



Food and Agriculture Organization
of the United Nations

Economic and Social Development Department



From Containment to Consequences of COVID-19 in the Food and Agriculture Sectors

Maximo Torero – Chief Economist and Assistant Director General

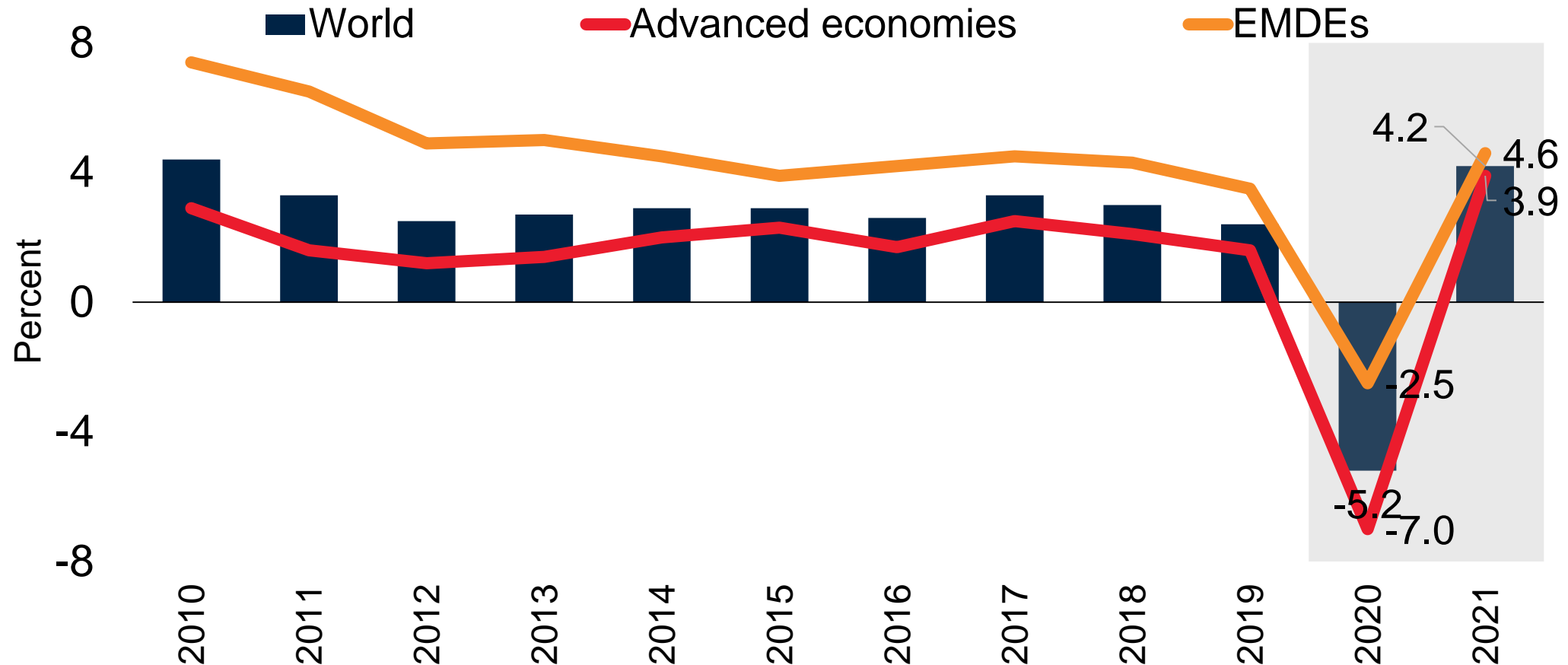


The issue

- ✓ The coronavirus pandemic has been a crushing one-two punch to the global economy, delivering a dual shock to supply and demand in quick succession.
- ✓ It's a serious threat to food security because even though there is enough food for everyone in the world, it's not a given that people have access to it.
- ✓ The first jab was the disruption to the global food supply chain.
- ✓ The second blow is a global recession. Surging job losses means that people are losing income to buy food. It could trigger a food crisis induced by lack of income rather than high food price.
- ✓ Inequalities will be exacerbated specially on gender and minorities.



Then Impacts of COVID-19 on GDP Growth



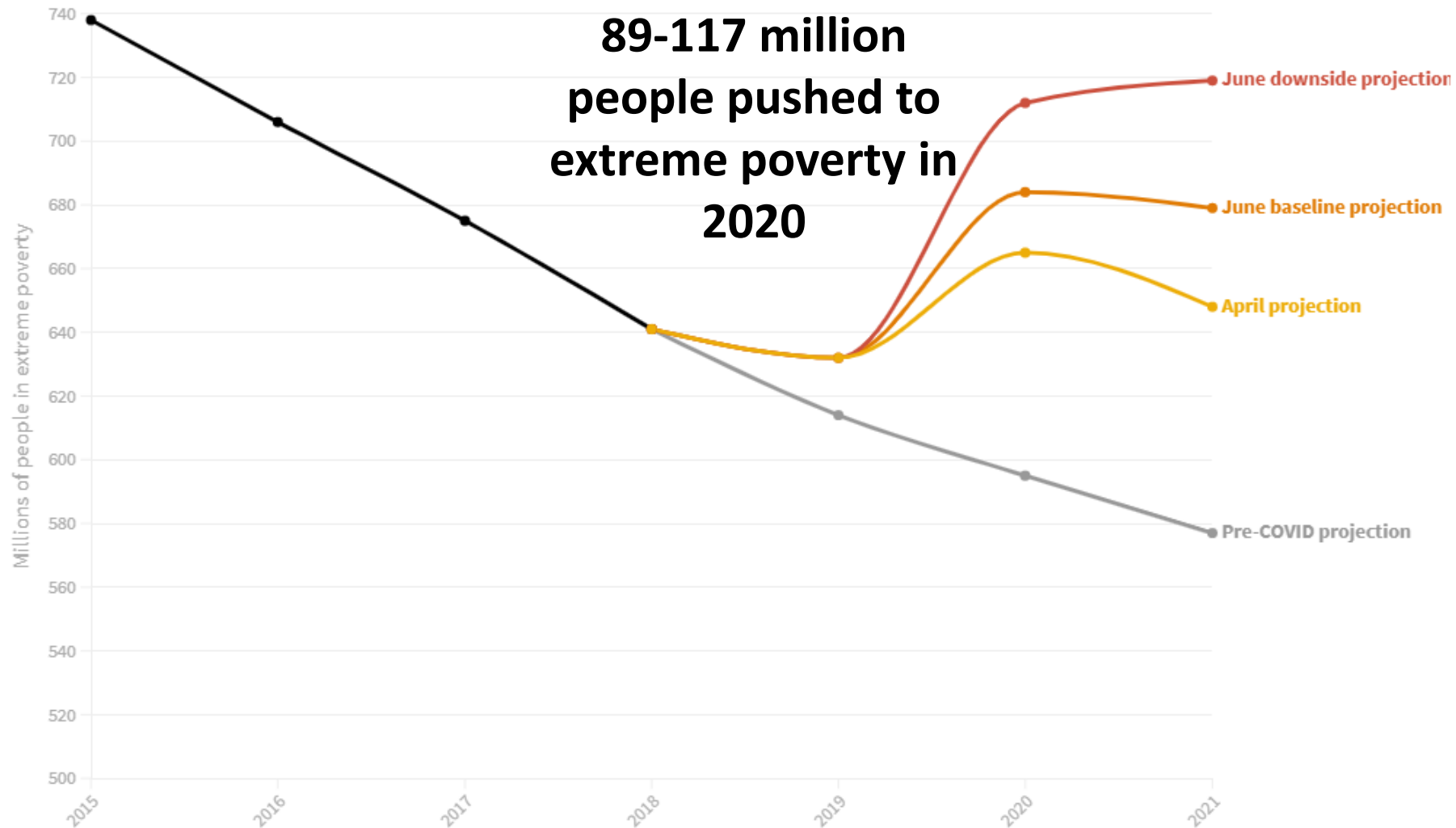
Source: World Bank.

Note: EMDEs = emerging market and developing economies. Shaded area indicates forecasts. Data for 2019 are estimates.

