



Food systems and COVID-19 in Latin America and the Caribbean: Impact and risks in the labour market

Bulletin 5

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1. Editorial



The agrifood sector is key in Latin America and the Caribbean in terms of contribution to the economy and employment generation. Hence, the interruption of food systems normal functioning can have severe consequences on poverty levels and food security.

The first case of COVID-19 in the region is still recent, and the fluctuations in agrifood employment are not extreme; even so, we cannot be confident. We must continue to monitor the employment indicators in the sector. Only in this way can we identify the sector's risks and challenges, and implement early and appropriate measures. It should be stressed that any measures taken to ensure their effectiveness and efficiency in mitigating the health and economic crisis must take into account the particularities of the sector, such as vulnerable groups of workers.



2. Key messages



- The agrifood sector is very labour-intensive, and therefore essential to the regional economy.
- Although it is too early to measure the impact of COVID-19 on the labour market in the region, a slight downward trend could be seen in the first months of 2020 compared to last year. Therefore, it is necessary to continue evaluating employment-related indicators, especially when a time of high labour demand is approaching for some countries.
- The reduced availability of data due to restrictive measures, which affects state officials, poses a new challenge for decision makers in designing evidence-based policies.
- The food sector is one with medium risk to the impacts of COVID-19, and it is considered essential by the vast majority of governments. However, if restrictive measures continue and the economic impact is accentuated, the sector is likely to be affected.
- The vulnerability of the sector's employability is based on the high percentage of informality, which makes it vulnerable to layoffs, if the crisis continues.
- Informality is higher among women, youth, migrants, and indigenous groups.
- It is vital to maintain jobs in the agrifood sector for economic and food security reasons.
- A powerful package of measures and policies is needed for the maintenance and recovery of agricultural MSME in the region.
- "No one should be left behind", that is to say it is crucial not to lose sight of the most vulnerable populations in the labour market, such as informal workers, young people, women, migrants, and indigenous people.
- In countries that depend on tourism and are net food importers, workers in the agrifood sector may also be affected by the crisis; such is the case of the Caribbean, where local workers and producers do not have hotels or restaurants operating to sell their agricultural or fisheries products.

