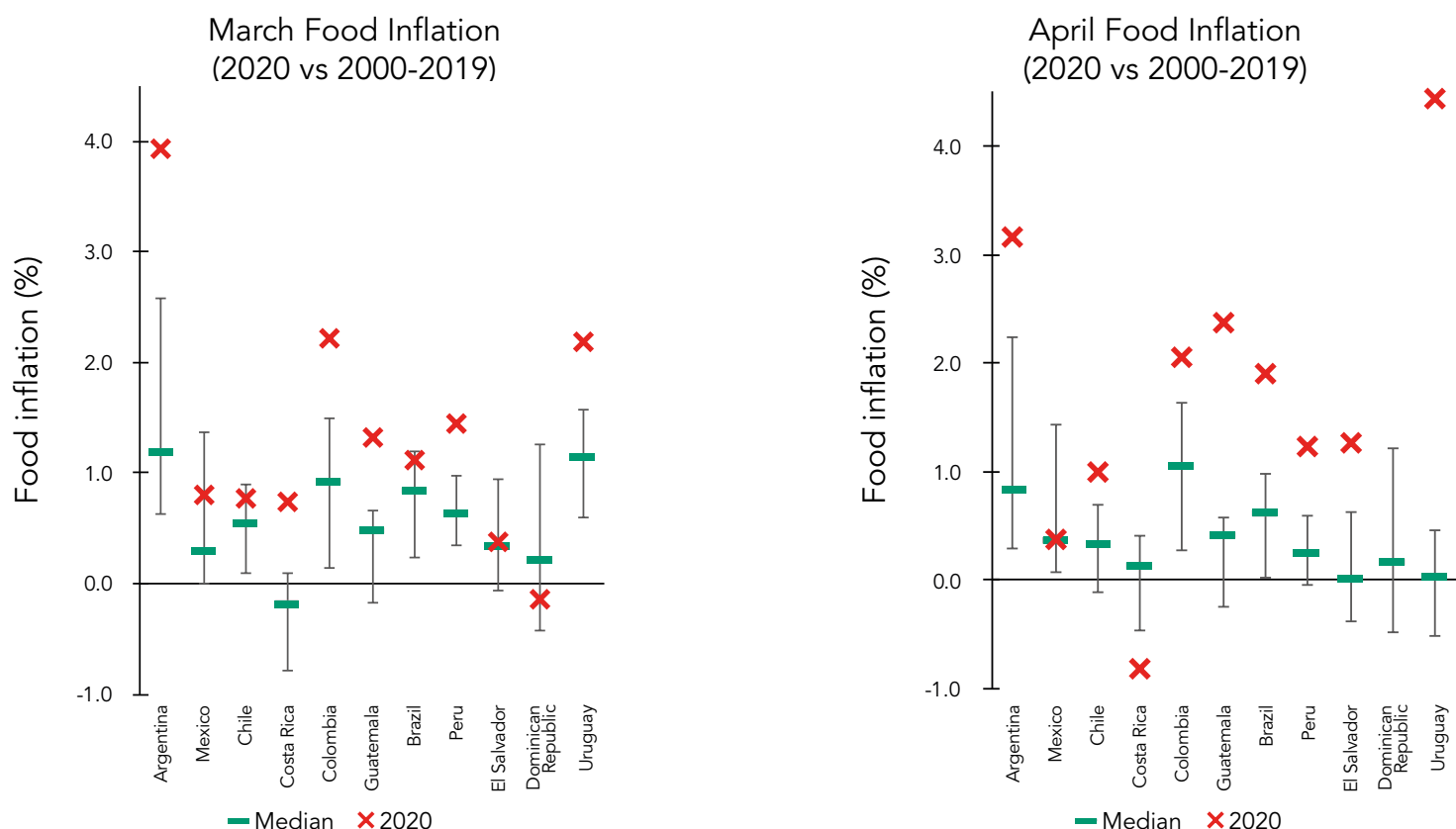


Source: World Travel & Tourism Council, and World Bank.

In the Caribbean, this sector generates a significant number of jobs. According to the World Travel and Tourism Council (WTTC) (see Figure 5), in St. Lucia and The Bahamas, more than 50 percent of employment depends on the tourism sector. Even in larger Caribbean countries, such as the Dominican Republic, Cuba and Trinidad and Tobago, tourism accounts for 10-15 percent of total employment.

With the decline in global tourism, Caribbean food chains will have to adapt to the new reality. Producers of speciality or luxury products - such as lobster and shrimp - will have to find another market or change their strategy.

