



Food and Agriculture  
Organization of the  
United Nations

SUSTAINABLE  
DEVELOPMENT  
GOALS

# Impact of the COVID-19 Pandemic on Agriculture Trade

## Geneva Agriculture Trade Talks

13 September 2021

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**Maximo Torero Cullen**  
Chief Economist, FAO



# CONTENTS

- **COVID-19 containment measures and policy responses in the agri-food sector**
- **Impacts on agri-food markets and trade**
- **Divergent recovery paths and implications for food security**
- **FAO's role in markets and trade**
- **Lessons learned, medium-term risks and policy implications**



# STRINGENCY OF COVID-19 CONTAINMENT MEASURES

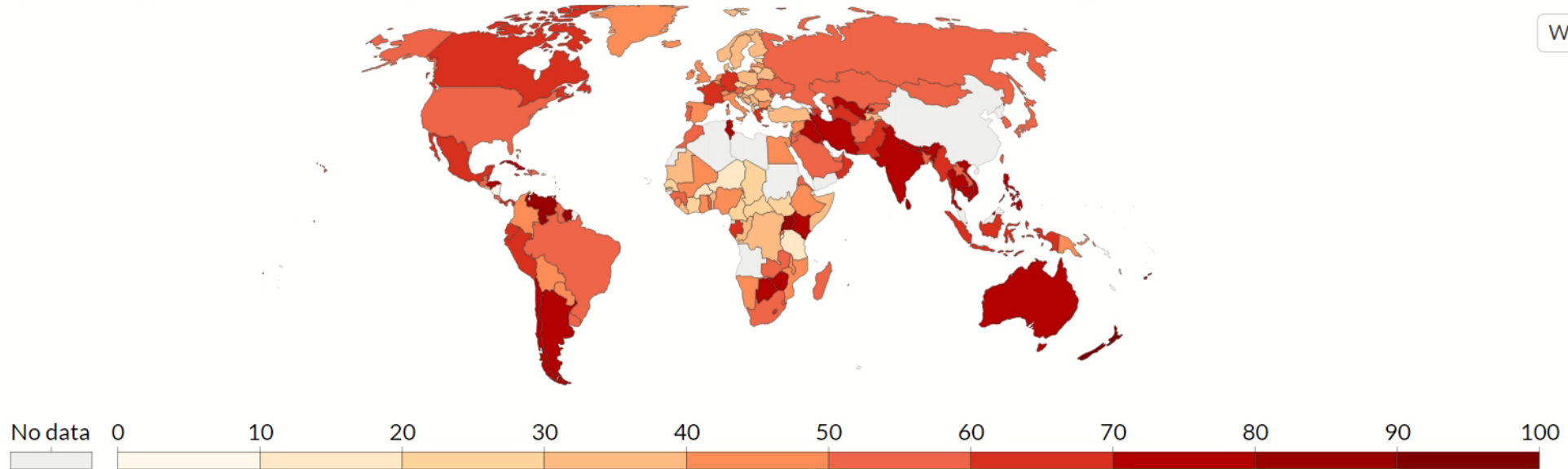
To reduce and mitigate the spread of COVID-19, governments around the world adopted various containment measures

## COVID-19: Stringency Index, Aug 31, 2021

This is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest). If policies vary at the subnational level, the index is shown as the response level of the strictest sub-region.

Our World in Data

World



Source: Hale, Angrist, Goldszmidt, Kira, Petherick, Phillips, Webster, Cameron-Blake, Hallas, Majumdar, and Tatlow (2021). "A global panel database of pandemic policies (Oxford COVID-19 Government Response Tracker)." Nature Human Behaviour. - Last updated 31 August 2021, 06:13 (London time)  
OurWorldInData.org/coronavirus • CC BY

Aug 31, 2021



Jan 21, 2020



Aug 31, 2021



# COVID-19: POLICY RESPONSES IN THE AGRI-FOOD SECTOR

Like in the previous crises (global food price crisis, Ebola), countries aimed to address both supply and demand side objectives through trade policy interventions

## TRADE RESTRICTIONS

- **Few countries** imposed trade related restrictions (very few import restrictions)
- Many export bans have been **transformed into export quotas**, and most of them have been quickly **repealed**
- **Import** restrictions mainly addressed trade of **live animals**
- Health-related border measures lead to **delays (or rejections) in goods crossing borders**

## MEASURES TO LOWER IMPORT BARRIERS

- Several countries **lowered import barriers**, by reducing or suspending import tariffs and in limited cases, raising TRQs
- Selected countries also **lowered Technical Barriers to Trade (TBT)** measures to facilitate availability of critical food items
- **Most measures were temporary**, put in place in March/April lasting at most until the end of 2020

## DOMESTIC MEASURES

- **Producer support** measures were provided to ensure production
- Some countries provided **logistics and marketing** support to sustain the supply chain
- **Several countries increased domestic food procurement targets**, and/or **increased imports** to build national reserves, ensure availability
- Some implemented **ceiling prices**, others **expanded food distribution programmes** to ensure access