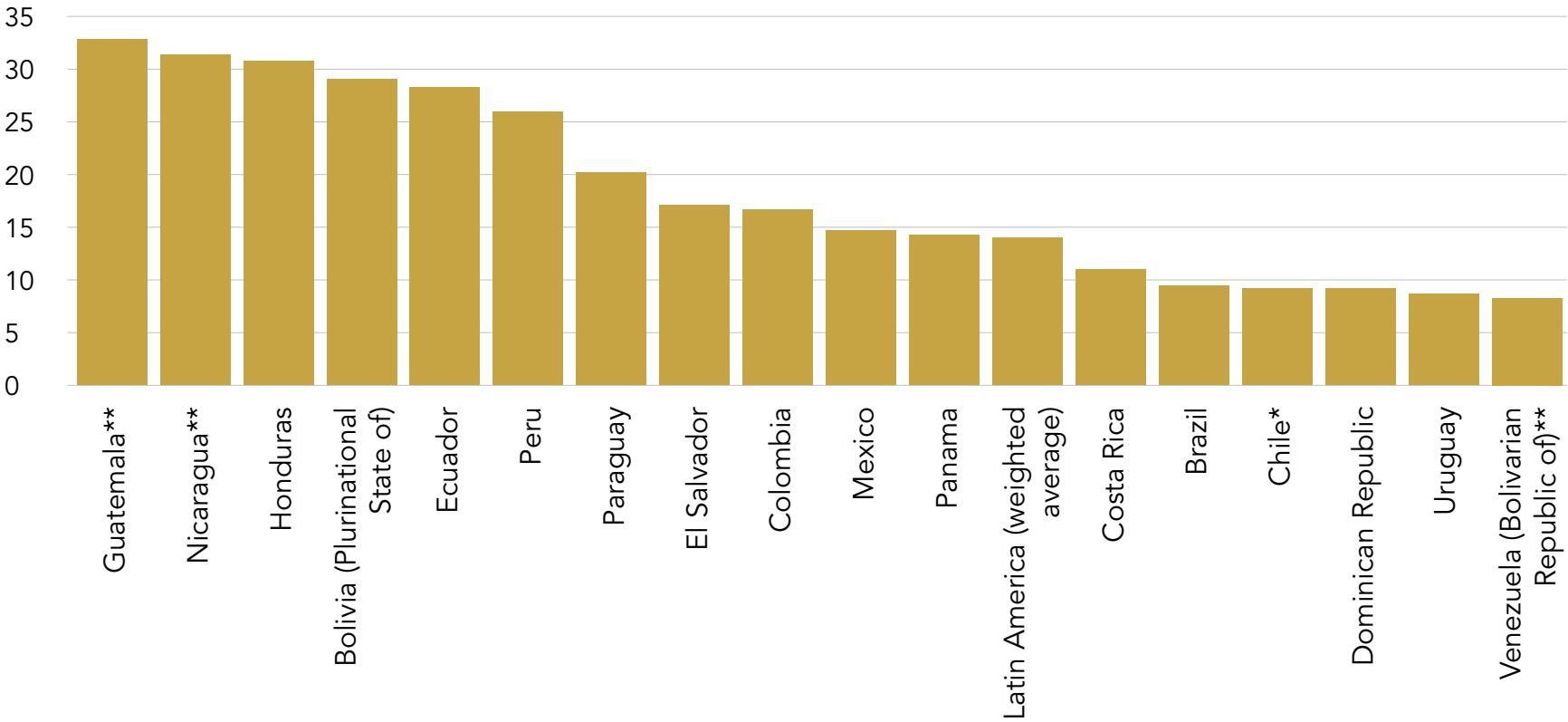


3. Impacts of COVID-19 on the agrifood labour market



Agriculture in Latin America and the Caribbean is a labour-intensive activity. It represents about 5 percent of GDP and accounts for about 14 percent of the workforce; a figure that can rise to 24 percent if we add workers from the rest of the food chain. Thus, according to the data, the agrifood sector is essential to the economies of the region.

