

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

June 16th, 2020

Dear Fairtrade Partners and Stakeholders,

Latin America and the Caribbean registered 1.685.555 cases of COVID-19, which represent 21% of cases worldwide, and 81.011 deaths until June 16th. Brazil has surpassed the United Kingdom as the second country with most deaths from coronavirus (more than 40.000), registering more than 900.000 cases.

Situation remains critical in Perú (237.156 cases) due to an oxygen shortage and the number of cases has exceeded the health system's capacity. Chile (184.449) and Mexico (150.264) have also registered a significant increase in cases in the past week.

The coronavirus crisis is pushing 40 million people into food insecurity in Latin America and the Caribbean, the UN informed, calling for urgent action to avert a "hunger pandemic". The UN is suggesting implementing an anti-hunger bonus and a minimum emergency income to avoid the sanitary crisis to become a food security crisis in the region.

The UN's World Food Programme (WFP) says that in the 11 countries where it operates in the region, the number of people facing severe food insecurity has increased from 3.4 million at the start of the year to 14 million.

Haiti, El Salvador, Guatemala, Honduras and Nicaragua are the main concerns for WFP because Haiti has already most of the population living in poverty and the Central American countries had a drought at the end of 2019 and can be more impacted by the COVID-19.

Dominican Republic, Mexico, Honduras, Belize, Colombia, Ecuador, Paraguay, Uruguay and El Salvador have started their plans for economic reopening in different phases. Many governments are using the traffic light system and, in some cases, like in Dominican Republic, they have stopped the implementation of new phases of economic activity due to an increase in COVID-19 contagion.

RELIEF FUND UPDATE

CLAC has received 185 applications for the Relief Fund from organizations producing coffee, sugar cane, cocoa, banana, vegetables, honey, herbs and spices, wine grapes and fresh fruits have applied from 15 countries. Most organizations have applied for the Fund for increased production costs and the Fund for the implementation of biosafety protocols.



BUSINESS

Organizations have stated that the pandemic has resulted in an increase in their production costs, reduction of productivity and economic losses. CLAC conducted a survey about the impacts of COVID-19 with 331 Fairtrade certified organizations. Some of the main economic impacts were the reduction of productivity to keep social distancing (68%) and the loss of products (32%). In relation to the increased production costs, 24% registered an increase in the cost of supplies, 24% said they had to buy hygiene products for their personnel, 20% invested in measures to keep social distancing, 17% registered increases in transportation costs and 15% registered an increase in the cost of labour.

COFFEE

Harvest continues in South America, in the central and southern region of Colombia, in Peru and Brazil. Central American organizations continue exporting.

COCOA

Contracts have been kept and that has been very important for producers, who are fulfilling their obligations. Cocoa collection continues in Dominican Republic. However, the lack of rain is affecting the production. In Costa Rica only the organic cocoa is being collected because it has a better market than conventional cocoa.

SUGAR

Crops and harvest have been affected by heavy rains in Belize. Technical assistance has been provided physically and virtually. Sugar cane producers have expressed their concerns about the difficult access to credits.

BANANA

Banana producing organizations are working implementing biosafety protocols in the fields and packaging plants. However, some COVID-19 cases have registered in the banana producing regions in Peru and Ecuador. In Dominican Republic organizations are making campaigns to prevent contagion. Demand and prices remain stable.

HONEY

Sales and deliveries of Fairtrade honey remain within the usual range. Producers in Guatemala and Mexico are harvesting and are concerned about difficulties to access to credits.



FLOWERS

The situation remains critical for workers in flower plantations in Ecuador. More layoffs have been registered in the past weeks. The workers' committees of the flower producing organizations, can apply for Fund for medical, hospital, or funeral expenses and for the Fund for Fairtrade Certification Payment.

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 strong restrictions in Bolivia and Peru and contagion is increasing in both countries.

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 fresh fruit harvest progresses with slight delays.

WINE

The grape plantations have had difficulty finding workers. Organizations producing wine and grapes for wine have reinforced safety protocols and have been helping their communities to sanitize the streets. The Argentinian Wine Chamber announced an increase of 50% of wine exports from January to May 2020 compared to the previous year, while the industry registered a decrease in sales of 20% in Chile.