Aggregate growth rates calculated using GDP weights at 2010 prices and market exchange rates.

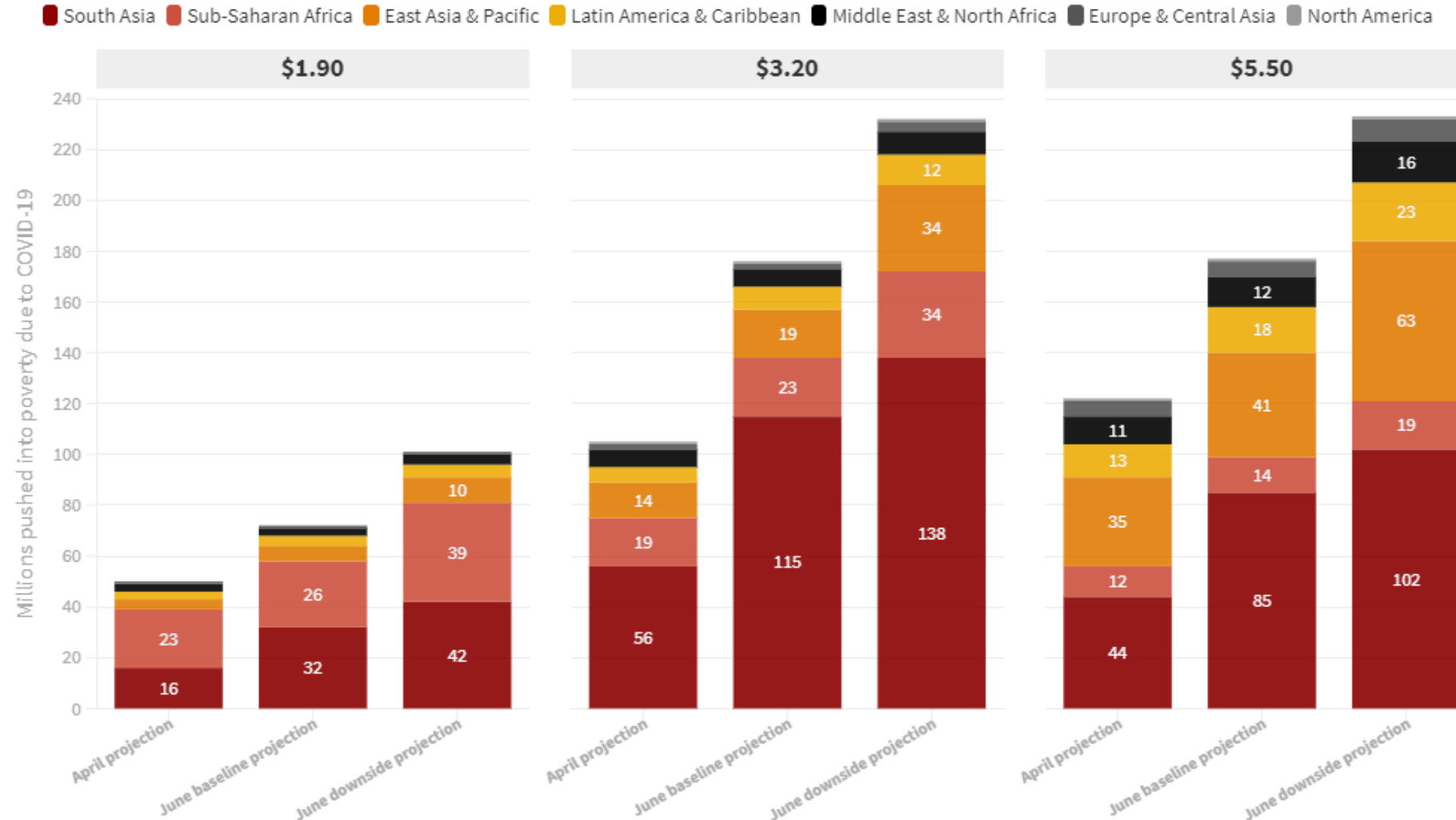


Then Impacts of COVID-19 on Global Extreme Poverty



Source: [Lakner et al \(2020\)](#), [PovcalNet](#), [Global Economic Prospects](#), • Extreme poverty is measured as the number of people living on less than \$1.90 per day.

The Regional Distribution of the COVID-19 Induced Poor



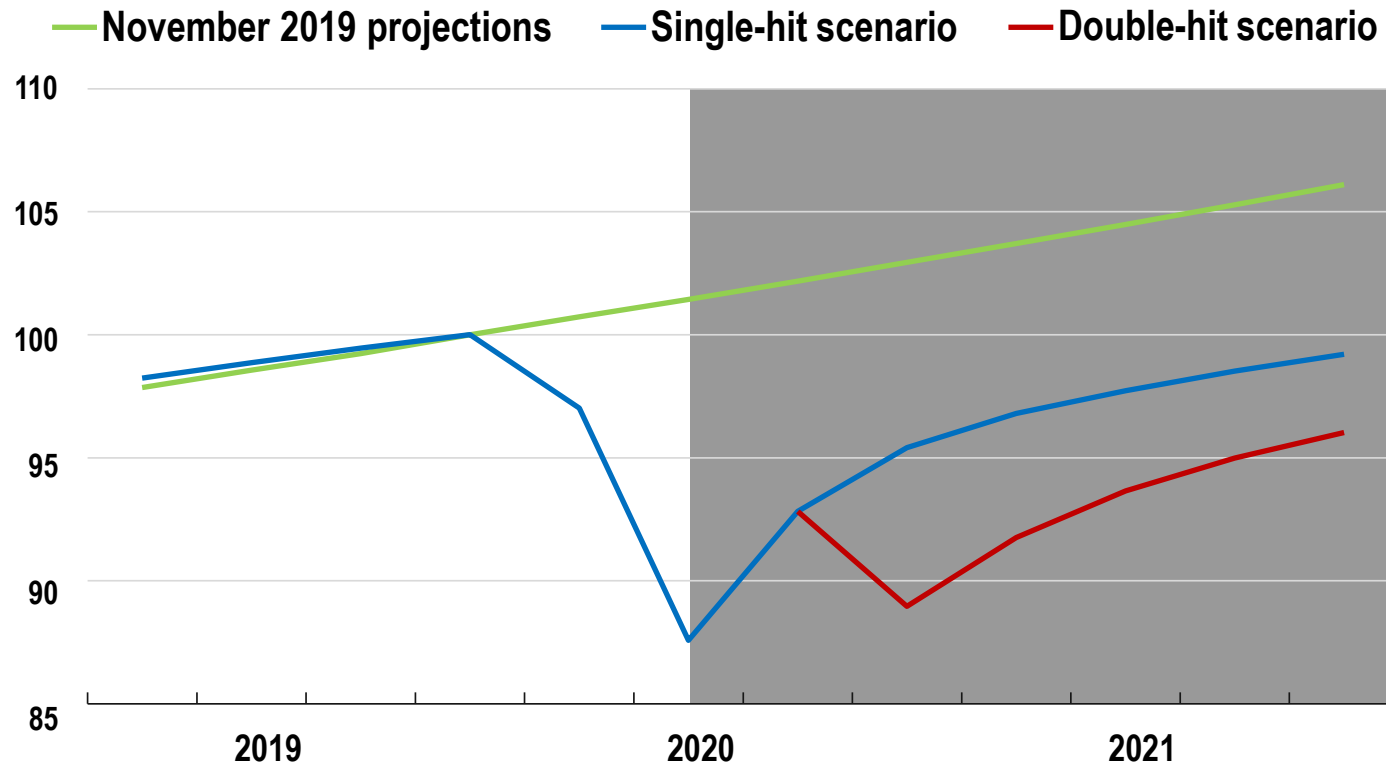
OECD – The recovery will be slow and uncertain

World GDP

Constant prices, index, 2019Q4 = 100

Single-hit scenario: A second wave is avoided

- Global economic activity falls 6% in 2020 and OECD unemployment climbs to 9.2% from 5.4% in 2019.
- Living standards fall less sharply than with a second wave but five years of income growth is lost across the economy by 2021.