Figure 1/ Share of the population employed in agriculture (%), 2018

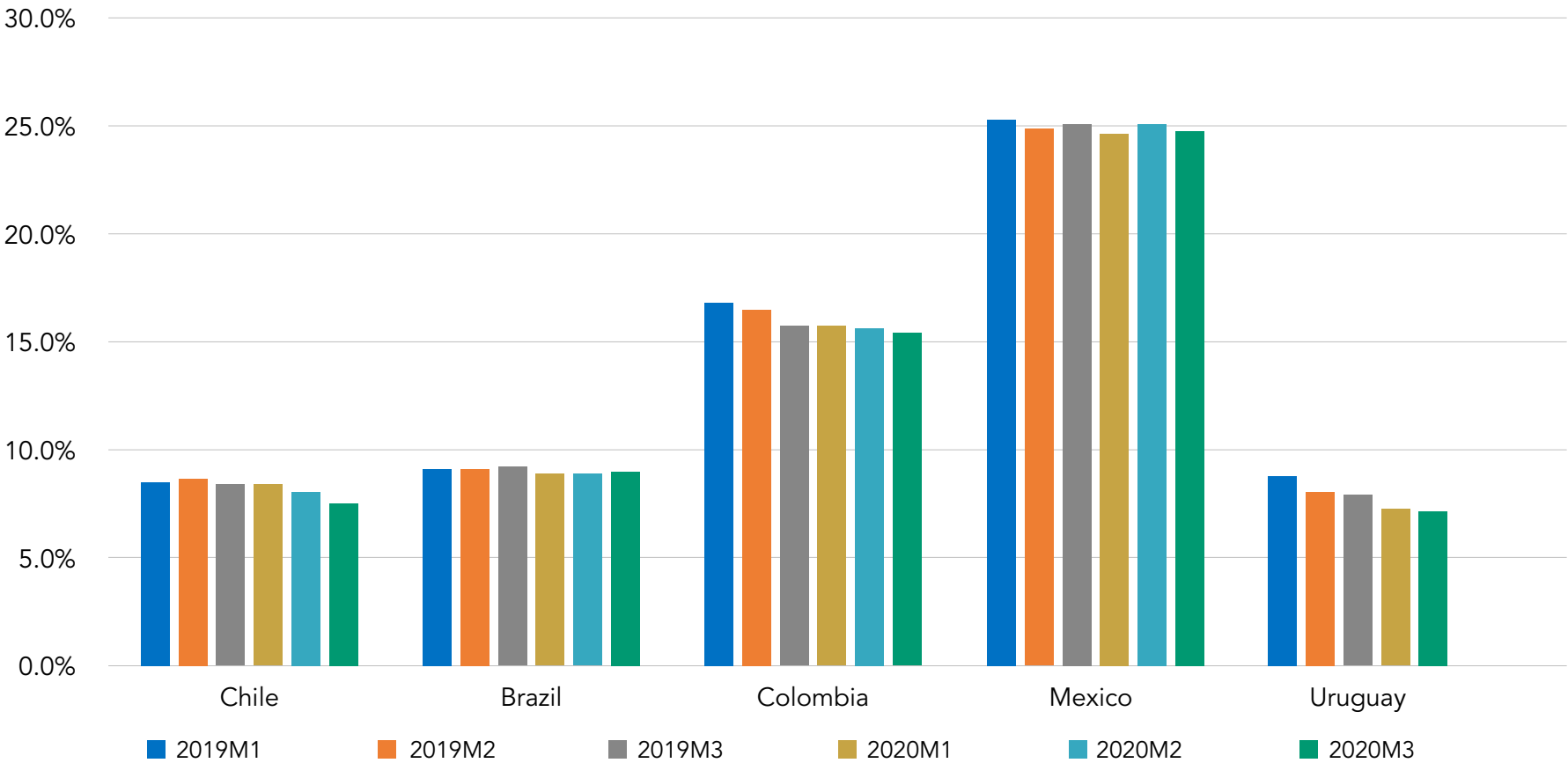


Source: ECLAC (2020a).

The first case of COVID-19 in the region was recorded in Brazil on February 26 this year. The spread of the virus was fast in almost all Latin American and Caribbean countries. With the same speed, in almost all the countries, a set of restrictive measures was implemented in an attempt to stop the advance of the novel coronavirus; measures such as limiting the freedom of movement of citizens, and temporarily suspending many productive activities. Although a vast majority of the countries in the region agreed to exempt food sector workers from these measures – to avoid interrupting the food production and supply chain –, the officials responsible for unemployment surveys were not exempted. A major problem when it comes to assessing the impacts and, thus, designing mitigation policies. This comes as a consequence of the quarantines adopted by the countries and the consequent suspension of non-essential state jobs.

In the countries of the region that have updated information on this subject, a comparison of the employment rate in the first quarter of 2019 and 2020 in the agricultural sector (namely, agriculture, livestock, forestry and fishing), does not show a significant impact, although a negative trend is beginning to emerge (see Figure 2).

