

Voluntary Report – Voluntary - Public Distribution

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Report Name: Impact of COVID-19 on the Jamaican Agriculture Sector

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Post: Kingston

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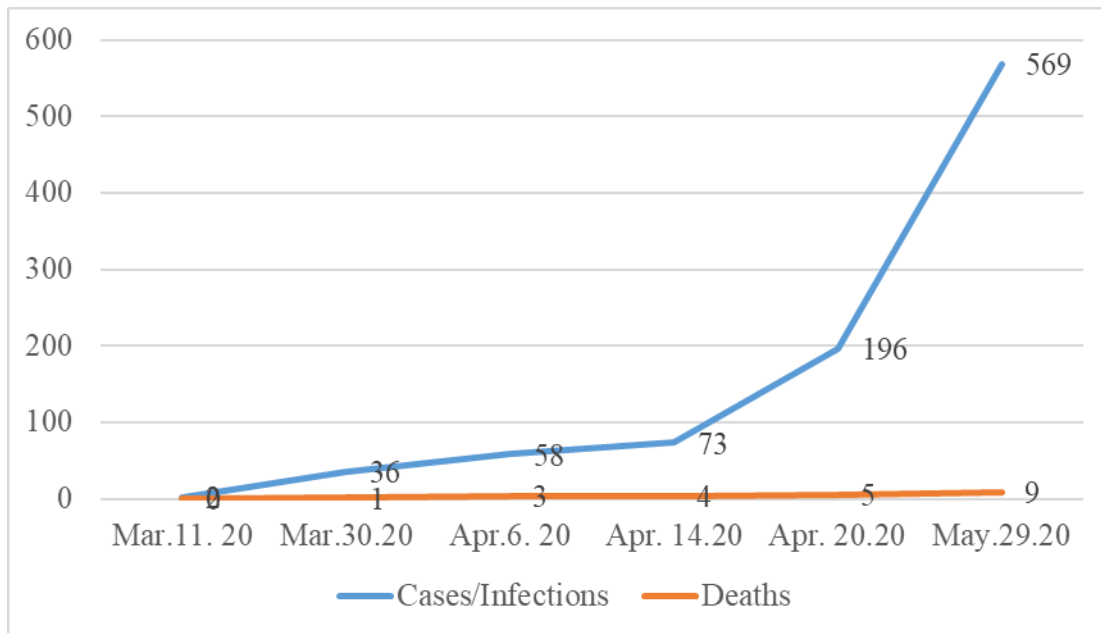
Report Highlights:

The Government of Jamaica, through the Ministry of Industry, Commerce, Agriculture and Fisheries, has devised a number of initiatives geared at assisting local farmers to weather the COVID-19 crisis. To date, more than JMD \$1 billion (USD \$6.8 million) dollars have been allocated to the agriculture industry to stem the tide of losses that the sector is currently experiencing. The Hotel, Restaurant and Institutional sector, which accounts for approximately 60 percent of food imports into Jamaica, has suffered major losses due to lower tourism numbers and reduced total consumption.

COVID-19 in Jamaica

The number of cases of COVID-19 in Jamaica has increased since the first cases were found on March 11, 2020. As of May 29, 2020, there have been more than 550 positive cases and nine deaths (see figure 1). On March 23, 2020, the Government of Jamaica (GoJ) issued stay at home orders and curfews as part of the Disaster Risk Management (Enforcement Measures) (No. 2) Order 2020. This was done to stem the increase in positive cases of the virus, and is set to expire on May 31, 2020.

Figure 1: Cases of COVID-19 infection over time in Jamaica



Agricultural Availability, Food Production and Processing

Post has not received any reports of shortages of major food and agricultural products on the local market since the pandemic began in March 2020. Sources have also indicated that there have been no significant shortages of most raw materials for manufacturing thus far. The GoJ, through the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA), announced in April that there is sufficient food in the country to last approximately two to three months. Likewise, there is still adequate planting materials and agricultural inputs available to continue local production. Some small farmers have received funding from local sources to improve different aspects of their production, such as irrigation inputs.

The Jamaica Promotion Corporation (JAMPRO), Jamaica's promotion and export agency, has set its sights on building up the domestic agriculture sector by developing suitable export markets to stimulate

the sector and help Jamaica's economy bounce back. Included in their plan is utilizing and promoting value-added products from local agricultural commodities for export.

Supply and Distribution

The domestic supply and distribution chains for food and agricultural products have not been severely disrupted since the pandemic. Thus far, MICAFA has informed the public that there is an abundance of local produce and food for consumers. This excess agricultural produce is a result of crops that were in the field for harvesting and sale to the Hotel, Restaurant and Institutional (HRI) sector. Since the pandemic arrived on Jamaican shores, the HRI sector has seen a drastic reduction in business, and many of them have closed their establishments due to lack of clients and closure of air and seaports to regular travel. Farmers that usually sell to these markets were then left holding millions of dollars in local fresh produce.