Double-hit scenario: A second wave of infections hits before year-end

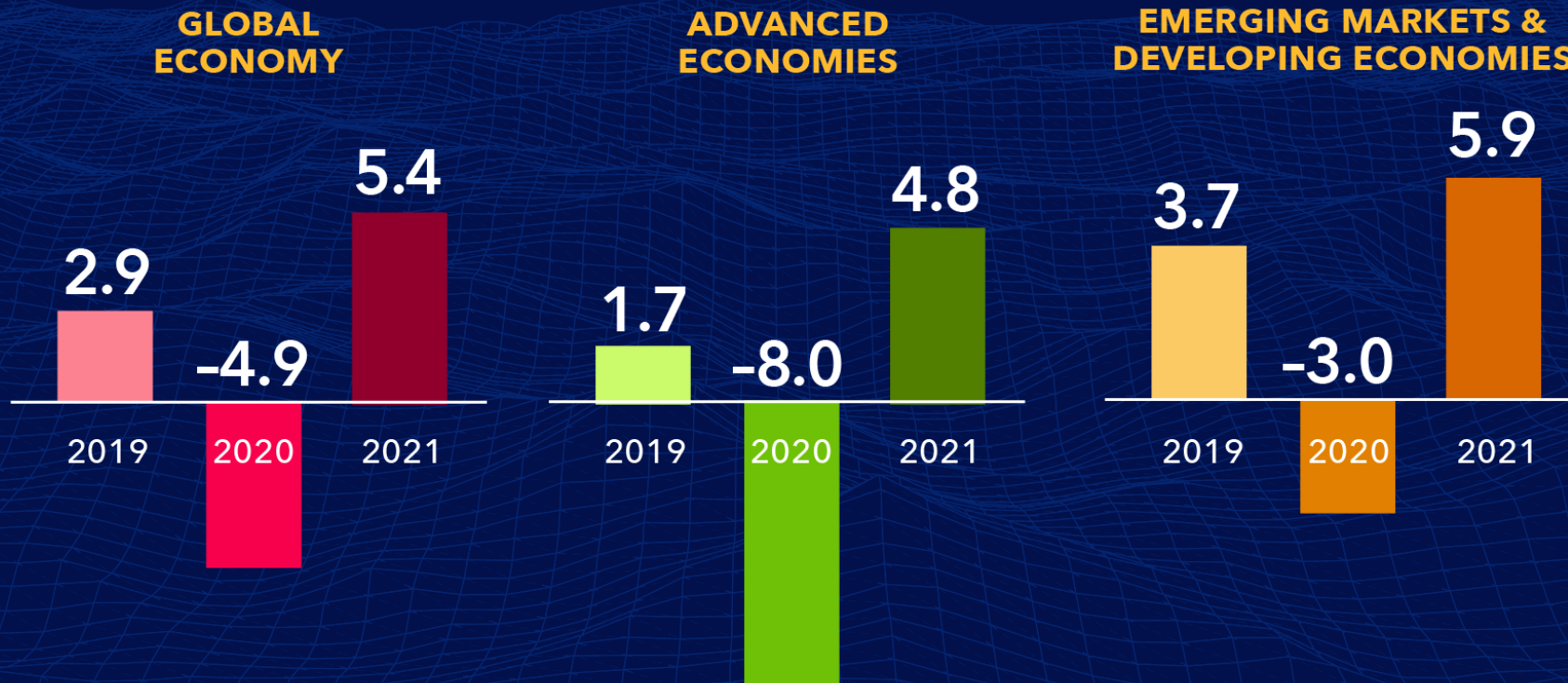
- A renewed outbreak of infections triggers a return to lock-downs.
- World economic output plummets 7.6% this year, before climbing back 2.8% in 2021.
- The OECD unemployment rate nearly doubles to 10% with little recovery in jobs by 2021.



WORLD ECONOMIC OUTLOOK UPDATE JUNE 2020

GROWTH PROJECTIONS

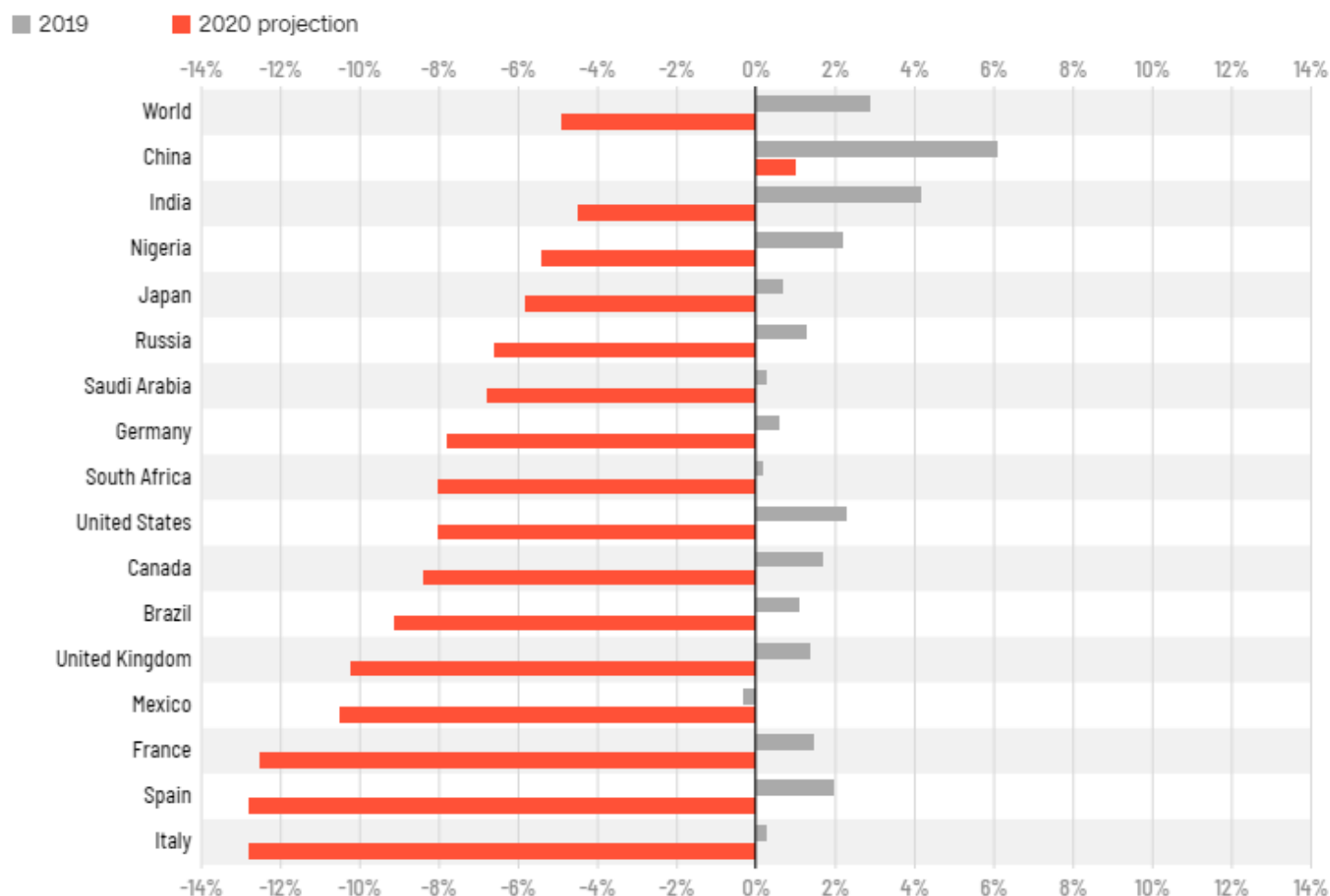
A Crisis Like No Other, An Uncertain Recovery





The global economy is shrinking dramatically

The June IMF World Economic Outlook forecasts a significant contraction for GDP in 2020.