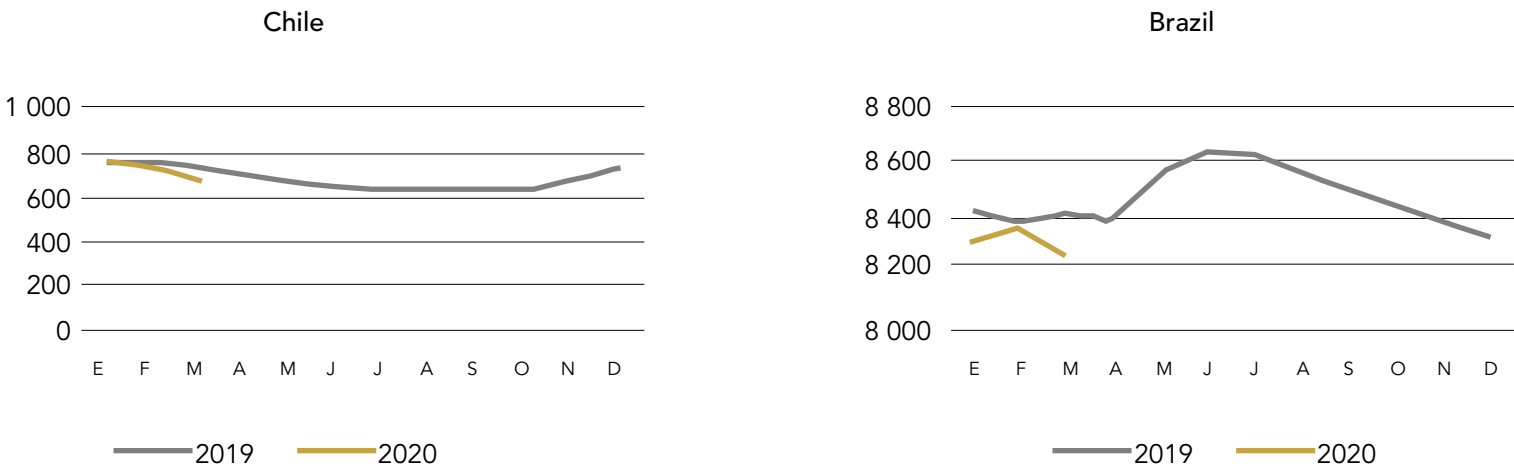
Figure 2/ Employment in the agricultural sector (%) in the first quarter of 2019 and 2020



Source: FAO, based on official figures from the statistical offices of the countries surveyed.

Although with little impact, the information does not allow for further regional comparison to determine whether this trend is repeated in other countries. However, the consequences of COVID-19 are expected to manifest themselves significantly in the second quarter of 2020. Therefore, it is necessary to monitor these variables in order to take appropriate mitigation measures, especially as the season of higher labour demand approaches for some countries (see Figure 3). For example, we can see that in 2020 the number of people employed in the agricultural sector has decreased in Chile and Brazil, compared to the same period last year.

Figure 3/ Employment in the agricultural sector (thousands)



Source: FAO, based on data from the Chilean National Institute of Statistics (INE, by its initials in Spanish) and the Brazilian Institute of Geography and Statistics (IBGE, by its initials in Portuguese).

4. Risks for the agrifood labour market



The agricultural sector has not yet felt the economic effects of the pandemic. According to the International Labour Organization (ILO) (2020b), the risk of being affected by COVID-19 is medium-low for this sector, compared to other economic sectors such as tourism and services. However, measures to halt activities, including borders closure for the passage of people, have had varying impacts on the sector. It is possible that, over time, workers will also be largely affected.



Labour intensity

Agriculture is an intensive industry in the use of inputs, pesticides, fertilizers, machinery and labour, among others. Labour is a critical component, especially in places where it is scarce. Labour intensity also varies by subsector or crop, since, for example, fruits and vegetables demand more labour than industrial crops, which have a higher level of mechanization.

An important component of the labour market in the agricultural sector depends on labour per harvest and sowing season. Labour intensity in agriculture is not constant over time; it varies by planting and harvesting season, geographical area and crop.

Countries with labour-intensive agricultural systems estimate that there is a risk of production disruption for three main reasons:

- diseases that reduce the physical capacity of workers;
- risk of exposure to the virus; and
- quarantine restrictions (FAO, 2020c).



Micro, medium and small enterprises (MSME)

Strict quarantines and road closures disrupt logistics, which can harm small and micro intermediaries involved in the collection and distribution stages, as well as small producers to trade their products.