# COVID-19: THE ROLE OF THE INTERNATIONAL COMMUNITY

Global cooperation and coordination in policies, enhanced market transparency, and trade facilitation measures have been critical during the COVID-19 crisis

## POLICY COMMITMENTS AND COORDINATION

- **Ministerial declarations and commitments**, focusing on avoiding export and import restrictions; keeping food supply chains alive:
  - **G20 Ministerial Statement**
  - **APEC Joint Ministerial Declaration**
  - **African Agriculture Ministers Declaration**
- **Joint Statements:** FAO/WHO/WTO (issued on 30 March 2020) and FAO/IFAD/WB/WFP (21 April 2020)

## MARKET TRANSPARENCY

- **International market transparency and governance mechanisms**, ensuring that policy and stock management decisions are based on timely and credible data and information
  - **Agricultural Market Information System (AMIS)**
  - **FAO market monitoring and outlook work** (Global Information and Early Warning System, GIEWS)

## TRADE FACILITATION

- **Digital solutions in the application of SPS measures** (e.g. ePhyto: Argentina, Chile); **customs procedures**
- **Temporary acceptance of electronic SPS certificates** (e.g. Australia, Brazil, Chile, South Africa, Russia)
- **Establishment of regional trade corridors** (e.g. CEFTA Green Corridors System)



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## RESPONSE TO COVID-19: IMPACTS ON SUPPLY AND DEMAND OF FOOD

While curbing the circulation of the virus and lowering the pressure on health systems globally, containment measures nevertheless had disruptive effects on the food value chains

### SUPPLY

**Restrictions on the movement of people and people falling ill:** severe impact on migrant workers; shortages in workforce in agriculture, processing and distribution facilities.

**Logistics:** transport bottlenecks and trade restrictions.

**Existing crisis:** topping-up effect stemming from pre-existing problems (locusts in East Africa, African swine fever, climate change)

### DEMAND

**Recession:** global growth estimated at -3.2% in 2020, with significant implications for incomes and consumer spending.

**Change in consumption patterns:** increase in purchases of both staple foods and ready-to-eat food that can be stored.

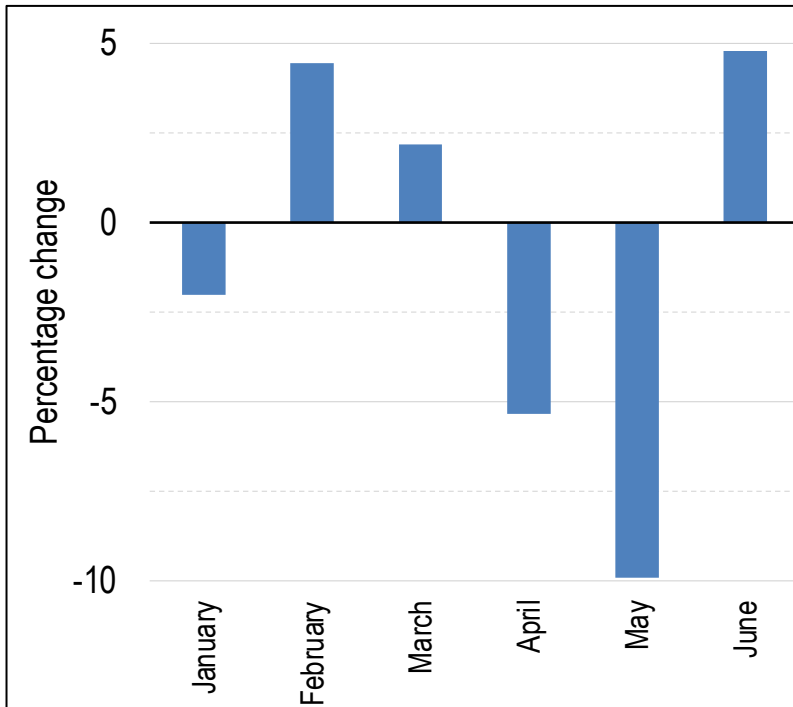
**Shift in purchasing modalities:** lower restaurant traffic, increased e-commerce deliveries, and rise in consumption at home.