Source: International Monetary Fund

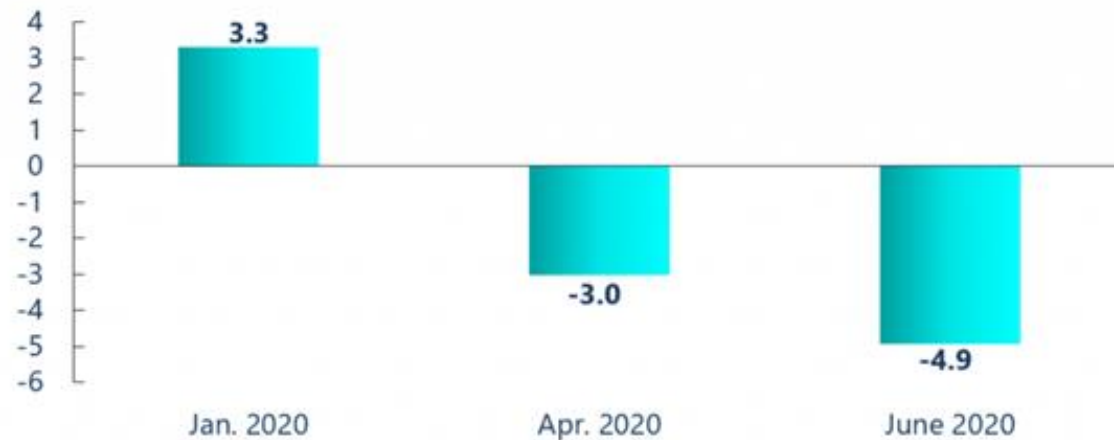
Graphic: Tal Yellin, CNN



A deeper recession

The Great Lockdown has triggered the worst recession since the Great Depression.

(global real GDP growth, 2020, year-on-year percent change)

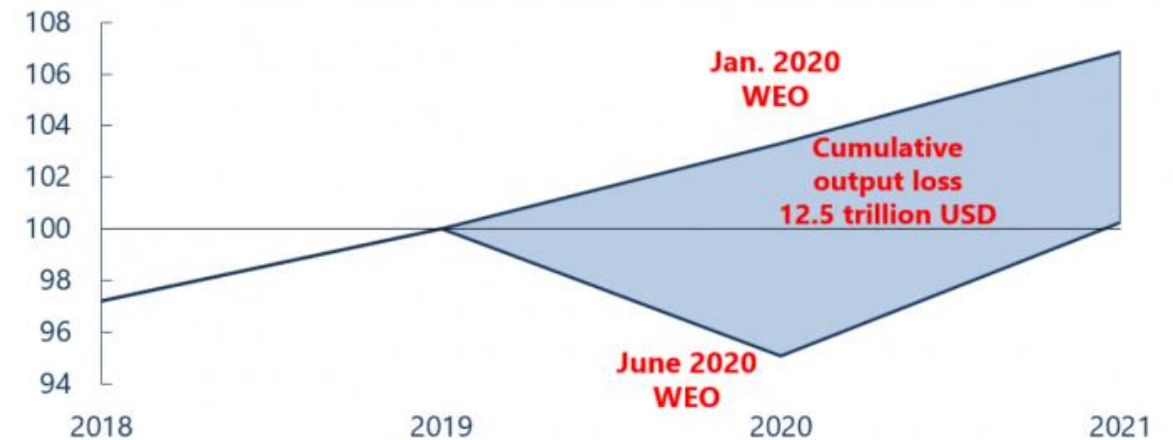


Source: IMF, *World Economic Outlook*.

Output losses

The cumulative output loss to the global economy across 2020 and 2021 from the pandemic crisis will be over \$12 trillion.

(global real GDP level, index)



Sources: IMF, *World Economic Outlook*; and IMF staff calculations.



Weak demand sends oil tumbling

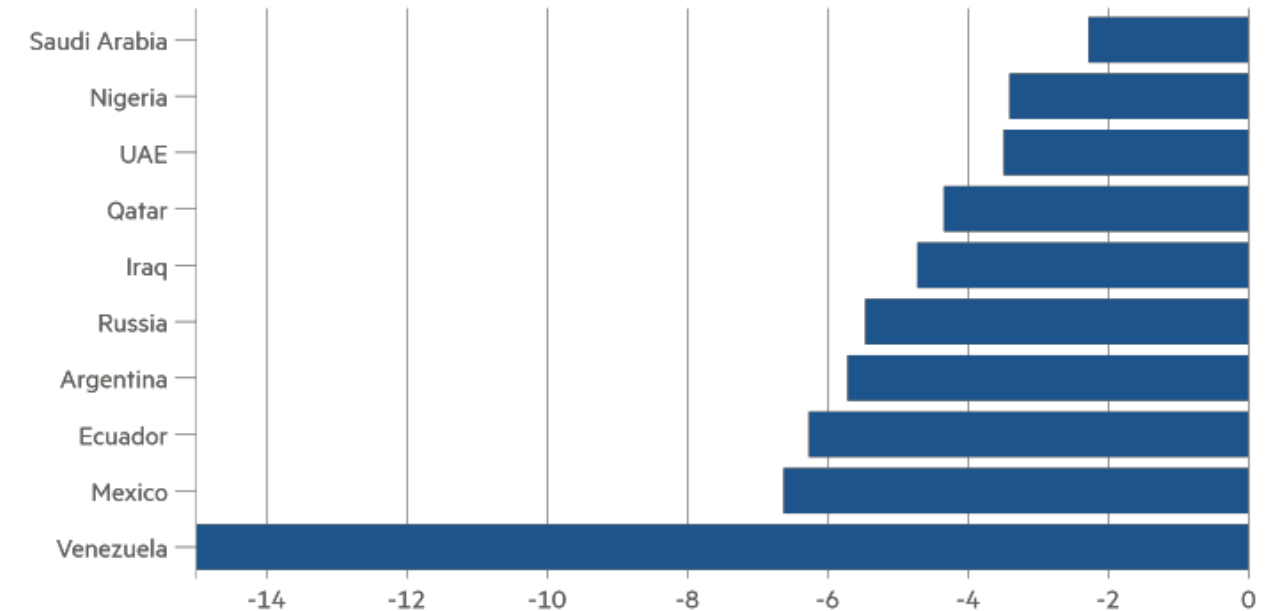
Brent crude (\$ per barrel)



Source: Refinitiv
© FT

Oil-dependent economies face sharp GDP contraction

2020 forecast (GDP change, %)

