



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

April 28th, 2020

Dear Fairtrade Partners and Stakeholders,

Latin America and the Caribbean registered 174.870 cases of COVID-19 and 9.178 deaths until April 28th. Countries in the southern cone and the Andean group register most cases with Brazil, Peru, and Ecuador heading the list.

The Food and Agricultural Organization (FAO) foresees an increase in poverty levels and hunger in the region due to the pandemic, according to a report. Haiti, Nicaragua, Guatemala, and Bolivia registered high levels of populations suffering hunger before the pandemic and this could be aggravated for the effects of the restrictions imposed to prevent coronavirus and the economic crisis that will follow. FAO has recommended the countries to declare as strategic all activities related to the food supply chain and agriculture.

Most countries have been under quarantine for an average of a month and a half. The government of Costa Rica is allowing some economic activities due to the considerable decrease in new cases. The government of Ecuador has announced the restart of economic activities combined with preventive measures. Bolivian authorities are also considering similar measures.

Most quarantines end between May 10th and May 15th, but most governments might maintain restrictions depending on the number of cases registered and if the trend is increasing or decreasing.

CLAC'S SUPPORT TO ORGANIZATIONS

CLAC's team continues to collect data from SPOs through the survey sent last week. Meetings with product networks for coffee, cocoa, honey, banana, flowers, quinoa, fresh fruits, and wine continue. CLAC is advising producers and workers to adopt preventive measures, save money and resources, start kitchen gardens, and promote local fairs to guarantee food supplies and generate additional income in the coming months.

CLAC has also been sending information materials in different languages to reinforce the importance of preventive measures.

SPOs and HLs are taking measures to prevent the spread of COVID-19 although they might increase production costs. Banana producers have been very active in implementing the measures to keep operating. Authorities in different countries have developed guides for coffee producers for the harvest season and in Central America producers are taking preventive measures and working with fewer workers in the preparation of exports.



BUSINESS

COFFEE

The demand for coffee remains high. Producers in Central America have concluded the harvest and are working with minimum personnel to prepare for exports. Ports are open and they have been able to send the shipments. SPOs in Honduras are facing mobility problems to transport coffee within the country due to the lockdown of states and municipalities. In South America harvest is starting. Peru faces challenges with labor for harvest. Colombia is working with local labor in the harvest period in the central and southern regions. Brazil has started the harvest period and this year coffee producers are expecting a good harvest.

COCOA

In Peru, the quarantine period has been extended until May the 10th, so it is estimated that the supply of inputs for the collection of cocoa will continue to be slow. Production continues to increase; therefore, more inputs and labor are required for the harvest. Some SPOs have suspended activities for a long time. In Colombia, the harvest season is beginning, more field activity is expected in the coming days. They have been able to operate despite logistical difficulties. The business continues at 100%, there have been no major changes in buyers for the fulfillment of contracts. The price remains relatively low.

SUGAR

Producer organizations have been with reduced activity for two months and with 70% of the organizations in the full harvest season. The sugarcane production cycle has delayed, losing the dynamics of technical assistance and cane maintenance at times when it is most needed. Stopping activities in organizations has created unemployment and continuing paying workers while some operations are closed is not very sustainable. The organizations dedicate only to sugarcane production and the impact will be extended to the next harvest in 2021. The sugarcane technology is not very modern and requires maintenance. Producers are concerned about the collapse of sugar prices and possible difficulties to find supplies or that their prices might increase.

BANANA

In general, the situation is very similar to the previous week. The biggest problem continues to be the severe drought that affects the region and producers, an increase in production costs, due to social isolation and restrictions. In Peru, some cases of COVID-19 have been registered in the banana region, which may affect the operations of banana producing organizations.

HONEY

Most producers can go to the fields. In general, countries are in quarantines, and only activities considered essential are allowed. Producers in Chile have not been able to visit the beehives



because the inhabitants of Chiloé Island have denied them access to the island. SPOs activities are conducted following specific COVID-19 protocols (keeping a 2-meter distance from each other, regular hand-washing, etc.). Steady demand but low prices for conventional and organic honey. Some contracts are being negotiated and sales are taking place. There are some operational and logistical limitations due to the current emergency, but activities are being carried out relatively normally. Bookings with the shipping companies are going normal with the usual delays.

FLOWERS

Situation remains critical for flower workers in Ecuador. One SPO has layoff the workers due to low sales and others have put them on suspense. It is uncertain how many workers will lose their jobs due to the crisis.

QUINOA

Producers are in the harvesting period, but they have faced problems getting food supplies and fuels. Costs, including transportation, have increased. Non-FT costs per box continue to drop. It should be noted that within the organizations, the protection of producers and workers is being ensured, and producers have received food supplies. Donations of medicines, equipment, and others are being made. The situation is critical, since the restrictions are stronger in Bolivia and Peru, and it is very difficult for the producers to get food and basic supplies.

FRESH FRUITS

The fresh fruits and juices SPOs were affected by the less mobilization of workers due to the quarantine. The demand for fresh food remains stable. The harvest is proceeding normally, with little delays, because of mobility restrictions for workers. The production of the 2020/2021 harvest will probably fall approximately 35% compared to the 2019/2020 harvest, due to climate change.

WINE

In Argentina, the harvest is well advanced. Grape's plantations suffered a decrease in the availability of labor. SPOs have reinforced hygiene measures and the use of Personal Protection Equipment. Administrative staff work from home. Using their own resources, organizations are supporting local efforts to sanitize the streets in the areas where they operate.

CHALLENGES IN THE COMING MONTHS

Lack of liquidity and the availability of credits will be some of the main challenges face by organizations in the coming months to restart operations. Payment for Fairtrade certification is also a concern.

The economic crisis will also present big challenges for SPOs and HLs because it will have an impact on their operations. Some organizations are thinking of developing new business models for when activities restart to keep on with preventive measures.



Organizations in different countries are joining efforts with local authorities to develop sanitary cords and to help sanitize streets and areas of the towns and communities the members work and live in.

CLAC is advising organizations to use the Fairtrade Premium wisely to have resources to face the foreseen economic crisis that the pandemic will generate in the region's economy.