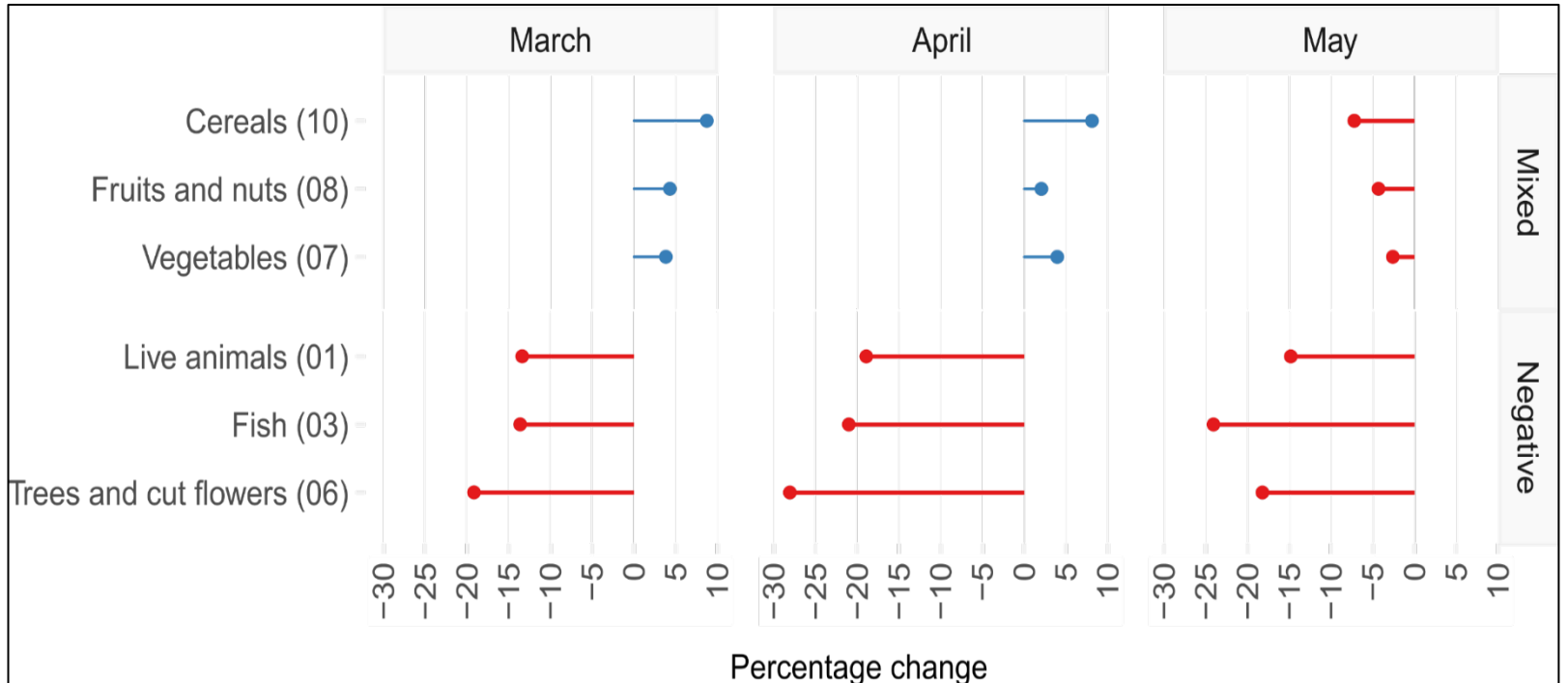
# SHORT-TERM DISRUPTIONS IN GLOBAL AGRI-FOOD TRADE

Despite considerable declines early on, agri-food imports rebounded quickly by mid-2020, but some products were affected more than others

**IMPORT VALUES, 2020 COMPARED TO SAME MONTH AVERAGE IN 2018/19**



**PERCENT CHANGE IN IMPORT VALUES, 2020 COMPARED TO SAME MONTH AVERAGE IN 2018/19**



Source: FAO. 2021. Agricultural trade & policy responses during the first wave of the COVID-19 pandemic in 2020. Rome.





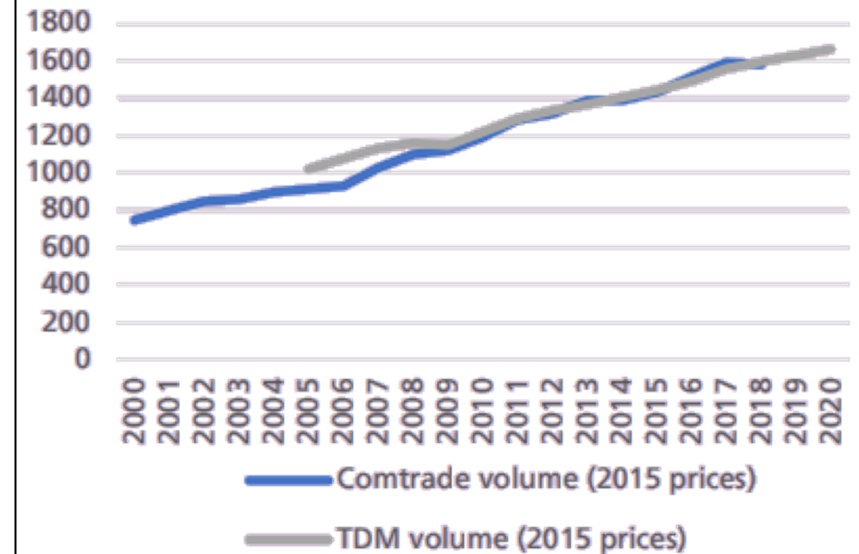
# RESILIENCE OF AGRI-FOOD TRADE – RETURN TO LONG-RUN TRAJECTORY