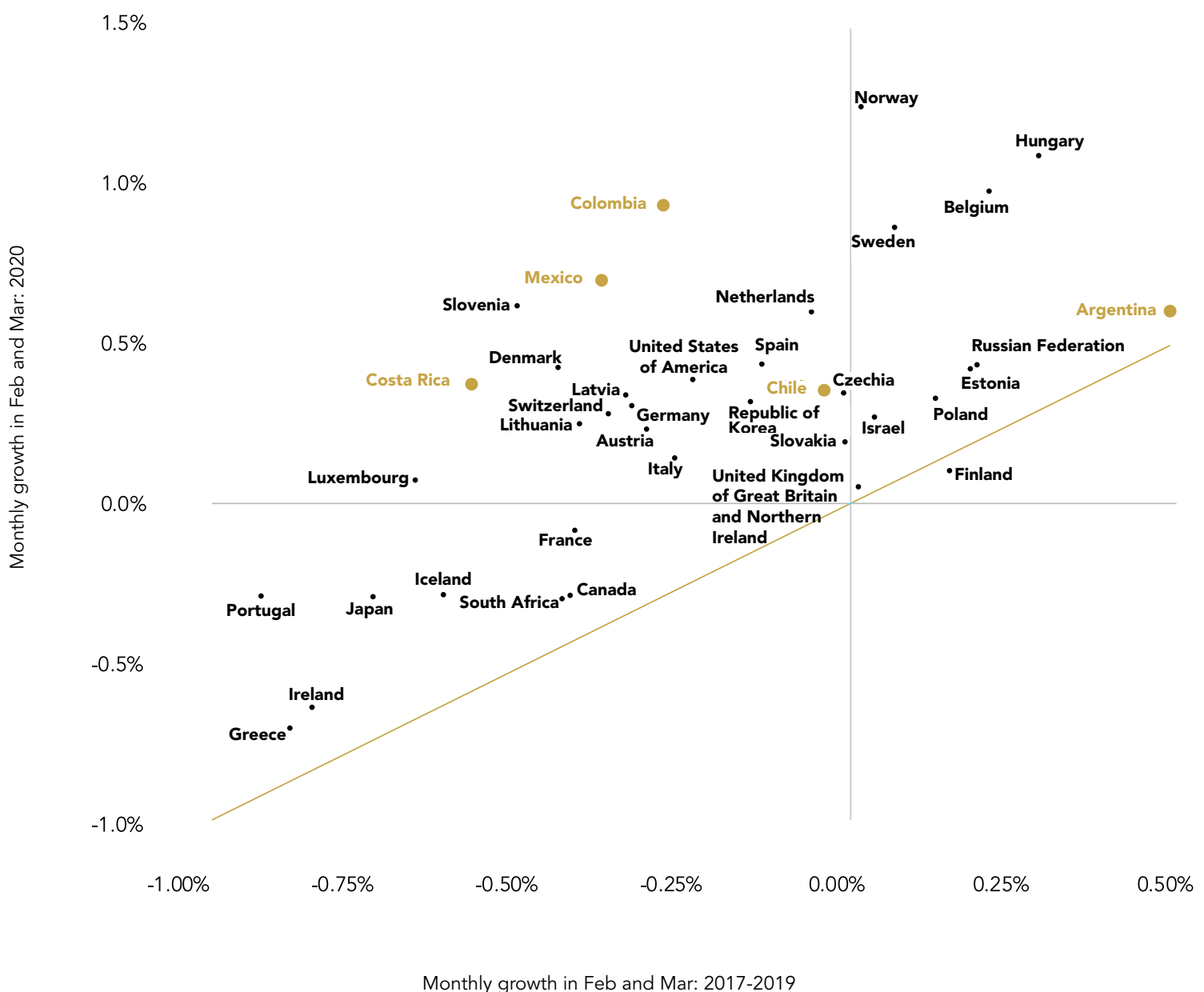
Figure 6/ Food inflation in Latin America, March and April 2019-2020



Using the most recent information available from the national statistics offices of eleven countries in the region, we found evidence of higher than usual food inflation. Monthly food inflation in 2020 was compared to the distribution of monthly food inflation over the past 20 years, namely for the period 2000-2019 during February, March and April, and for each country. By comparing food inflation in February 2020 with historical values, we found that in five of the eleven countries food inflation is above its average value, while in Argentina, Mexico and Chile, the value observed in 2020 is above the historical 75th percentile. When we do the same for March, we find evidence of a generalized movement in the region: in ten of the eleven countries, food inflation in March 2020 is above its average value, and in six countries it is above the 75th percentile. By April 2020, we found recurrent food inflation above normal in most countries: nine out of ten countries have food inflation above the historical median, while in eight of those countries it is above the 75th percentile, and in five of them even above the 90th percentile, as is the case in Argentina, Chile, Brazil, Peru and Uruguay.

