



STATEMENT ON EFFECTS OF COVID-19 IN LATIN AMERICA AND THE CARIBBEAN

April 1st 2020

Dear Fairtrade Partners and Stakeholders,

The COVID -19 pandemic is affecting businesses around the world, and producers and workers in Latin America and the Caribbean are no exception, although the outbreak of the virus reached the region later than other parts of the world. We are closely monitoring the changing circumstances.

All countries, except for Mexico, Brazil and Nicaragua have closed their borders. All governments are taking measures to reduce social movement, most of them have implemented mobility restrictions, quarantines and, in some cases, curfews.

CLAC's personnel have been working from home since March 16th, days before restriction measures were applied in most countries. Small Producers' Organizations have also implemented the measure and have administrative staff working from home.

However, in most countries, farmers are still producing food in the field, taking preventive measures such as social distancing, wearing face masks and gloves, washing their hands constantly, as recommended under sanitary protocols. Some have reduced their operations to have fewer people on the processing or packing plants. Exports continue in almost all countries and products (despite delays in operations in some countries), except for flowers in Ecuador, where rose plantations have reported an important decrease in their overall sales already. Producers have expressed concerns regarding the availability of shipping containers in the coming weeks.

BUSINESS

COFFEE

There has been a high demand for coffee in the past two weeks, mainly from supermarkets given that most of the out of home markets have basically closed in most of the countries.

The coffee from Central America and Mexico has already been harvested. However, around 60 percent of Fairtrade coffee produced in Latin America has not been harvested yet because SPOs in Peru, Colombia and Brazil typically harvest between April and August. If



movement restrictions continue for long time, the SPOs could face problems to get enough workers on the farms for the harvest and some of the coffee production could be lost if it is not picked at the right time. In addition, the restrictions imposed by governments and other external factors are creating scarcity of shipping containers in Peru and Brazil, which could cause problems with shipments in the next months.

Although coffee prices have increased somewhat recently, they are very volatile and could experience decreases in the future.

Most SPOs have asked their administrative staff to work remotely. They have less people working on farms and in processing centers and have taken preventive measures to limit the spread of COVID-19.

COCOA

Prices have reduced in 25 percent, heavily affecting producers. Before the COVID-19 pandemic, the price was around 3,000 dollars per metric ton; and nowadays, the price is around 2,200 dollars per metric ton. The delay of cocoa grinding processes has impacted the price and the sales, which have also decreased. At the beginning of the year, the price increased as Africa was foreseeing a decrease in supply; however, nowadays the price is very low. The lack of financial liquidity is also a big problem for cocoa producers.

In most countries, the SPOs are harvesting the cocoa, but most are working with limited operations and are facing difficulties to distribute the product since shipments have become scarcer. In Panama, Dominican Republic, Peru and Ecuador, SPOs have decreased their operations to the minimum due to mobility restrictions.

SUGAR

In most countries in Central America and the Caribbean, sugar producers have already processed 80 percent of sugarcane while the annual harvest will end by April.

Around 90 percent of the sugar producers in the LAC region are harvesting or have completed the harvest (around 300,000 Metric Tons of sugar) and 10 percent are doing maintenance mainly in South American countries where harvest starts in June and July.

The exception is Belize, country in which the harvest was delayed and now it is at 30 percent. We foresee that government restrictions and quarantine will make it difficult for producers to harvest all sugarcane.

The prices have maintained as contracts had been signed at the beginning of the year. Most SPOs are doing remote work and have implemented special schedules to attend some of the emergency measures, but some SPOs have closed as well. The farms are working



partially, only harvesting sugarcane, but not doing the maintenance, which could affect the next harvest.

Negative effects in the commercialization of sugar have not been registered yet, but we can foresee that there will be an impact once the distribution channels might become slower due to administrative procedures, restrictions to move the product to sites in which it is processed and also less availability of containers for shipments.