Agri-food trade in 2021 is on its longer-term trajectory

- **Overall, between 2019 and 2020, agricultural exports expanded**, with developing countries accounting for significant shares of the expansion in both imports and exports
- **For 2021, agricultural trade is expected to continue expanding**, and demand for commodities that are more income-elastic (e.g. fisheries, beverages) is expected to rebound
- Since 2011, growth in agricultural imports has been relatively flatter compared to the period between 2000-2011, and the **COVID-19 shock has not resulted in any noticeable change to this trajectory**

## WORLD AG. IMPORT VOLUMES

Annual evolution (USD billion, 2015 prices)



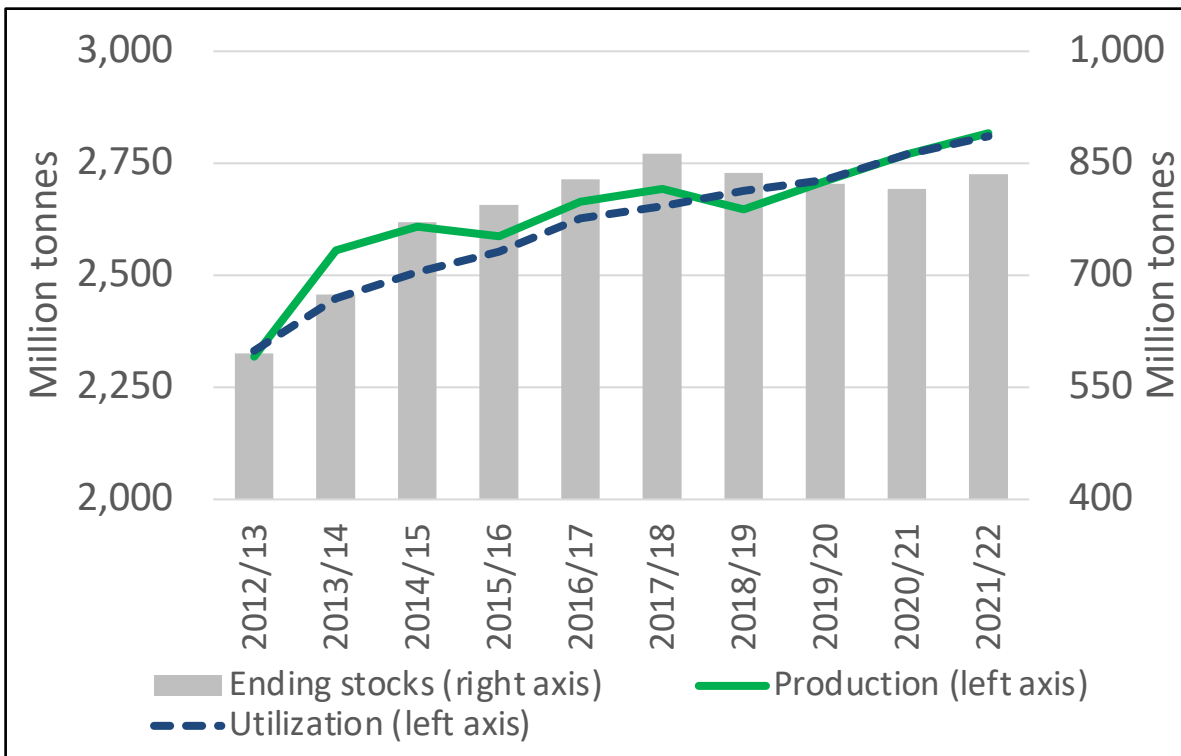
Source: UN Comtrade, Trade Data Monitor (TDM), authors' calculations



