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FOOD CHAIN DISRUPTIONS

The government of Argentina has decided to halt beef exports to all countries outside of South America (including China, the biggest buyer of Argentinian beef) in an effort to limit the increase in meat prices; in the meantime, the government will establish a set of emergency measures for the sector, which immediately reacted by organising a strike against the ban that entails a halt on cow sales to abattoirs. The slowdown in the export of wheat and in the production of palm oil in India, on the other hand, was caused by the last wave of the coronavirus pandemic in the country, which is now slowly receding but has caused substantial delays in India’s ports and palm oil refining plants. Furthermore, Maharashtra’s farmers are suffering from the increase in fertilizer prices, while Nepali agricultural producers saw themselves forced to leave their vegetables rotting in the Kathmandu Valley’s fields, as a new lockdown is preventing them from selling their produce in the markets.

Argentina’s government announces unexpected month-long ban on beef exports

In order to limit the increase in meat prices (annual inflation is approaching 50% in the country) and avoid unrest among the citizens, Argentina has recently imposed a 30-day ban on all beef exports directed outside South America. Since roughly 70% of all beef exports from Argentina go to China, this ban is likely to shake up the global meat markets by inducing buyers in China to compensate the losses by purchasing more beef from Brazil and the United States. The government’s choice to halt beef exports has fuelled the Argentinian cattle farmers’ protests: in fact, many of them have started a nine-day halt on cow sales to abattoirs. The negotiations between the beef industry and the government are already under way, and the authorities have hinted that, if an agreement over prices will be reached, the ban might be trimmed.

India’s agricultural production and exports hindered by pandemic and high fertilizer prices

After having peaked at the beginning of May, the number of coronavirus cases and deaths seems to have recently entered a declining phase. However, some of the Indian states continue to experience local surges and pandemic concerns continue to unfold in the country. This continued state of alert is causing shutdowns and delays in India’s ports (Kandla, Mumbai and Visakhapatnam, for example) that are negatively affecting the country’s wheat exports; furthermore, it is forcing palm oil refiners to slow down production and keep stocks at a minimum level. Meanwhile, many farmers in the state of Maharashtra have recently expressed concern over the rising prices of fertilizers (phosphate and potassium fertilizers have become more expensive on the international market) and asked the government for support before the next planting season starts.

Second coronavirus lockdown in Nepal forces farmers to leave vegetables rotting in fields

The lockdown that began at the end of April in the Kathmandu Valley, Nepal (a major vegetable consuming market with a massive population) to contain the second wave of the coronavirus pandemic in the country has affected many farmers in the region, who cannot sell their products in the markets and therefore they leave their vegetables rotting in the fields. Just like last year, the lockdown has negatively affected consumption levels, the whole agricultural supply chain and thus the entire economy of the country, which recorded a negative growth rate in the last fiscal year. For the moment, despite the fact that the fields in the Kathmandu Valley currently hold many crops of cauliflower, eggplant, cabbage, cucumber, tomato and bitter gourd, there is no government support programme to help farmers sell their produce.
IMPACT ON COMMODITIES AND FOOD PRICES

Food prices are on the rise both in America and in Africa. More specifically, as restaurants are gradually reopening and demand for meat (especially beef and pork) is vastly increasing, the United States is currently dealing with the inability of the largest meatpackers of the country to maintain a stable supply. Since most butcher shops in the country rely on the larger packers for trim and other products, also their input costs are going up. In Colombia, on the other hand, the protests that were sparked by a government proposal to increase taxes, and the consequent police operations and blockades, are preventing farmers from accessing agricultural inputs and food products from reaching the market, and all this had repercussions on food prices. Finally, South Africa is dealing with the higher prices of animal feed that has influenced the cost of milk.

