



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

May 19th, 2020

Dear Fairtrade Partners and Stakeholders,

Latin America and the Caribbean registered 542,546 cases of COVID-19, which represent 11% of cases worldwide, and 30,393 deaths until May 19. Brazil and Peru continue to be the most affected countries, followed by Mexico and Chile.

Brazil's health minister resigned on Friday after only a month in office, apparently over differences in handling the emergency with President Jair Bolsonaro. Local authorities in some states have begun to order quarantines. In Peru, the government had arranged some measures to relax the quarantine, but the number of cases has increased considerably.

Uruguay, Paraguay, Costa Rica, Cuba and Jamaica have maintained a similar number of cases, with little increase, for the past two weeks, which is why they are considered to be flattening the curve. Belize has maintained the same number of cases for several weeks. In Ecuador, the number of cases continues to increase, but the rate of contagion has slowed down considerably.

The governments of several countries are implementing a traffic light system to indicate the states and municipalities with the most infections, in which the strictest measures are maintained, while in those with the fewest cases, some economic activities have restarted.

The vast majority of countries maintain online or teleclasses for students, who have been in quarantine at home since March. Uruguay is the only country in the region that has restarted face-to-face classes, beginning first in the provinces and later in Montevideo. Nicaragua has not suspended classes since the beginning of the pandemic.

In general, most governments will maintain quarantines until the end of May, although in some countries they are already implementing the first phases of economic recovery plans, such as in Colombia, Uruguay, Costa Rica, Paraguay, Bolivia and Ecuador.

BUSINESS

The Fairtrade certified producer and worker organizations have implemented biosafety protocols to continue working, harvesting and processing the products. Some are implementing novel initiatives to overcome obstacles due to transport and mobility restrictions.



COFFEE

In Honduras, restrictions have been reinforced due to an increase in COVID-19 cases. Production in Colombia reached 744 thousand bags, 28% less than in April 2019. The cumulative for the 4 months of the year is 3.6 million, 17% less than last year. Since October, 8.2 million bags have been collected, 2% more than in 2018/2019, because the harvest between October and December was excellent, with a 24% increase of 4.6 million bags. April exports fell 32% to 592 thousand bags from 872 thousand registered in April 2019. It is the lowest volume registered in April since the 2010/2011 season, when the country was affected by La Niña and a renewal of coffee plantations without controls. The harvest in Central America is almost complete, they are now in the process of preparing coffee for export and they are beginning to prepare for the maintenance of the plantations, fertilization, renovation, and pruning, among others. In South America, the harvest has started in the central part of Colombia, Peru, and Brazil.

COCOA

Many of the cocoa producing organizations have turned to give their solidarity and have allocated part of their income from the Fairtrade premium to support the population, its membership and relief agencies to mitigate the effect of the pandemic with donations of food and / or protective equipment.

In Ecuador, it is expected that in mid-June the harvest will start again, especially for the south, since in the central zone the harvest has already finished. In Nicaragua, cocoa production is in its low season, which has been exacerbated by the late entry of winter and low rainfall in February and March. Less production, smaller cobs, stressed trees are among others, the most visible effects. In Costa Rica they are collecting only the organic cocoa from their associates because it has a good market, conventional cocoa has no market at the moment.

In the Dominican Republic, the curfew measures are beginning to become more flexible, which allows organizations to improve their operations. The harvest is at its highest production peak and it has been affected by the lack of rain in the last 2 months, which implies that the yields will not be as expected, they will not be bad, but they will not be as good. Exports continue without major difficulties; sales contracts are fulfilled. Interest in organic cocoa and Fairtrade is maintained by some large operators, however the low price and low spreads are challenging for the product and for organizations. The trend in the cocoa market appears to be to specialize in organic cocoa, but buyers are unwilling to pay quality spreads.

SUGAR

CLAC's sugar organizations are opening (70%) their offices, with schedules and teams making shifts, although at the moment their tasks / services are merely administrative and basic for membership. There are external agents that are strongly "hitting" sugar cane growers - sharpened by the Pandemic -, among which we can mention: falling sugar prices, inflation, currency depreciation (TC), increased costs (export, MO), change of the cane's vegetative cycle,



operational restriction (quarantines), climate, which is directly causing a decrease in the operations and opening a gap to an economic and social recession in the organizations for the next harvest.

There is an estimate of production of 355,000 MT of Fairtrade sugar in LAC by 2020. Organizations are gradually taking back control of agricultural operations in the sugarcane park, coordinating technical assistance physically (65%) and the rest, virtually (35%). Sugar cane growers have trouble accessing credit because financial institutions do not see agriculture in general as attractive.

There is a downward trend in the price of sugar. The international sugar organization (ISO) considers that the market has suffered many fluctuations and changes in recent weeks as a result of the Pandemic, causing a significant change in global sugar consumption, which means that overall consumption will hardly increase this year.

BANANA

Normal continuous operation, with a little more availability of some services, but always with time limitations, mainly in Ecuador. Important advances are reported by producers and workers in compliance with safety measures to prevent contagion. Despite this, at the level of the producing regions, more positive cases of COVID-19 are being reported, mainly in Peru and Ecuador, a situation that could result in greater restrictions in the near future.

Production remains adapted to restrictions. In general, the schedules imposed by the curfews in some of the producing countries, are very strongly affecting the production capacity of the organizations, which have not been able to meet the demand requested by customers. The supply of basic supplies and materials begins to improve. Marketing volumes remain stable. Conventional fruit prices have been stable in the past two weeks.

HONEY

Sales and deliveries of Fairtrade honey remain within the usual range. Producers in Guatemala and Mexico are harvesting but expect a decrease in honey production this year due to climate change and have expressed concern about difficulties in accessing credit.

FLOWERS

The situation remains critical for workers in flower plantations in Ecuador. Although there was a slight increase in sales for the weekend in the framework of Mother's Day, the uncertainty regarding future layoffs of workers remains.

QUINOA

Producers continue with the harvest period. Costs, including transportation, have increased. Organizations are providing food, medicine, and equipment to their associates. The situation is



critical, since there are enough restrictions in Bolivia and Peru, which is making it difficult for producers to obtain inputs.

FRESH FRUITS

Organizations producing fresh fruits and juices have been affected by mobility restrictions for workers. The demand for fresh fruits remains stable but prices are trending downward. The harvest is proceeding normally, with some slight delays.

WINE

The Chilean wine industry announced a 20% decrease in sales abroad, due to the closure of restaurants, bars and the cancellation of fairs. The grape plantations have had difficulty finding workers. Organizations have reinforced hygiene measures and the use of Personal Protective Equipment.

ASSISTANCE TO ORGANIZATIONS

CLAC will hold a special webinar this Friday with representatives of Fairtrade small producers and workers organizations to present the current panorama of the Fairtrade market and also to inform about the mechanisms to apply to Relief Funds. and of Resilience for Fair Trade Producers.

Most organizations are taking biosecurity measures and adapting to the "new normal" to continue the production and export of their products.