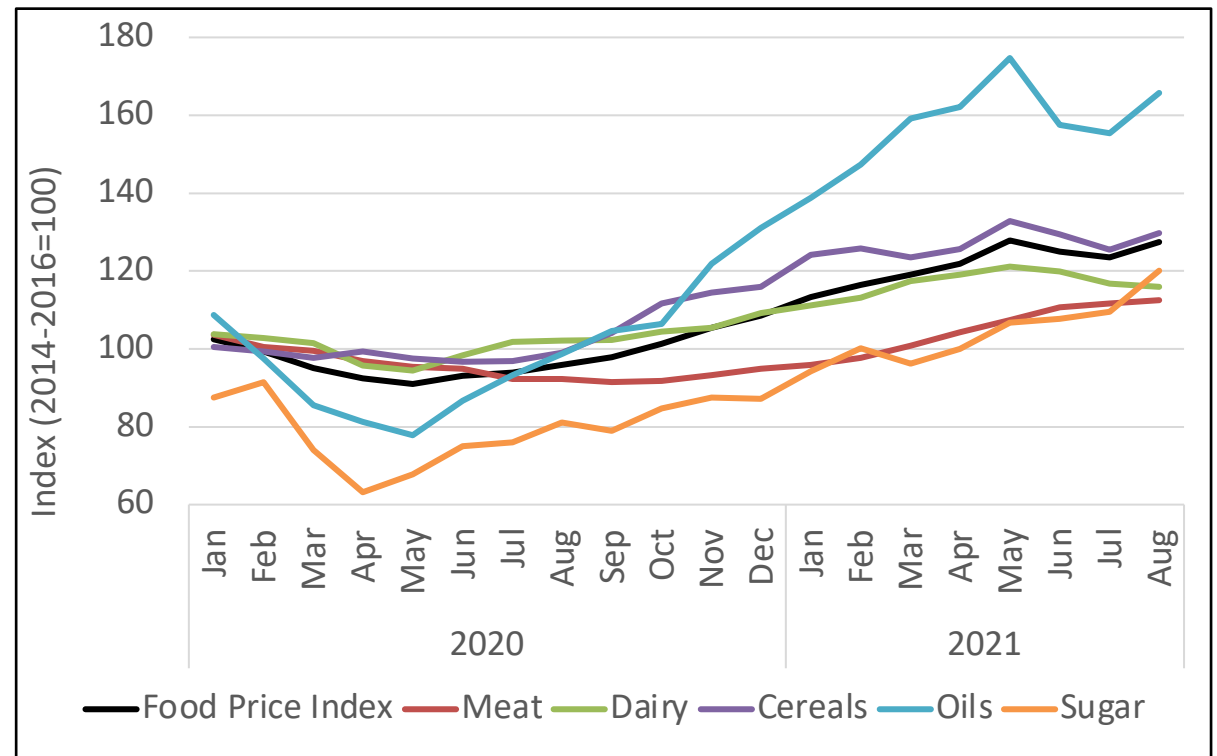
# STATE OF COMMODITY MARKETS

Agri-food systems proved to be more resilient than other sectors of the economy, but food prices continued rising

## CEREALS PRODUCTION, UTILIZATION AND STOCKS



## FAO FOOD PRICE INDEX AND SUB-INDICES



Sources: FAO. 2021. FAO Cereal Supply and Demand Brief (September 2, 2021). World Food Situation. <http://www.fao.org/worldfoodsituation/csdb/en/>  
FAO 2021. FAO Food Price Index (September 2, 2021). World Food Situation. <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>



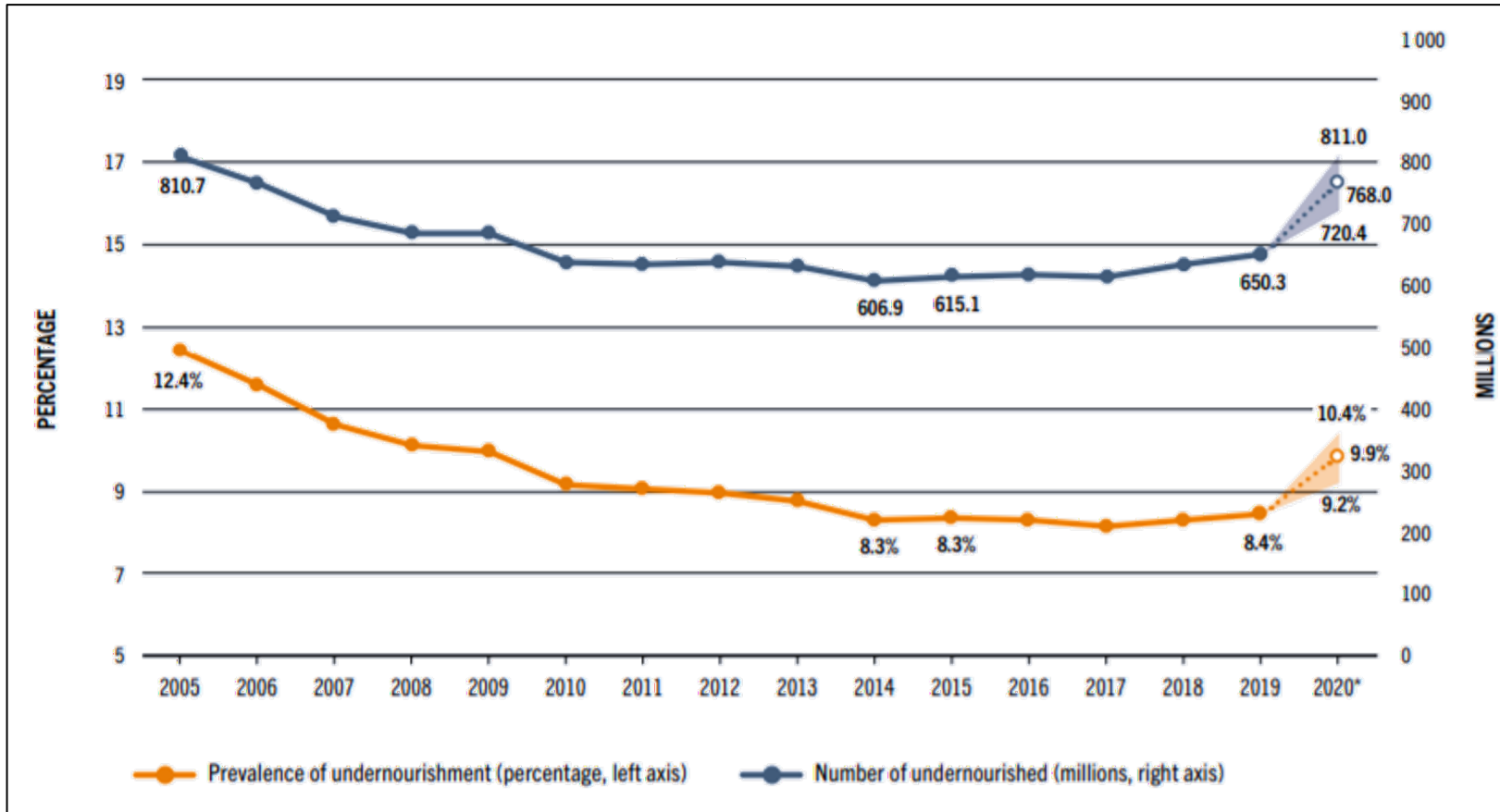
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# COVID-19: IMPLICATIONS FOR FOOD SECURITY