The great risk for small and medium-sized entrepreneurs is in maintaining cash flow and liquidity to acquire inputs and keep their businesses running, despite interruptions in the payment chain of various economic activities (ILO, 2020a).

One of the measures announced by the countries to deal with the pandemic is special financial support for MSME, other businesses and the informal sector, through renegotiation and improved bank credit conditions (ECLAC, 2020c).

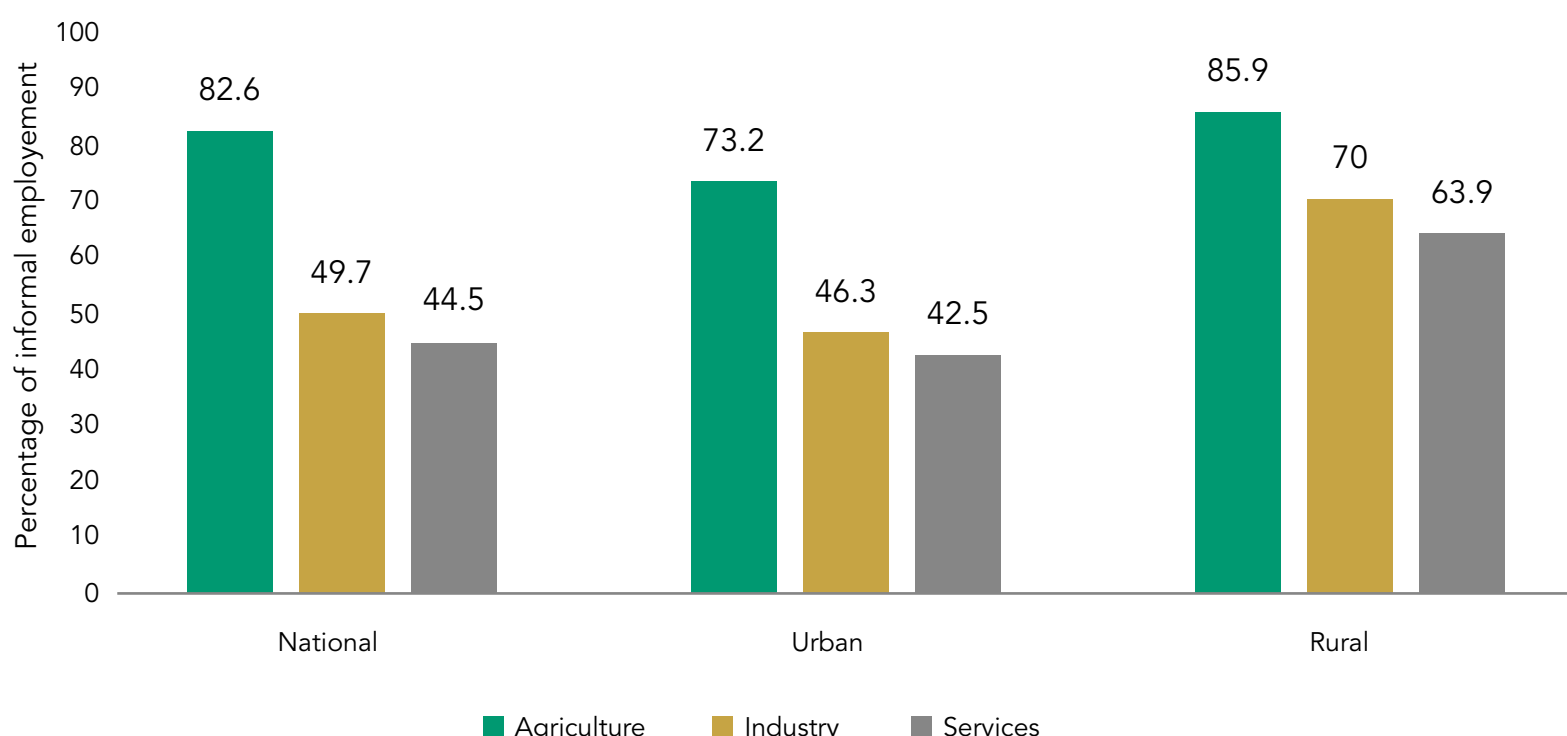


Informal

The rate of informal employment in the region's agricultural sector, considering wage earners and self-employed workers, is 82.6 percent (see Figure 4), against 49.7 and 44.5 percent in the industrial and service sectors, respectively (ILO, 2020c).