Overall, for March and April 2020 as a whole, we see that in nine out of eleven countries, the monthly food rate has been above its historical average for two consecutive months. Most interestingly, in the case of Argentina, Colombia, Guatemala, Peru, and Uruguay, food prices have been growing at an accelerated rate (above their historical 75th percentile) for the two months. In the specific case of Uruguay, the growth rate has been above the 90th percentile for March and April 2020. Notwithstanding the above, and while the data indicate a very recent higher than usual growth in food prices, further evidence, including information on market fundamentals, would be needed to indicate a medium-term upward trend in food prices.

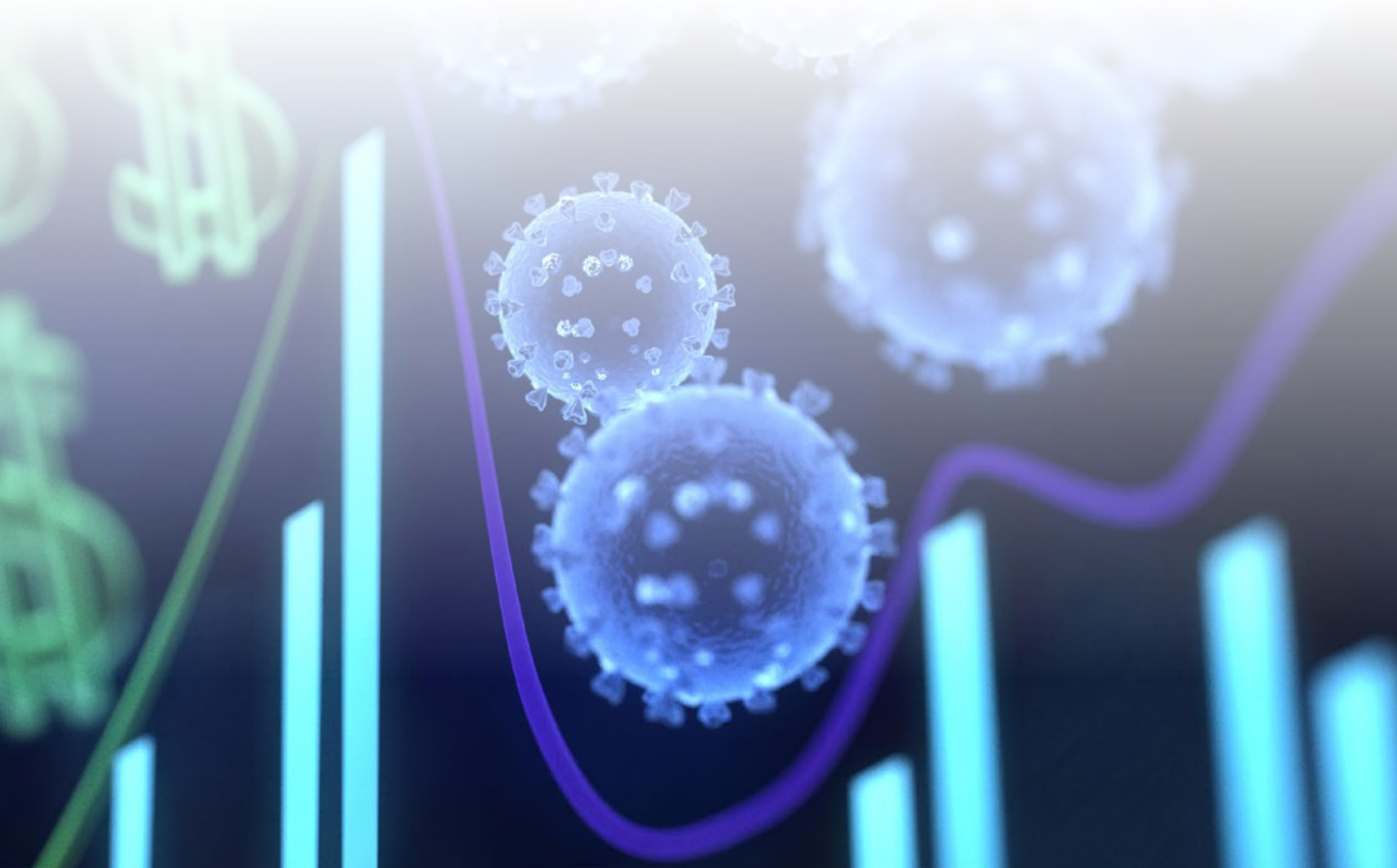
Figure 7/ Real food price growth in February and March (2020 vs. 2017-19)