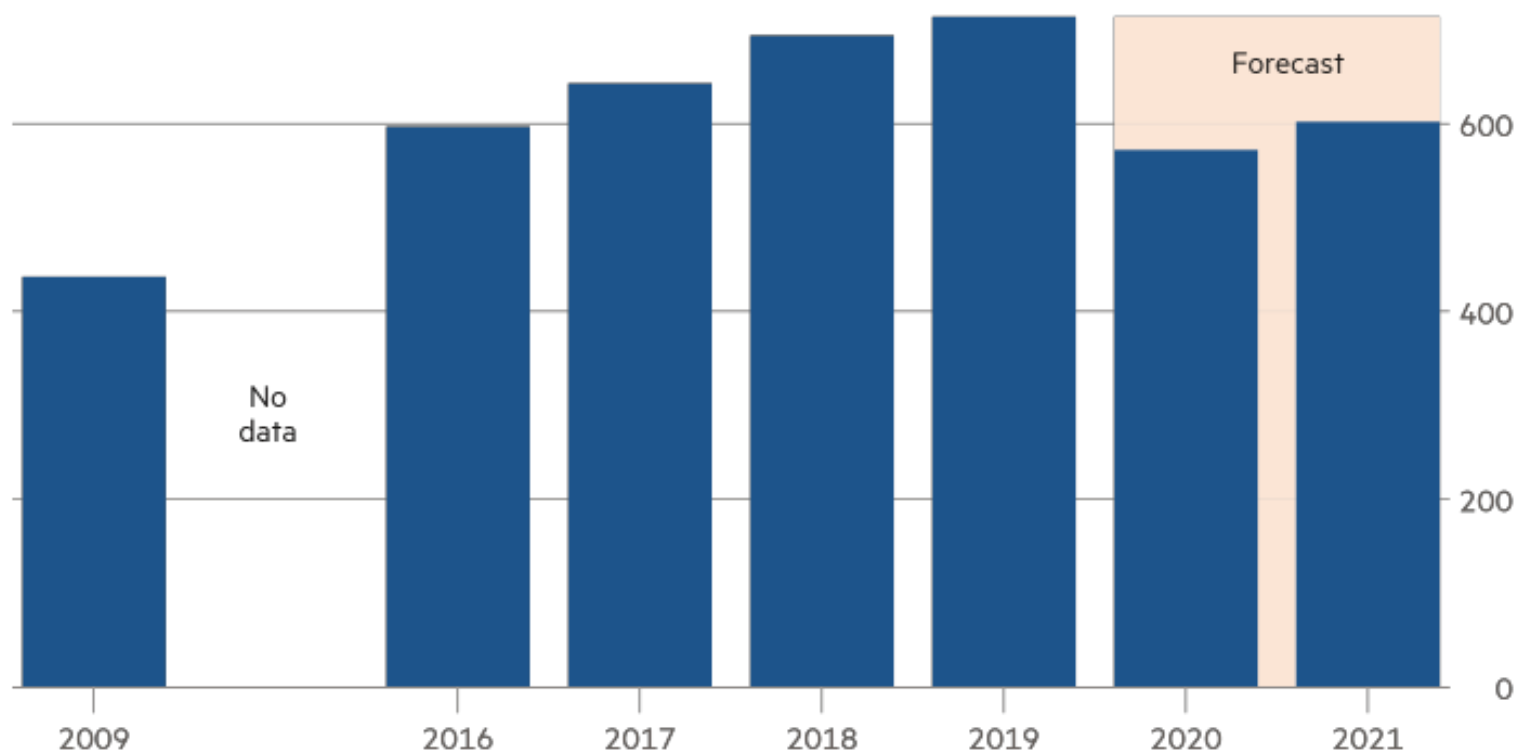


Source: IMF
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World remittance flows

\$bn



Source: World Bank

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International tourist arrivals fell sharply in the early stages of the pandemic

Millions

— 2019 — 2020

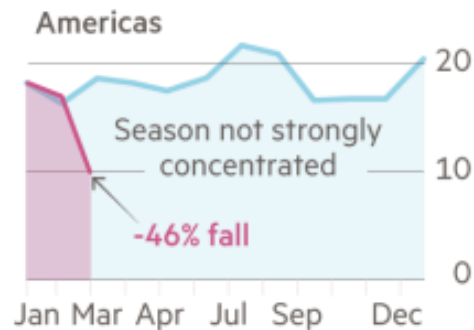
Europe



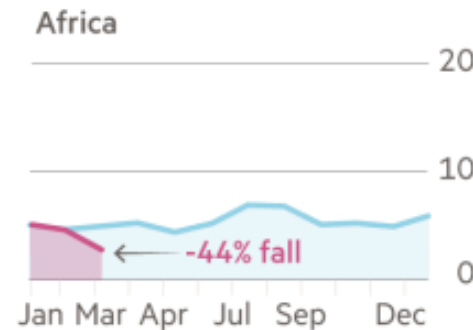
Asia and Pacific



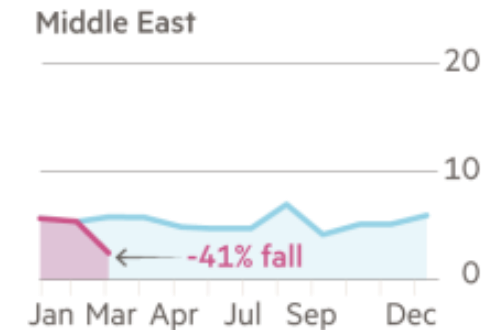
Americas



Africa



Middle East

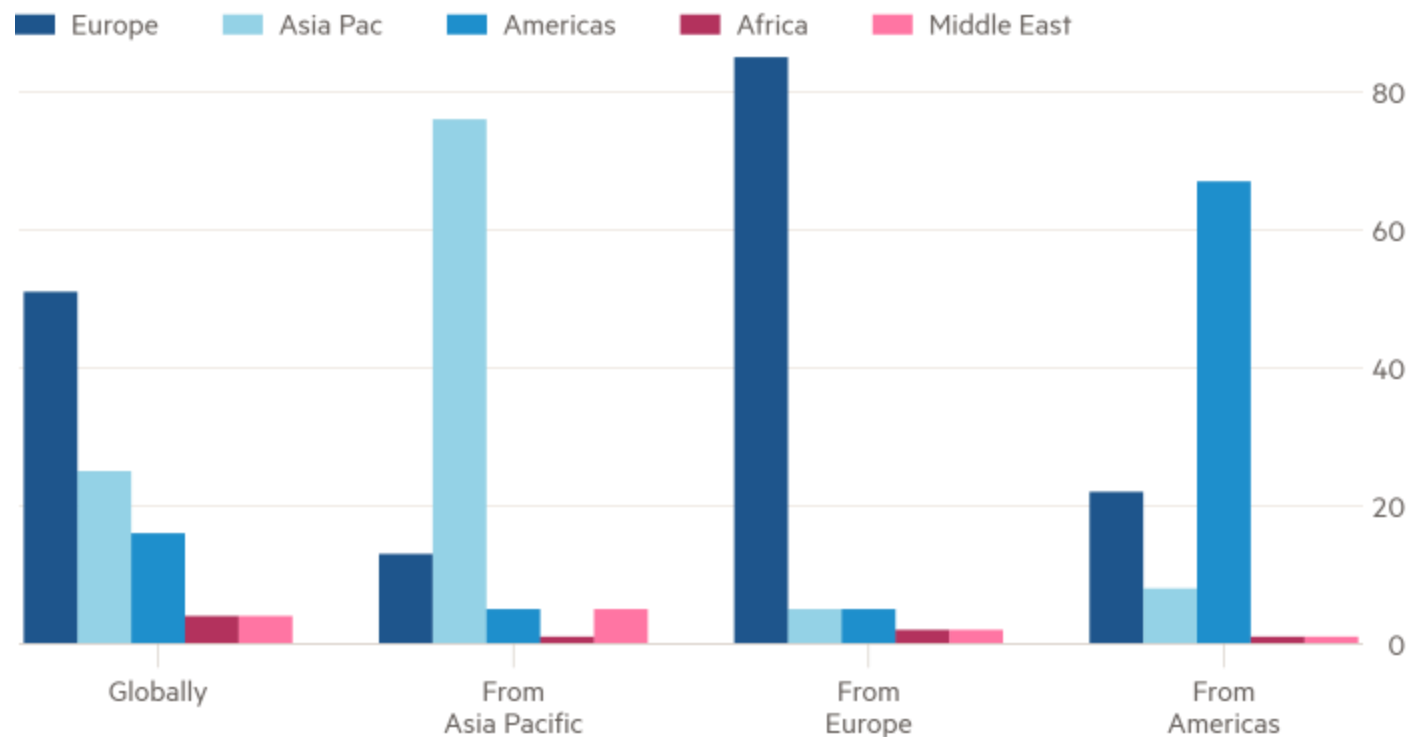


Source: UNWTO

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Foreign tourism is largely regional