Although food is an essential commodity, and its production systems should not be affected by restrictive measures, containment and movement restrictions have begun to impact markets and agrifood supply chains (FAO, 2020a). For example, informal workers are at greater risk of losing their jobs due to the COVID-19 pandemic. Besides, informal workers are at greater risk of falling ill, as they lack the basic protection that formal sector jobs often provide as social security coverage (ILO, 2020a).

Figure 3/ Informal employment rate (%) by sector of economic activity, in fifteen Latin American countries* by geographical area, 2017



* Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay
Source: FAO, based on ILO data (2020c).



Migrants

The Food and Agriculture Organization of the United Nations (FAO) (2020b) points out that migrants play a critical role in agrifood systems. Restrictive measures affecting the movement (internal and international) of people and absenteeism from work due to illness or precaution will have an impact on agricultural value chains, with possible consequences for food availability and market prices worldwide.

Although official statistics often underestimate the proportion of migrants employed in agriculture – due to lack of data and widespread informality – we know that a significant group of migrants are employed on an occasional or informal basis, that is, they work without any kind of social protection.

It is expected that fewer jobs for migrants will lead to a dramatic reduction in remittances to their countries of origin, with significant effects on livelihoods and food and nutrition security in those countries.

The Economic Commission for Latin America and the Caribbean (ECLAC) indicates that remittance flows to Latin America and the Caribbean could contract by 10-15 percent in 2020 and that it could take four to eight years for them to recover to the levels reached in 2019 (ECLAC, 2020d).

In Haiti, remittances accounted for more than 30 percent of GDP; in El Salvador and Honduras, about 20 percent; and in Jamaica, Guatemala and Nicaragua, more than 10 percent. Between 80 and 90 percent of remittances are used to cover the basic needs of recipient households (food, health, and housing), so their contraction will impact consumption and the incidence of poverty (ECLAC, 2020d).



Women

It is estimated that COVID-19 will have particularly profound impacts on rural women, as women's informal employment rates are higher than men's in lower-income countries. In Latin America, in 2017, the rate of informal employment among women in urban areas was 45.4 percent, while among men it was 44.3 percent. On the other hand, in rural areas, the same rates were 78.8 percent for women and 75.9 percent for men (ILO, 2020a). According to these data, women are more vulnerable to possible dismissal, and to lower access to occupational safety measures and medical care in health centres.

Besides, many women in rural communities work in sectors that have been hard hit by the economic and social consequences of the crisis, such as non-essential agricultural and fisheries production, or the flower

industry (FAO and UNDP, 2020). Rural women account for 41 percent of the world's agricultural workforce (FAO, 2020a), a proportion that is higher in lower-income countries such as Colombia or the Plurinational State of Bolivia.

Changes in markets and consumption patterns could aggravate the vulnerability of this group, since reducing demand and space for selling agricultural products limits the informal income of many of these women (FAO and UNDP, 2020).

Displacement restrictions diminish their opportunities for agricultural and livestock activities, making it difficult for them to obtain essential resources for their families (water, firewood, natural food resources, etc.), which puts their well-being and that of their families at risk (FAO and UNDP, 2020).

Finally, because women assume primary responsibility for care in their homes, they are more likely to be burdened with additional household tasks, which increase when there are more people in the household during quarantine (FAO, 2020a).



Children and young people

According to ILO, young workers will be strongly affected by the economic consequences of COVID-19, for the following reasons:

- Younger workers are often the first to reduce their hours or be dismissed (mainly for lack of networks or experience);
- Three out of four young people work in the informal economy, for example in agriculture or small cafés, and restaurants;
- Many young workers are in "non-standard forms of employment", such as part-time or temporary work, with little or no social protection (leave pay, unemployment insurance) (ILO, 2020d).