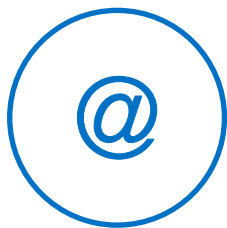
Source: OCDE (2020).

Real food prices during February and March 2020 have behaved differently compared to the same period in the previous three years. In several countries, food prices, in real terms, declined on average during the period 2017-19. In a sample of 39 countries, including OECD member countries, candidates, and partner countries, 75 percent experienced a decline in relative food prices on average over the last three years. In other words, food prices grew less than the consumer price index. In 2020, this fraction is only 20 percent. Most notably, in all countries except Finland, the monthly growth of real food prices (for February and March) in 2020 is higher compared to the behaviour of real food prices over the past three years. Figure 7 shows on the horizontal axis the evolution of real food prices in the past, while on the vertical axis it shows the monthly growth of food prices this year (for February and March). The included 45-degree line is useful for comparing the past with the present. The data points on the line indicate that real price growth in the present (2020) is higher than in the past (2017-19). Even where food prices are declining in real terms, as in Portugal, Japan, and Iceland, they are declining less than they used to in the recent past.

The evidence is indicative of a "COVID-19 bonus" in real food prices that deserves close monitoring. The vertical distance between the data points and the 45-degree line can provide an estimate of this bonus. On average, this bonus represents an additional 0.55 percent (less than 1 percent) in the monthly growth rate of real food prices. Based on five Latin American countries, namely Argentina, Chile, Colombia, Costa Rica, and Mexico, on average, the "COVID-19 bonus" in food prices is slightly higher, 0.76 percent. In fact, these are moderate numbers that should not raise concerns of considerable negative impact on the average consumer, but further analysis is needed at the country level to anticipate possible impacts on specific vulnerable groups.



8. Resources



In this section, you will find interesting sites on the impact and response of countries to the COVID-19 crisis.

FAO

Migrant workers and the COVID-19 pandemic <http://www.fao.org/3/ca8559es/CA8559ES.pdf>

This policy report analyses the impacts of the pandemic on migrant workers in agrifood systems, as well as on their families in rural areas. The report highlights some of the policy implications and presents policy recommendations.



FAO

Impact of coronavirus disease (COVID-19) on informal workers <http://www.fao.org/3/ca8560es/CA8560ES.pdf>

This article summarises the labour vulnerabilities faced by informal workers and provides some recommendations for response measures to support these sub-groups.



ILO

Towards the territorialization of measures to prevent and mitigate the spread of COVID-19 to employment in rural areas of Latin America https://www.ilo.org/wcmsp5/groups/public/--americas/--ro-lima/documents/publication/wcms_743352.pdf

This document presents a territorial and sectoral approach to crisis management and recovery to ensure people's survival, employment, income and food security in rural areas.



ILO

ILO Observatory: COVID-19 and the world of work. Second edition Updated estimates and analysis https://www.ilo.org/wcmsp5/groups/public/--dgreports/--dcomm/documents/briefingnote/wcms_740981.pdf

This document provides information on the effects of COVID-19 on employment in different sectors of the economy worldwide.



FAO and ECLAC

Food systems and COVID-19 in Latin America and the Caribbean: Health risks; worker safety and security <http://www.fao.org/3/ca9112es/CA9112ES.pdf>

In the previous issue of the bulletin we analysed the health risks that people involved in the food system value chain – from workers to consumers – are facing, due to the COVID-19 crisis.



ECLAC

The social challenge in times of COVID-19 https://repositorio.cepal.org/bitstream/handle/11362/45527/5/S2000325_es.pdf

The third edition of the ECLAC Special Report updates the macroeconomic figures derived from the global health crisis, and measures its different socio-economic impacts, showing an increase in poverty, extreme poverty and the matrix inequality in the region.



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