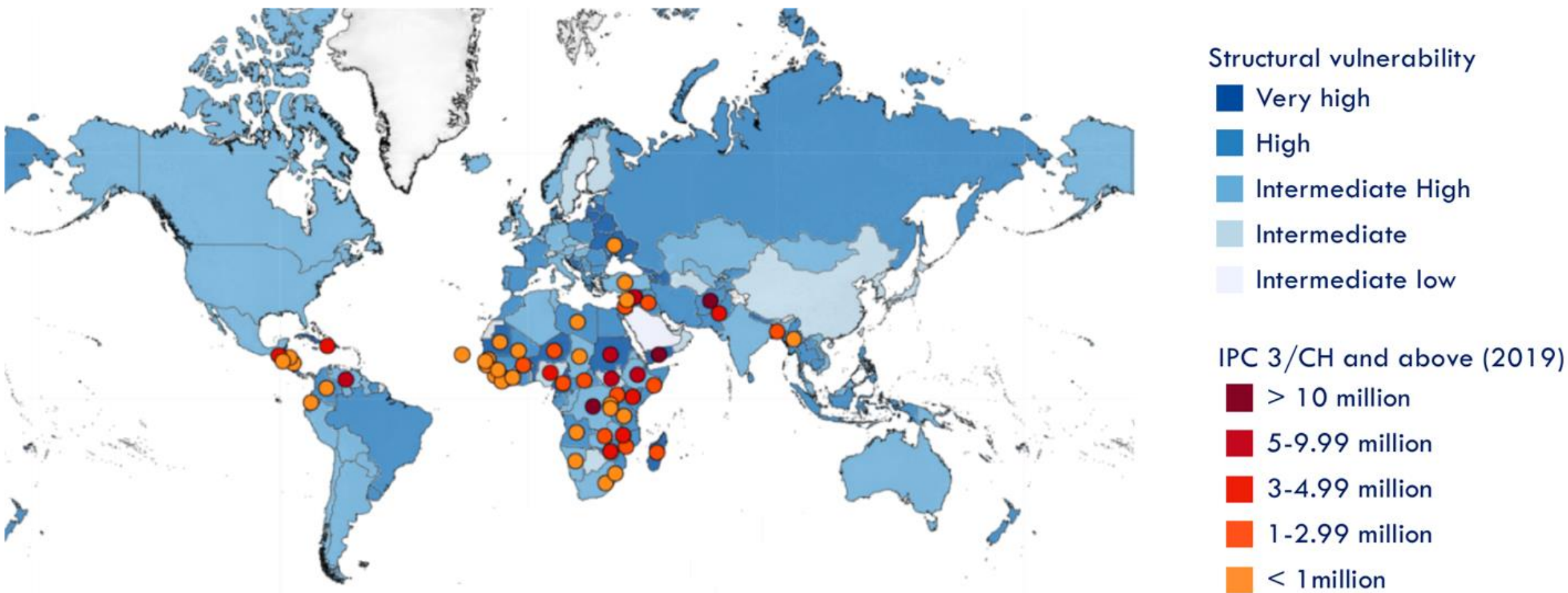
% of foreign tourism by destination



Source: UNWTO
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Highest Valued Exports