In 2017, in urban areas, 55.6 percent of young people aged between 15 and 24 were in informal employment; in rural areas the same rate was 85.9 percent (ILO, 2020a). This disparity reflects the degree of vulnerability for young people starting their careers in the labour market, which will be exacerbated by the current crisis.

Concerning children, who in most countries of the region do not have face-to-face schooling, FAO (2020a) warns of the possibility that their families may ask them for support in tasks related to farming, family farming or even as wage labourers, which could expose them to dangerous or age-inappropriate work. Children who are already working are also likely to face greater difficulties and have an even greater responsibility for meeting the family's food security needs.



Indigenous and ethnic minorities

Indigenous peoples and ethnic minorities also have a disproportionate presence in the area of informal labour, particularly in agriculture. The rate of informal employment is 87 percent for indigenous peoples and 51 percent for non-indigenous peoples (ILO, 2020a). Indigenous people have a greater share of unskilled self-employment and wage gaps compared to non-indigenous men and non-Afro-descendants.

The situation is particularly serious in the case of women. Indigenous women's hourly earnings are less than a third of those of non-indigenous and non-afro-descendant men with the same level of education (ECLAC, 2020b).

Today, the outlook is extremely uncertain. Rapid and far-reaching events place us on unfamiliar ground, forcing us to assess at once the impact that the health crisis may have on the labour market and the economy, and to forecast the duration and severity of the crisis (ILO, 2020a). Hence, paying special attention and establishing measures for these groups could be very significant in mitigating the consequences of this crisis.

5. Proposals to mitigate the impact on the agrifood labour market



Implementing measures to reactivate public and private investment with a territorial and sectoral approach is essential to follow up on strategies for impact assessment, immediate response, recovery and reconstruction (FAO and ECLAC, 2020a). Social dialogue and the involvement of social actors (employers' organizations and trade unions) in their design are key components.

In this regard, it is critical to build public-private coordination to fight COVID-19. Sub-national governments can play the role of articulator, and sectoral public agencies the role of executing arms.

ILO (2020a) proposes some guidelines for territorial and sectoral action in three relevant areas that can be useful both for the immediate response stage and for the reconstruction stage. These are:

1. Life-saving measures. Prevent and mitigate COVID-19.
2. Measures to ensure food safety and security.
3. Measures to save companies, protect workers in the workplace, and lay the foundations for the revival of activities and sectors.

Measures to save lives, and prevent and mitigate the spread of COVID-19 among workers were addressed in the previous issue of this bulletin (FAO and ECLAC, 2020b). In this bulletin, we will deal with the measures in points two and three.

The following describes some measures that have been implemented to date by governments and lists actions that are recommended for countries to implement by risk group.



Micro, medium and small enterprises (MSME)

Border closures and quarantine measures severely impact the level of activity in trade and service sectors, which represent more than half of the region's workforce, both formal and informal (ILO, 2020a).

To date, the measures taken have focused on keeping companies' cash flow afloat, as well as avoiding disruptions in the payment chain of the various economic activities. These measures focused on the formal sector are aimed at maintaining the liquidity of MSME, extending income tax payment periods, temporarily carrying over credits with no penalty, etc.

FAO has collected information on some measures that have been (or will be) implemented for the recovery of small productive units, especially the most vulnerable ones. These include the purchase of inputs, for example in Haiti, where small producers receive seeds and planting material; or increased liquidity, as in the Bolivarian Republic of Venezuela, where rapid response actions/programmes are planned, including cash-based transfer modalities to provide immediate assistance to farmers.

The list of measures or suggested actions is (ILO, 2020a):

- Encourage public procurement as an important mechanism for maintaining economic activity, income generation, supply maintenance, and supply to vulnerable populations receiving food from the State.

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