BANANA

Producers continue working, taking preventive measures, and although there was an increase on the demand due to the coronavirus pandemic, it is foreseeing that levels of demand will go back to normal. Exports continue normally, however, we foresee that the costs of production will increase for banana producers as they have to take extra sanitary measures, such as using masks, gloves, anti-bacterial soaps, extra plastics to separate people in the packing stations physically from each other, extra transport to take workers to the different work areas to ensure social distancing in the busses. In addition to the extra inputs, the costs could also increase due to the implementation of social distancing that has forced plantations with less workers and extend the days to maintain production levels. There are some logistic problems to move supplies and an increase in the prices of cleaning products that are being used in plantations and processing plants.

Only one SPO in Peru stopped its operations for one week due to one confirmed case of coronavirus in the community. In most countries there have been special allowances to help banana producers continue with their operations. In Ecuador, although the government has imposed mobility restrictions, it has given a special allowance for banana producers and workers to be able to reach the plantations with a permit.

The other point of observation is the situation of workers in plantations, putting special attention to elderly banana producers (age above 60), where measures are taken to ensure social distancing and the fulfillment of sanitary protocols, allowing elder workers to stay at home without any negative impact on their salaries, but still as a labor-intensive product, banana production can bring along higher risks for the people working in the field. Producers in Colombia, Dominican Republic, Peru and Panama have taken measures to allow their workers to take social distance, establishing different shifts to ensure that workers can be at home once the curfew hours start every day (in the afternoon or evening in most countries), amongst other measures.

HONEY

In general terms, producers are harvesting honey on time, but are facing difficulties to access the rural areas and the beehives not only due to mobility restrictions imposed by



governments, but also for the measures the communities have imposed to restrict transit. Therefore, there are delays in the harvest, product transportation and shipments to the buyers. Honey demand has also slowed down.

Harvest is almost completed in South America, but it is starting or halfway through in Central America and Mexico. Producers in these countries might face problems to complete the harvest due to limited access to the fields in which the beehives are located.

There was an increase in the price, but it is variable, and prices could decrease due to the COVID-19 pandemic. For now, honey producers have difficulties selling their produce to the Fairtrade market.

FLOWERS

The already low Fairtrade sales have dropped even more, as well as the general sales. The prohibition of imports in Switzerland affected the sector because it was one of the biggest markets for Ecuadorian producers. Currently, workers are asked to take holiday, but there is uncertainty how many people will go back to work on the plantations after the holiday period. On March 31st we received information that one of the farms has started to lay off workers due to the sales decrease. This is one of the most affected sectors for hired labor certified organizations in Latin America.

QUINOA

Between 25 and 30 percent of the harvest has been completed. Producers are still harvesting, but they face problems in getting food and fuel supplies. The local price is very low, and producers have their hopes set on selling through the Fairtrade system.

FRESH FRUITS

Avocado producers in Mexico have struggled to sell their product in the Fairtrade system before the COVID-19 pandemic and it has become even more challenging now, so they are asking for help from Fairtrade system to promote sales.

Different pineapple producers have taken measures to protect workers on farms and in processing plants. In most organizations, sanitary measures are being closely monitored. Only the ripe fruit is cut with minimum handling, so most of the fruit cannot be sold as organic, which would require a more careful process. We can foresee that organic fruits sales will most likely decrease over the year.

Producers that sell directly to supermarkets have not seen cancelations of their orders, since these points of sale are open. However, this is not the case in the out of home industry, where restaurants and hotel chains have closed due to the pandemic. In these cases, the fruit remains at the countries of origin.



Despite the difficulties, we have also seen solidarity initiatives in different regions, especially amongst banana producers in Ecuador and Colombia, who are sharing their rejected fruit with people in the most needed communities who cannot go out to work anymore and therefore have no income to buy food.

At CLAC we are informing all producers and workers of certified organizations about COVID 19 and the preventive measures they can take to limit its spread. We consider these actions very important to prevent public health systems in Latin America from collapsing if the virus spreads as it has occurred in other regions.

At CLAC we will keep informing about the impact of the COVID-19 pandemic through regular reports about the situation in different countries and we hope we can work all together to improve the conditions of our producers and workers.

Kind regards,



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