US meatpackers struggle to keep up with growing demand for meat as restaurants reopen

The larger meatpacking facilities in the United States, just like last year, are currently not able to fully meet the growing demand for meat (restaurants are gradually reopening with pandemic restrictions easing), and this translates into higher meat prices in grocery stores. This is affecting both consumers and cattle producers: while meat prices are gradually increasing in the country, the latter get the same prices for the animals they sell, as the market in the United States is dominated by four giant meatpacking companies that control most of the country’s beef processing. This monopoly situation creates severe bottlenecks in the meat supply chain each time a so-called “black swan event” occurs (namely, extreme market disruptions such as the ones occasioned by the coronavirus pandemic).

Blockades and speculators are contributing to food price hikes in Colombia

The recent blockades, marches, police operations and illegal roadblocks in Colombia (which started towards the end of April and were initially in opposition to a proposed tax reform) are further aggravating the disruptions to the food supply chain caused by the coronavirus pandemic. In fact, these obstacles are affecting agricultural producers, who lose perishable crops and have difficulties in accessing inputs. As a consequence, eggs, meat, vegetables and fruits are no longer within the reach of many families in the country: in Bogotá, for example, the prices of eggs, pork, and chicken have almost all doubled in a year, while potato and tomato prices have nearly tripled. These price hikes were also caused by the speculative activities of many intermediaries, who are using the blockades as an excuse to purchase large quantities of food and resell it at inflated prices.

Milk prices increase in South Africa driven by soaring maize and soybean prices

Similarly to many other countries in the world, South Africa has been experiencing substantial price increases for maize and soybeans over the last 12 months, and for the moment the futures are not giving indications that maize prices will decline anytime soon. One of the main consequences of such price hikes is related to the production of milk: since maize and soybeans are major ingredients for the preparation of animal feed, the costs of production for all livestock farmers in South Africa have risen significantly. This is turn, according to the Milk Producers’ Organisation of South Africa (which represents the majority of dairy farmers in the country), has repercussions on the cost of milk, that is likely to keep increasing in the coming weeks. In fact, while demand for milk remains stable, the supply into the retail market has decreased by 5% during the first quarter of 2021.
**COUNTRIES’ RESPONSE**

The new Development Bank of Ghana will provide support for key sectors of the economy (particularly agriculture and manufacturing) starting from the end of July 2021. The Bank will also play a fundamental role in Ghana’s efforts to recover from the disruptions occasioned by the coronavirus pandemic. In the Gaza Strip, on the other hand, the World Food Programme has pledged to support more than 58,000 people that have been displaced after the beginning of the conflict between Israel and Palestine by providing electronic vouchers. Meanwhile, there are new developments in China’s and the United Kingdom’s strategies to reduce food loss and waste: both restaurant owners and consumers in China are more aware of the actions they need to take to contribute to the country’s objectives, while a British supermarket chain has recently partnered with a charitable organization to install 100 fridges across the country that are used to redistribute thousands of meals each month.

**Ghana’s new development bank will focus on agriculture and manufacturing**

The government of Ghana aims at having the new state-owned Development Bank of Ghana up and running by the end of July this year, according to the Minister of Finance. The main beneficiaries of this new credit institution will be small and medium-sized enterprises, and the bank will begin its operations with a total capital of USD 500 million, which was partially supplied by the World Bank. The primary focus areas of the Development Bank of Ghana, on the other hand, will be agribusiness, with a focus on off-farm value-chain activities, and manufacturing (both of these sectors receive a smaller share of credit from the financial sector), together with tourism boosting, home ownership and ICT. More in particular, the bank will refinance credit to agriculture as a wholesale bank, and also provide guarantees to encourage universal banks to lend to this specific sector.

**WFP provides cash support for displaced families in the Gaza Strip**

The World Food Programme will assist many people in northern Gaza in response to the growing humanitarian needs triggered by the conflict between Israel and Palestine in the Gaza Strip, which has raised concerns related to shortages and rising food prices. In fact, the cost of fresh produce is gradually increasing as farmers are unable to access their land. According to WFP’s Representative and Country Director in Palestine, the fastest and most efficient way to provide support is with cash, through the supply of electronic vouchers that can be redeemed by people in need. Meanwhile, the UN’s Under-Secretary-General for Humanitarian Affairs has recently urged international donors to provide funds to support the Palestinian population in Gaza, where more than 58,000 people were forced to leave their homes.