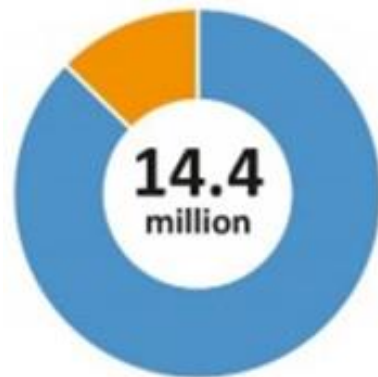
IPC3/CH

In Ecuador and Colombia: Venezuelan migrants

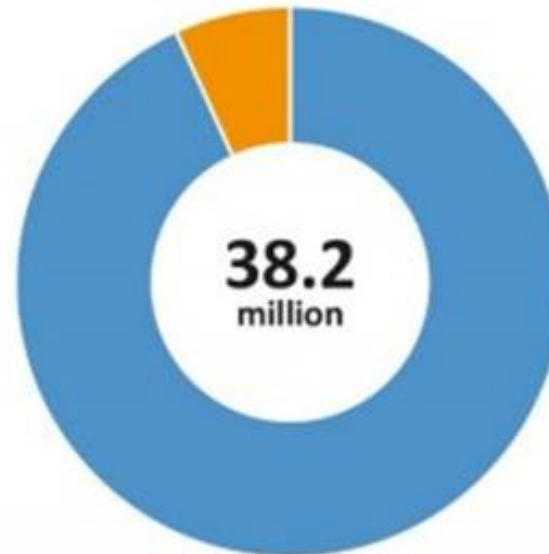
In Turkey and Lebanon: Syrian Refugees

Rising undernourishment in net food importing countries

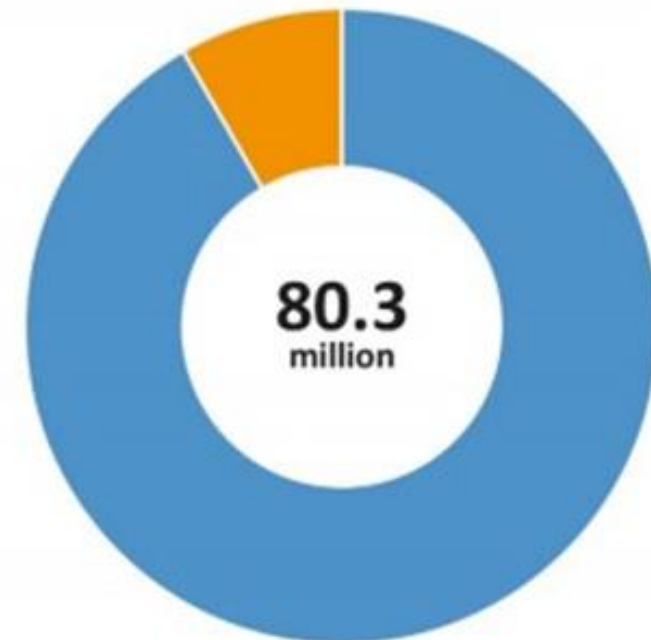
OPTIMISTIC SCENARIO



MILD SCENARIO



PESSIMISTIC SCENARIO

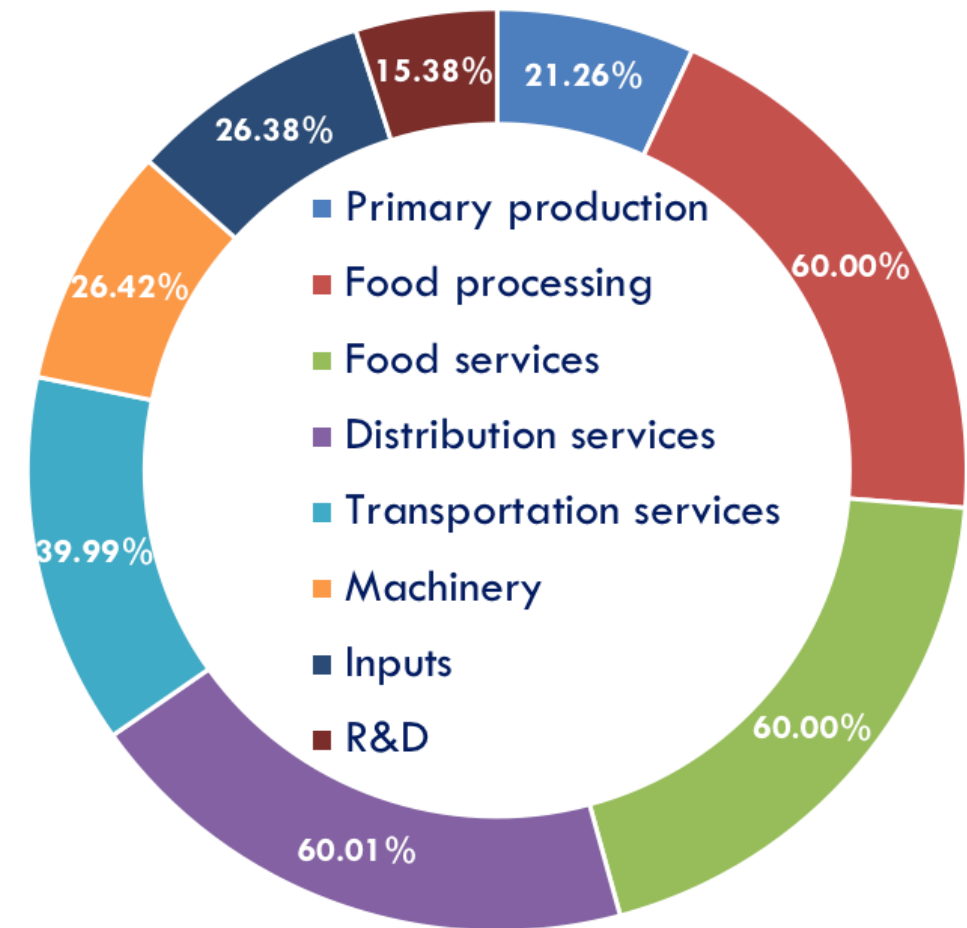


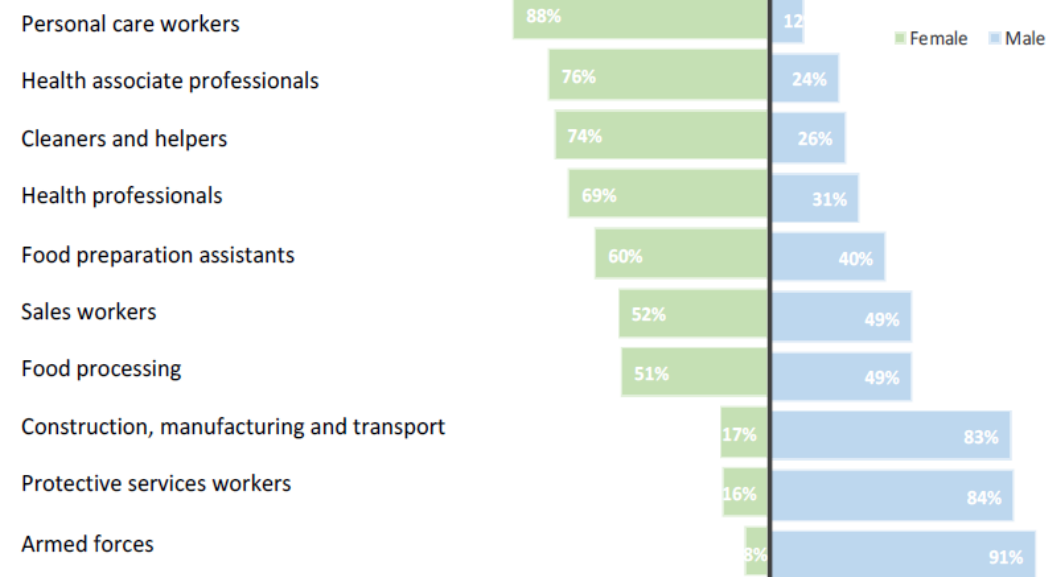
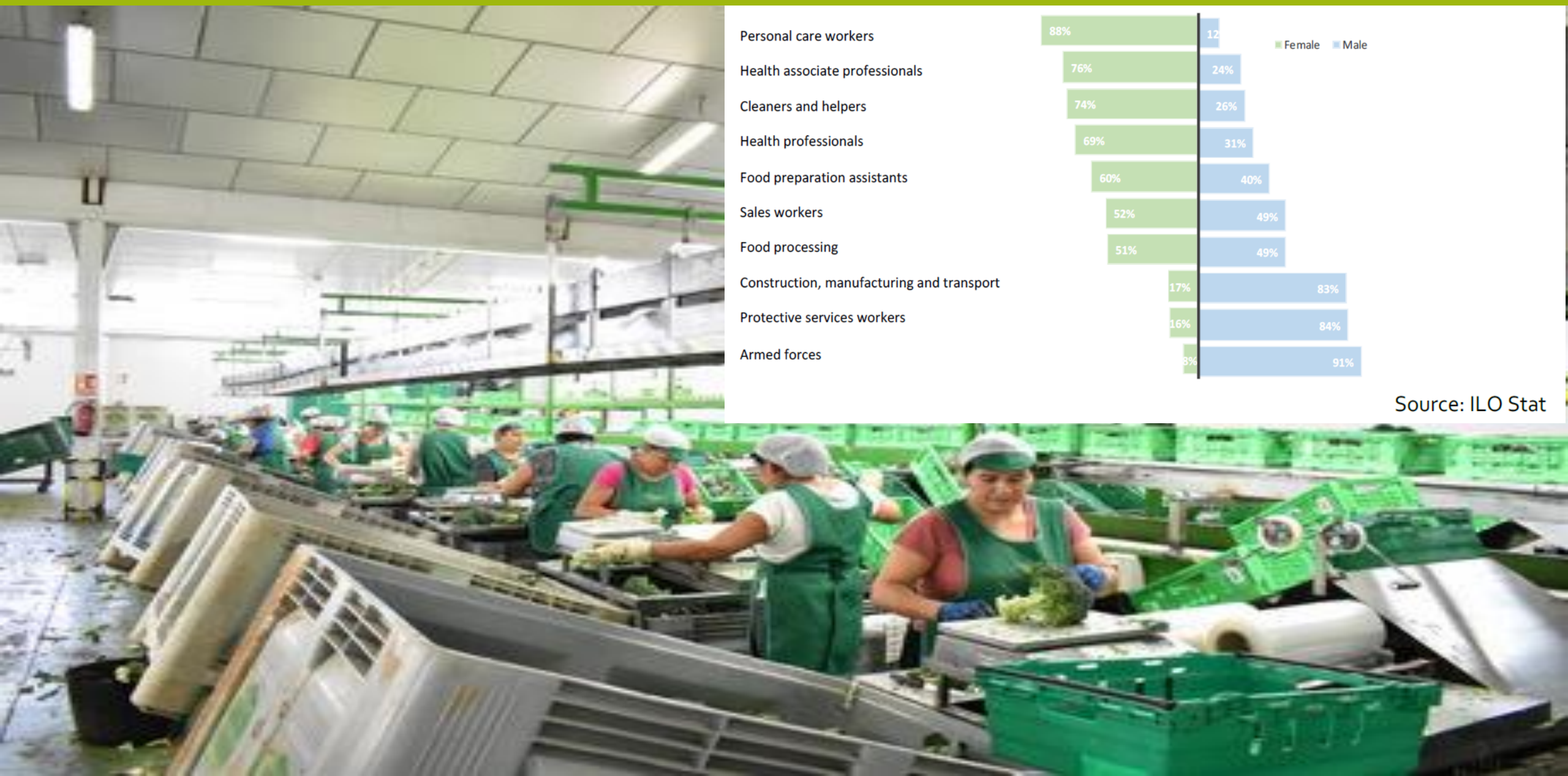
■ Low-income food-deficit countries (LIFDCs) (n=47) ■ Net food-importing countries, excluding LIFDCs (n=54)

Source: Authors' own elaboration, based on the methodology, data and analysis described in Conti, Cafiero and Sánchez (2020) (see <https://doi.org/10.4060/ca8815en>).

Jobs at risk

Where in value chain	Jobs	Livelihoods
Primary production	716.77	2,023.80
Food processing	200.73	484.54
Food services	168.97	339.44
Distribution services	96.34	241.48
Transportation services	41.61	101.05
Machinery	6.51	13.18
Inputs	4.89	11.06
R&D	0.13	0.29
Total	1,280.93	3,214.84
Total at risk due to COVID-19	451.64	1,090.89