## NUMBER OF UNDERNOURISHED PEOPLE IN THE WORLD



- The COVID-19 pandemic contributed to the **largest single year increase in global hunger in decades**
- It is projected that **between 720 and 811 million people in the world faced hunger in 2020**
- This is also linked to **the economic downturn in developing countries**
- As the economic and other impacts of the pandemic continue to unfold, **the trajectory over the next years is difficult to foresee**

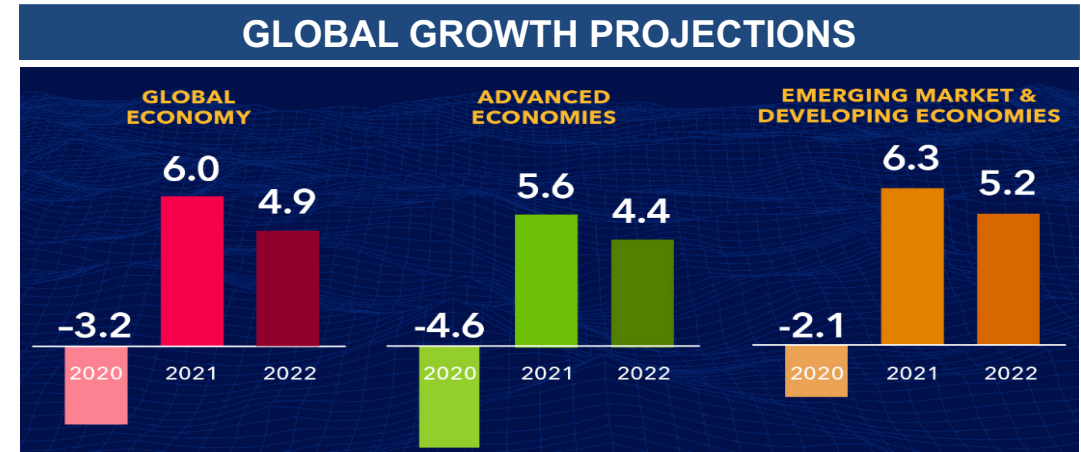
Source: FAO, IFAD, UNICEF, WFP and WHO. 2021. The State of Food Security and Nutrition in the World 2021. Transforming food systems for food security, improved nutrition and affordable healthy diets for all. Rome, FAO.



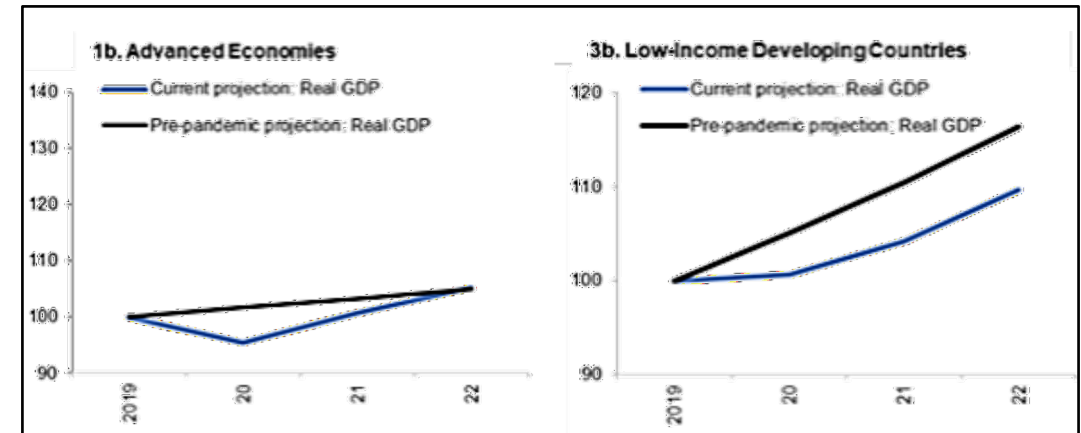
# GLOBAL ECONOMIC PROSPECTS – IMF JULY 2021