**China and the United Kingdom take steps to reduce food loss and waste**

Both China and the United Kingdom are showing a growing interest in using their food resources more sustainably. In August last year, China’s president called on citizens, restaurants and other food-service businesses to reduce food loss and waste in the country by launching the “Clean Plate Program”, which has had considerable support: many Chinese-style and buffet restaurants reported adopting measures to control plate waste, and the consumers generally seem to be consciously trying to reduce food waste when dining out or preparing meals at home. In the UK, on the other hand, a supermarket chain has recently partnered with an environmental charity that hosts a network of 150 fridges across the country, thanks to which almost 900,000 meals are redistributed each month. Through this partnership, 100 new fridges will be installed by the end of 2021.
REGIONAL FOCUS

The scientists of the Centre for Agriculture and Bioscience International (CABI) have conducted the first comprehensive study on the economic impact of a range of Invasive Alien Species on Africa’s agricultural sector, and they estimated that the average annual cost of IAS per African country is USD 76.32 billion (which corresponds to USD 3.6 trillion a year). In Australia, on the other hand, despite the recent ban on Australian wine imports in China, wine producers and exporters can count on other ASESAN markets, such as Malaysia, Thailand, the Philippines and Indonesia, where middle-class consumers are gradually increasing their demand for higher-quality alcohol. Finally, a group of farming unions and agricultural cooperatives in Europe has recently called for a comprehensive analysis of the Farm to Fork Strategy’s impact on their production capacity, competitiveness, imports and consumer prices.

AFRICA – Invasive Alien Species cause substantial economic losses to Africa’s agricultural sector

According to the Centre for Agriculture and Bioscience International (a non-profit organization that focuses on agricultural and environmental issues in developing countries), the impact of Invasive Alien Species (animals or plants that are introduced into a natural environment where they are not normally found) on Africa’s agricultural sector is USD 3.6 trillion a year, which is equivalent to 1.5 times the Gross Domestic Product of all African countries combined. In order to reach these conclusions, CABI took account of yield losses of major crops including maize, tomato, cassava, mango and banana, as well as labour costs (mainly weeding and loss of income derived from livestock). The annual impact of IAS is highest on cassava, followed by citrus fruits, tomato, maize and banana.

ASIA – ASEAN markets offer significant opportunities for the Australian wine industry

Before 2019, Australia’s wine exports to China (the country’s top exporter by market value) accounted for USD 760 million a year, but this figure fell to less than USD 10 million by January 2021, due to an escalating trade war between the two countries. However, the ASEAN markets still offer various degrees of opportunity for Australian wine: Malaysia, Thailand, the Philippines and Indonesia, for example, are all gradually becoming reliable trading partners for Australia (in fact, the 2020 ASEAN market brought in USD 156 million in revenue for the Australian producers and exporters). This is because a growing middle class in these countries is increasing the demand for higher-quality alcohol, and tourism is also supporting the growth of wine consumption.

EUROPE – European farming unions and cooperatives demand FTF Strategy’s impact assessment

Although one year has passed since the Farm to Fork Strategy was presented by the European Commission, it is still raising concerns in the European farming and agri-food community. In fact, a joint statement was recently issued by a group of European farming unions and cooperatives to draw attention to the lack of analysis for the Strategy. More in particular, the signatories of the joint declaration believe that the Strategy and its targets will have a considerable impact on their production capacity, competitiveness, imports and consumer prices. Therefore, they claim that a comprehensive impact assessment (that was promised by the Vice President of the European Commission) should be carried out, in order to engage in a concrete discussion on the substance of the Strategy.

Link 1 – Link 2

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