



Agricultural value chains postCOVID-19

COVID-19 is resulting in empty shelves in supermarkets due to panic-buying and stockpiling. But at the same time, crops are being plowed under and food is being dumped. The pandemic represents a major disturbance to the world food systems. For instance, food processing plants are closed, demand from the hospitality sector dropped drastically, warehouses are full and transportation prohibitions and restrictions apply. Because of these disruptions, the unemployed rate and the number of business at the verge of collapse are growing. Only in the US, already 36 million people are currently unemployed and 40% of low-earning families has lost a breadwinner (The Guardian). The COVID-19 crisis requires an immediate response.

Food security

Tensions over food availability are increasing due to logistical challenges within supply chains. Restrictions on movement prevent farmers from accessing markets and result in food waste (International Labour Organization, ILO). The crisis may also have an impact on labor-intensive food production and processing due to labor shortages. For instance, Europe is having big labor shortages. Border closures stop hundreds of thousands of seasonal workers from getting to the farms that depend on their labor during the harvest period (ILO). A shortfall is expected of 200.000 workers in France, 300.000 in Germany and 370.000 in Italy (FAO, 2020). COVID-19 also impacts millions of workers involved in export-oriented, labor-intensive agricultural production in developing countries. For instance, suspension of the world's largest tea auctions in Kenya, is having a big effect on local, national and regional economies. Tea farms may be forced to stop production (ILO). Policy makers may respond to food uncertainty with harsh trade restrictions. But the global food price crisis in 2007-2008 showed that this probably only worsen the situation. It might lead to price increases and volatility and thus to a disruption of the world food market (Food and Agriculture Organization, FAO, 2011).

Challenges for food systems

Countries dependent on imports from the rest of the world, are vulnerable to supply disruptions. Addressing this vulnerability requires a strategic reorientation on agriculture, food and raw materials. In several developed countries, politicians are calling for rethinking of their companies' perspectives on outsourcing of production or importing (Industrial Analytics Platform, IAP). Future supply bottlenecks must be avoided while resilience of value chains must be improved. Importing often used to be driven by minimizing costs, reducing inventories and maximum asset utilization. COVID-19 shows that this might be too simplistic (IAP). Companies' and countries' future considerations about agricultural imports possibly lead to regionalization of supply chains. This brings opportunities for investors and re-assessment of economic models. COVID-19 affects public health, social relationships, economic development and food systems (Food and Business Knowledge Platform). The pandemic brings many challenges for food systems all around the globe. Four dimensions of expected challenges can be distinguished (Food and Business Knowledge Platform):

- Food production and employment: food production is currently constrained by decreasing demand, limited access to inputs and declining rural credits. It means that COVID-19 is affecting the resilience and vulnerability of food systems. This is causing food security risks. In parallel, the economic lockdown might result in farm consolidation. But ideally, local food processing industries will be developed. Local industries secure food availability and create additional employment.
- Food markets and trade: the interest in shorter supply chains and national food security will most likely increase. Companies will diversify sourcing locations and source critical products (such as basic foods) locally. This influences the price of food. Larger companies are expected to be less hurt by the COVID-19 pandemic than smaller traders. For these smaller traders, it becomes more crucial to guarantee food safety and to optimize their organization.
- Food consumption and diets: COVID-19 probably results in different food habits. The interest in processed, semi-processed and storable food products is expected to increase. Just like the sales of fruits and vegetables. Animal products probably lose popularity due to food safety concerns. In parallel, the food e-commerce market and home delivery services are flourishing.
- Food policies: most governments are fighting the impact of COVID-19 in a technical way ('flattening the curve' and limiting contacts). But extra attention could be given to influencing food choices by incentives for behavioral change. Additionally, companies are often coming up with innovative solutions in response to new public regulations. These solutions can contribute to realizing sustainable food chains.

How to respond to COVID-19

International cooperation is key (FAO, 2020-5). In 'A call to action for world leaders preventing a global food security crisis while combating COVID-19', major businesses, farmers' groups, industry, NGOs and academia have called on world leaders to take actions that minimize the risks of global and regional food security crises. Three actions are proposed (The Food and Land Use Coalition):

- Keeping the supply of food flowing across the world; maintaining open trade. Scaling support to the most vulnerable; ensuring access to nutritious, affordable food for all.
- Investing in sustainable, resilient food systems; sowing seeds of recovery for people and planet.

FAO is in turn urging all countries 'to keep international trade open, to focus on the needs of the most vulnerable, to scale up social protection programs and keep their domestic food supply chains functioning'. As well, FAO sees an important role for agricultural extension and advisory services (EAS). They can contribute to minimizing the impact of COVID-19 in the below areas (FAO, 2020-2):

- Raising awareness about COVID-19 in rural areas will help reducing the pandemic and will ensure that food producers receive support related to production and compliance to new rules.
- Assessing the local situation and advocating for solutions to farmers' needs. EAS are in the right position to assess the situation in the field, provide tailored services and keep governments informed.
- Ensuring continuous support in times of physical distancing. EAS can provide reliable sources to ensure access to inputs (such as seeds and pesticides), transport and finances.
- Building partnerships to ensure supply chain functioning. EAS can, in partnership with other stakeholders, address problems of food producers and improve the supply chain. Frequent actions are the promotion of short value chains and homegrown production and the promotion of e-commerce.
- Helping to address emerging social issues. Such as: developing social safety nets, advising on alternative income generation opportunities and resolving local conflicts.

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