Widening gap between the economic recovery paths in different countries

- While **economic growth forecasts for advanced economies have improved**, there has been a **downward revision for emerging market and developing economies**
- **Widening gap** between countries' growth prospects driven by **pandemic developments** and **divergences in the extent of stimulus provided**
- The **pandemic has exposed vulnerabilities in our food systems**, with major drivers such conflict, climate variability and economic downturns occurring simultaneously and undermining food security



## COVID-19: EFFECT ON REAL GDP FORECAST, 2019-22

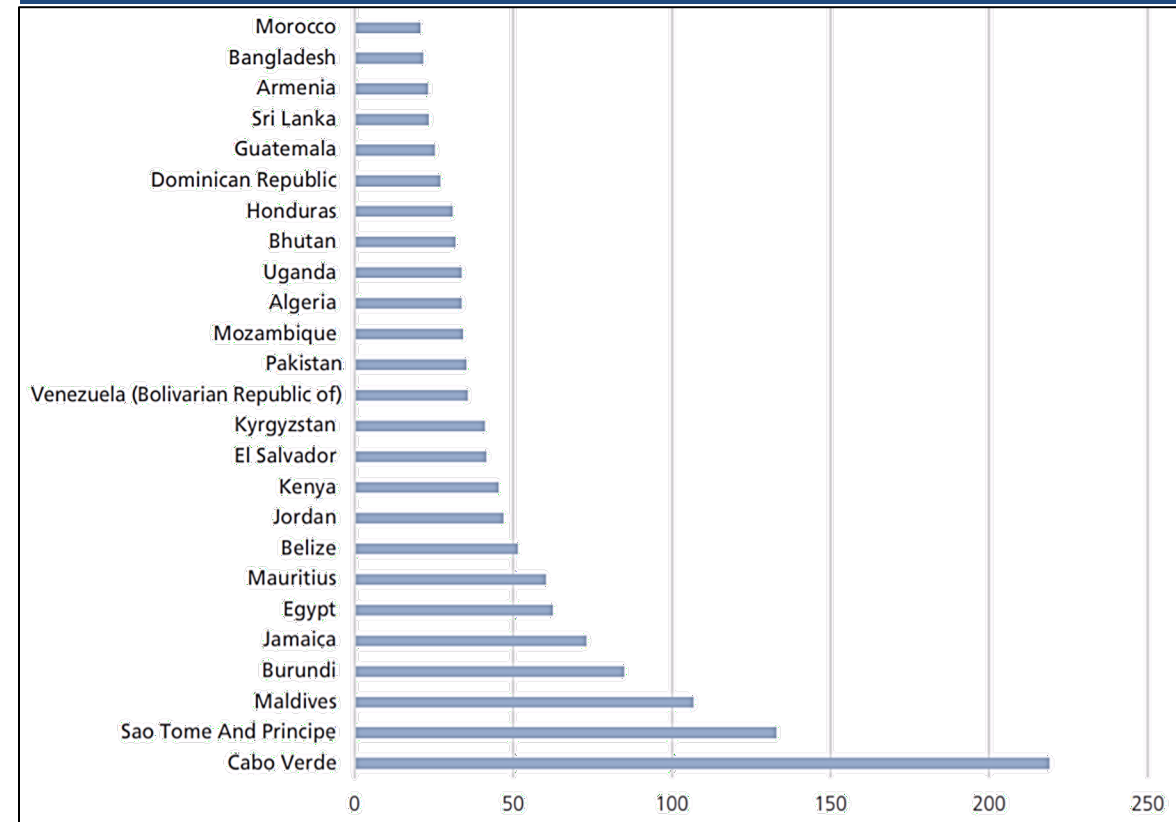




# GLOBAL FOOD IMPORT BILLS SET TO REACH NEW HIGHS IN 2021

- The implications of COVID-related income shocks for food import demand **differs across product groups and regions**
- **Food import bills expected to increase substantially**, driven by **growth in volumes** (as in 2020), but also **higher unit costs** (international prices and freight rates)
- For **LIFDCs**, import bills are expected to increase in 2021, but this **reflects lower import volumes at higher cost**
- **Greater vulnerability in some countries**, where food import bills are barely covered by (or even far exceed) foreign exchange earnings from merchandise exports, and consume as much as 90% of foreign exchange reserves