Source: ILO Stat



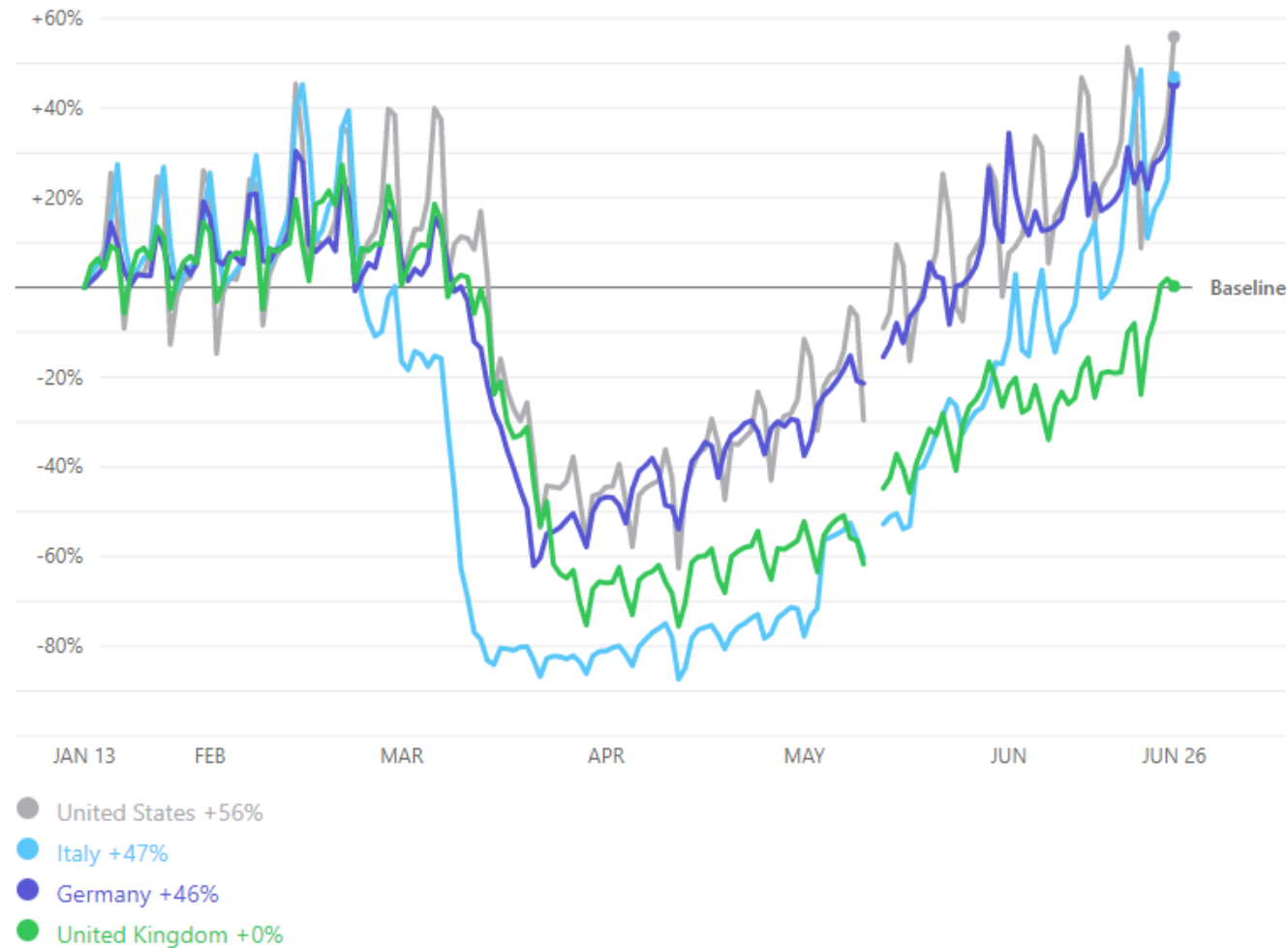
What to do?

Health-Food- Development Tri- ology





Apple's mobility data





Meet immediate needs of vulnerable populations: Emergency Food Assistance, nutrition interventions and safety nets enhanced and made more accessible



School feeding programs— **without schools**



Ensure that emergency food needs are fully met



Protect basic consumption needs of vulnerable populations



Scale up nutritional support



Support management and prevention of undernutrition



Adjust social protection programmes for food prices



Allow free and predictable flow of food assistance



Ensure that local purchases of food and food components for humanitarian purposes are exempt from restrictions



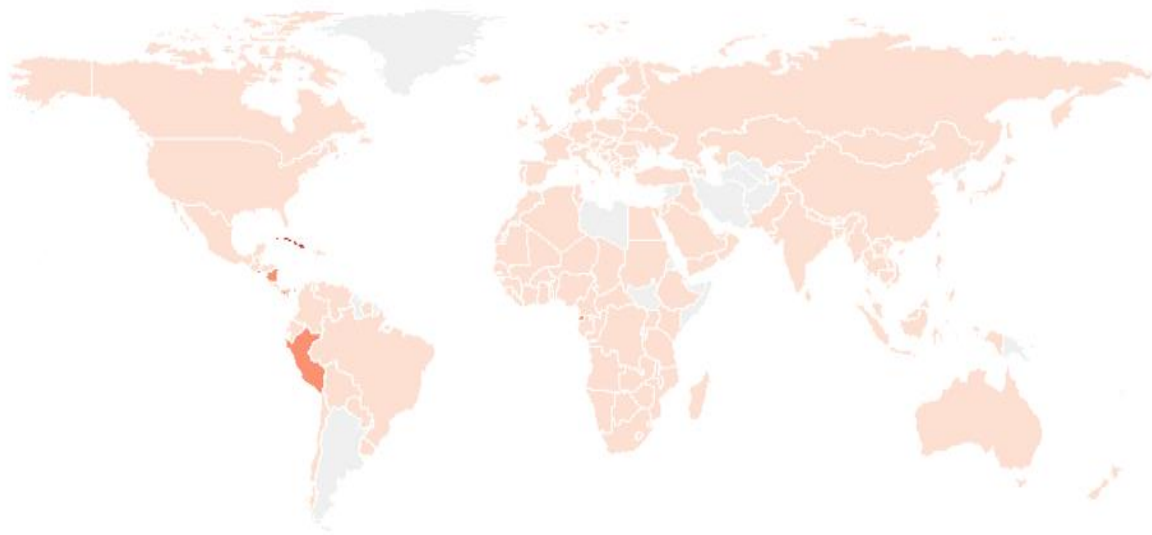
Explore the establishment of efficient and effective humanitarian food reserves



Reach all households with pertinent public information on food assistance, nutrition and hardship alleviation programmes

A healthy diet is unaffordable for the poor in every region of the world

a) Cost of an energy sufficient diet compared with the international poverty line



b) Cost of a healthy diet compared with the international poverty line



NOTES: Maps show the affordability of each of the three reference diets (energy sufficient, nutrient adequate and healthy diet) by comparing the cost of each of them with the international poverty line (USD 1.90 PPP a day) in 159 countries in year 2011, converted to international dollars using purchasing power parity (PPP). Unaffordability occurs here when the cost of a diet is higher than USD 1.33, i.e. 70 percent of USD 1.90 PPP a day, which accounts for a portion of the poverty line that can be credibly reserved for food.

SOURCE: Herforth, A., Bai, Y., Venkat, A., Mahrt, K., Ebel, A. & Masters, M. 2020. *Cost and affordability of healthy diets across countries*. Background paper for the State of Food Security and Nutrition in the World 2020. FAO, Rome. Unpublished.

Meet immediate needs of vulnerable populations: Urgent increases in food availability from smallholder farmer food production



Provide productivity-enhancing
safety nets



Reduce post-harvest
crop losses and improve
food stocks along
the value chain



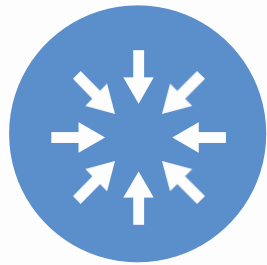
Remove artificial constraints
to domestic trade throughout
the food chain in order to link
smallholder farmers to markets



Promote E-commerce for agriculture

Meet immediate needs of vulnerable populations: Issues on trade and tax policies

Adjustments to trade and tax policies



Encourage better functioning food markets through improved regional political and economic integration and better functioning for trade in food



Immediately review trade and taxation policy options and their likely impacts



Avoid generalized subsidies for food consumers



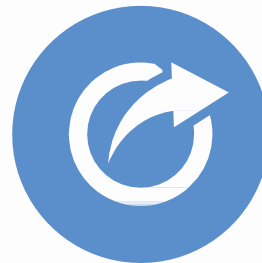
Reduce restrictions on use of stocks



Improve efficiency of trade facilitation



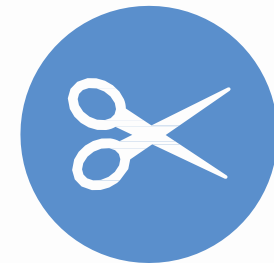
Use limited strategic grain reserves



Minimize use of export restrictions



Reduce import tariffs and other restrictions



Temporarily reduce VAT and other taxes



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UPDATE with your Division: Business Development and Resource Mobilization
Division

ion Division

What to do?

Health-Food- Development Tri- ology







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Prepare for the future?





Before



After





Robotics



Automatization





Horizontal farming



Vertical farming





E-commerce



THANK YOU