

Voluntary Report – Voluntary - Public Distribution

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Report Name: Food in the Time of Coronavirus - The Food and Agricultural Situation in Colombia

Country: Colombia

Post: Bogota

Report Category: Agriculture in the Economy

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Report Highlights:

On March 25, 2020 the Government of Colombia (GOC) ordered all people within the Colombian territory to shelter in place in response to the growing Covid-19 outbreak. This report includes summaries and initial assessments of the food and agricultural situation in Colombia during the Covid-19 crisis made by FAS Bogota staff after consultations with contacts in the Colombian food and agricultural sector.

On March 25, 2020, the Government of Colombia (GOC) ordered all people within the Colombian territory to quarantine and shelter in place. One person per household can leave the home to buy food, medicines or other essential supplies. Some industries, including the food and agriculture sectors, that perform essential functions can continue working. Most staff at the U.S. Embassy in Bogota, including all USDA employees, are situationally teleworking during this time.

Summary

In general, food remains available in the supermarkets and small shops as the agricultural sector is exempt from many of the current work and transportation restrictions. Consumer stockpiling purchases in advance of the country-wide quarantine led to increased prices and temporary shortages of some products in markets. These spot shortages continue as retailers rush to restock the shelves.

Grain and Feed Industry

The animal feed industry, as well as poultry and pork farms, are operating normally. Domestically produced and imported meat products are moving through the supply chain. Transportation is functioning, given government instructions to permit food movement, though long-haul truckers are complaining about the lack of services en route such as restaurants and lodging. Grain importers are relieved by the government authorization to allow digital copies of documents instead of original ones to do the nationalization process (see below for more).

Poultry and pork industries experienced a spike in demand due to increased buying as Colombians prepared to shelter in place. The industry is challenged to move product faster to stores in order to avoid empty shelves at supermarkets. Consumer stockpiling buying is testing the food system's production and logistical capacity in the near term, but the industry believes this to be temporary and once the customers understand they can still acquire food under lockdown, the demand will return to normal.

Food Prices Increase in Advance of National Quarantine

After the Colombian government announcement of a countrywide lockdown, people rushed to the largest wholesale markets in Bogota and Medellin to stock up essential items. Despite this rush, there remain plenty of products available in these markets, but the rise in food demand has increased prices by 25% to 50% for some items such as peas, beans, potatoes, and onions among others.

FAS contacts at the Colombian affiliates of U.S. companies mentioned they are ramping up production in the near term to meet the growing immediate demand for chicken, eggs, corn starches, and a variety of other products that need to be restocked at grocery stores. Contacts in the Colombian rice producer's federation (Fedearroz) said that the most recent harvest in February was not impacted by the crisis and there is plenty of rice in the country.

However, the medium-term outlook for food prices is unclear with an expected loss of demand combined with increasing costs of imported products. Demand for food is expected to decline with a sharp drop in demand from the restaurant and food service sector, as people stay home. but food retailers expect to pass the costs of the strong U.S. dollar onto consumers for imported products, raising the cost to consumers for many other products.

Colombian Flower Sector Affected by Covid-19

Within Colombia's agricultural sector, the Colombian flower industry is the most hurt by the global Covid-19 crisis. The Colombian flower sector is highly dependent on international markets, about 90 percent of production is exported. Contacts report that due to the measures taken by many countries to control the Covid-19 spread, sales are down 80 percent. Currently, there is no demand for flowers in Europe and many customers in the United States have cancelled their purchase orders for the upcoming Mother's Day Holiday (the 2nd most important day of the year for the Colombian flower industry after Valentine's Day). The first part of the year represents nearly 60 percent of total sales (\$1.2 billion) due to Valentine's day and Mother's day. It is also highly dependent on the global airline industry to move its product every day. With no international passenger flights flying between Colombia and the United States, there are very few cost-effective options for shipping flowers, even if there was demand.

Despite the situation, the industry is still working to maintain flower plantations and employment. Half of the workers (70,000 people), mainly people over 55 years-old, pregnant women and people with health issues, are already at home on paid annual leave or administrative leave. The other half of the workforce is still operating and taking the necessary measures to avoid Covid-19 spread. The flower sector received government authorization to operate under the 19-day lockdown.

Coffee Not Impacted Yet, But Concerns Exist for the Upcoming Harvest

Contacts in the coffee industry report that coffee production has not yet been impacted by Covid-19 restrictions, but with one of Colombia's two main coffee harvests coming in April to May, there are concerns about getting enough labor to harvest the beans. If restrictions on movement remain in place and seasonal labor is not able to move to the coffee regions for picking the harvest or if workers are too ill to work, the harvest could be impacted. With higher global prices for coffee this year, there will be an even greater demand to get the beans picked and onto the market.

Colombian Port Authorities Will Accept E-Documents

Colombian port inspection agencies, such as INVIMA and ICA, will accept certificates and other required documents electronically in place of a signed hard copy in order to better facilitate trade during the Covid-19 crisis. Many exporters and importers were worried about significant delays in the arrival of these documents as mail service is interrupted due to a lack of flights between countries.

Colombian Importers Express Concern About Availability of Food Products from the United States

Some in the Colombian food industry expressed concerns about disruptions in the supply of imported food and agricultural inputs from the United States as the United States deals with the Covid-19 outbreak. The United States is Colombia's largest supplier of food and agricultural products. FAS Bogota is providing government and industry contacts current information from USDA and U.S. producer associations about the status of the U.S. supply chains. To date the infrastructure of functioning normally.

Attachments:

No Attachments.