**FOOD IMPORTS as % of TOTAL MERCHANDISE EXPORTS in SELECTED FOOD-IMPORTING & VULNERABLE COUNTRIES**





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# COVID-19: FAO'S SUPPORT ON MARKETS AND TRADE

## IMMEDIATE AND ONGOING SUPPORT ON MARKETS AND TRADE DURING THE COVID-19 PANDEMIC

- **Advocacy efforts:**
  - e.g. **joint statement** by the DGs of FAO, WTO and WHO
- **Market Intelligence Service** widely used
  - e.g. AMIS / GIEWS
- Country- and region-based **consultative mechanisms:**
  - to gather information on policy responses,
  - to provide analysis and solutions on country experiences
- Numerous **technical notes, policy briefs** prepared and disseminated as a policy input

## TRADE IN FAO'S COVID-19 RESPONSE AND RECOVERY PROGRAMME



### Priority Area 4: Trade and Food Safety Standards

1. **Strengthened information systems** and enhanced **market transparency**;
2. **Improved evidence-based decision-making** and policy coordination;
3. **Enhanced regional cooperation** to promote use of **science-based standards** and mutual recognition and harmonization of food safety systems;
4. **Faster adoption of trade facilitation**





# MARKETS AND TRADE REFLECTED IN..

...the UN FSS

- Within the **Food Systems Summit (FSS)** discussions, trade is included under **Action Track 5**, on building resilience to vulnerabilities, shocks and stress
- Focus on greater **transparency, trade facilitation, re-orienting policies**

**ACTION TRACK #5:**  
**BUILD RESILIENCE TO VULNERABILITIES, SHOCKS AND STRESS**



**UNITED NATIONS**  
**FOOD SYSTEMS**  
**SUMMIT 2021**

...FAO'S NEW STRATEGIC FRAMEWORK

- Programme Priority Area (PPA) on **Transparent Markets and Trade under Better Nutrition (BN5)**
- **Key components:**
  - **Market intelligence and early warning systems**
  - Promote human and institutional **capacities on trade, trade agreements**
  - Innovative policy and technical approaches; focus on **inclusivity**
  - Strengthen **multi-stakeholder networks**
  - Promote **adoption of digital solutions** in markets and trade

 <b>BETTER PRODUCTION</b>	 <b>BETTER NUTRITION</b>	 <b>BETTER ENVIRONMENT</b>	 <b>BETTER LIFE</b>
 Ensure sustainable consumption and production patterns, through efficient and inclusive food and agriculture supply chains at local, regional and global level, ensuring resilient and sustainable agri-food systems in a changing climate and environment	 End hunger, achieve food security and improved nutrition in all its forms, including promoting nutritious food and increasing access to healthy diets	 Protect, restore and promote sustainable use of terrestrial and marine ecosystems and combat climate change (reduce, reuse, recycle, residual management) through MORE efficient, inclusive, resilient and sustainable agri-food systems	 Promote inclusive economic growth by reducing inequalities (urban/rural areas, rich/poor countries, men/women)

**BN5: Transparent Markets and Trade**



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# LESSONS LEARNED AND MEDIUM-TERM RISKS

## LESSONS LEARNED

- **Market fundamentals** were different compared to previous crises
- Countries were **less inclined to impose trade restrictions** than in the past
- **Expedited use of trade facilitating practices** (e.g. in SPS framework)
- **Governments' coordinated declarations** aiming to keep food trade and supply chains alive
- Countries' commitment to **market transparency**
- **Investments in social protection systems** powerful instruments for strengthening people's access to nutritious food

## MEDIUM-TERM RISKS

- **Difficulty in controlling the spread of COVID-19** due to emerging variants:
  - Negative impacts on **economic recovery**
  - **Prolonged unemployment**, exacerbated **inequalities** and food access issues
- **Slow and diverging paths of economic recovery:**
  - **Food stocks today are not as high as they were** at the beginning of the pandemic
  - Increasing **pressure on commodity prices**
- **COVID-19 has exposed vulnerabilities in our food systems** resulting from several drivers (conflict, climate variability and extremes, etc.)

# POLICY IMPLICATIONS

## WHAT IS IT NEEDED?

In these situations, it is of utmost importance that **countries and the international community as a whole continue supporting vulnerable groups in:**

- ✓ **promoting access** to food,
- ✓ ensuring **open markets**,
- ✓ uninterrupted **trade flows**,
- ✓ and **avoiding actions that can jeopardize the food security situation** particularly in developing countries dependent on food imports

## POSSIBLE POLICY ACTIONS

- ✓ **Support market functioning and facilitate trade**
  - ensure market transparency and coordination,
  - avoid export restrictions,
  - promote digital solutions in the application of SPS measures,
  - improve access to finance
- ✓ **Encourage balanced and time-bound domestic support measures** to maintain adequate production levels and farmers' income
- ✓ **Support investments in infrastructure** (e.g. digital, logistics, etc.)
- ✓ **Ensure access to nutritious foods**, including through **enhanced social protection programmes**



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**THANK YOU**

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