To combat this situation, the GoJ, through MICAFA, has provided stimulus packages geared at assisting farmers in finding alternate markets for their produce. More than JMD \$1 billion (USD \$6.8 million) have been allocated to the Ministry for a number of initiatives and strategies to rescue the agriculture and food sector. The funds allocated are intended to be used to:

- Establish a "Buy-Back Program." Under this program, MICAFA buys the produce from the farmers at the market price and sells them to the consumers at a slightly lower price. The goal is to procure produce from farmers who no longer have access to markets and take them directly to the consumers. This program is aimed at both farmers and fisheries. Part of the assistance is geared towards identification of buyers, distributors and persons who own and operate cold storage facilities so that they can be engaged to purchase, store and market the local produce.
- Enhance the GoJ's ability to boost local agricultural production in light of the COVID-19 pandemic and onwards. MICAFA has been sourcing additional cold storage space for locally produced fruits, vegetables, and meat, including pork. In addition, the Ministry introduced a new campaign called "Say Yes to Fresh" which encourages citizens to buy locally produced foods as well as foods that are not generally consumed by the local population, such as cantaloupe and honeydew melons. These commodities are grown locally but are generally supplied to the hotel sector. The long-term intent is to encourage local consumers to continue consuming these domestic products following the pandemic. To date, more than 350 metric tons of produce have been sold through this campaign.
- Encourage consumers to increase their intake of produce, such as peppers and scallions, in order to incorporate them into more value-added products. Some beverage companies have agreed to increase utilization of local produce in their products.

Another method that has been employed by the GoJ to maintain distribution and production is to decrease fees for certain imports. The Jamaica Customs Agency (JCA) announced in April 2020 that, in light of the COVID-19 pandemic, it will be extending the Productive Input Relief (PIR) program by six months. This extension will continue to allow manufacturers to import raw materials without being subject to certain duties and taxes.

Conversely, there was also a reduction in export fees for some commodities. The Jamaica Agricultural Commodities Regulatory Authority (JACRA) announced in April that it would be reducing export fees by 50 percent for commodities such as coffee, cocoa and spices. This reduction in fees is aimed at stimulating and promoting growth and investment in these sub-sectors.

While the distribution of exported and imported products is ongoing, the implementation of curfews and other enforcements under the Disaster Risk Management Order may have resulted in an overall decrease in movement of products. There is still no official data available on the severity of the decrease in food and agricultural product distribution. Air and seaports have remained closed to regular travel by civilians; however, trading at the ports of entry is still active. JCA is facilitating this movement of imports and exports through electronic certificates and payments.

The Planning Institute of Jamaica (PIOJ) has stated that, based on preliminary data, it is expected that there will be a contraction in the economy for the second quarter of 2020. This decline is forecasted to continue until the end of 2020. The report from the institute also indicates that there was a 7.8 percent increase production in agriculture, forestry and fisheries and 2.7 percent increase production in the manufacturing sector for the first quarter of 2020 (January - March). The increase achieved in the agriculture sector was based on favorable weather and an overall increase in yield. It was also highlighted in the report that growth in food, beverage and tobacco components was attributed to the increase recorded in the manufacturing sector.

Demand and Pricing

There has been an overall slump in demand for agricultural commodities resulting mainly from the downturn in the HRI sector. The HRI sector accounts for approximately 60 percent of food imports. Due to the closure of the sector since March 2020, Post expects a decline in food imports destined for these operations until the sector returns to full operation.

The HRI sector accounts for purchases of commodities such as: fruits and vegetables, lamb, specialty cuts of beef and veal, dairy products, french fries, snack products, sauces and wines. One of the main regional hotel chains, Sandals and Beaches Resorts, announced in May that they intend to re-open their hotels in Jamaica on June 4, 2020. While the GoJ has announced that it is in the process of creating a strategic plan for the reopening of the sector, no official reopening date has been declared.

Generally, demand from local consumers has not reduced significantly, but the access to food is limited. This is due to shorter opening times for market vendors and shopping times for consumers, resulting from stay at home orders and curfews imposed by the GoJ. Job losses, pay cuts and the reduction of remittances may also influence the purchasing capability of consumers.

Thus far, there have been no official reports of increases in food prices. There have been reports of price gouging, but this is not wide-scale. The GoJ, in a bid to discourage informal increases in prices resulting from the pandemic, has passed a price gouging resolution in the Houses of Parliament, so that offenders can be prosecuted.

Attachments:

No Attachments.