



Mitigating the impacts of COVID-19 on the livestock sector

OVERVIEW

COVID-19 represents an unprecedented emergency and grave societal threat. Protecting public health is the first priority. However, governments, policy makers and the international community must also recognize and attempt to mitigate the negative impacts (current and potential) of the pandemic and related response efforts on key sectors that contribute to food security, nutrition and livelihoods. The livestock sector is a key contributor to these areas, especially for the world's most vulnerable populations.

The effects of COVID-19 on the livestock sector are still largely unquantified and yet to be fully felt. Formal assessments have not yet been possible, but current observations reveal disruptions to livestock value chains. Lessons from past epidemics indicate these disruptions are likely to grow, along with their dire, socio-economic consequences. Fortunately, actions can be taken to protect this sector and its activities, services and products upon which the world relies.

IMPACTS

Animal production

Reduced access to animal feeds: Physical distancing and requirements for additional personal protective equipment are reducing the efficiency of industrial feed enterprises. Movement restrictions and illness are resulting in labour shortages and reduced supply of raw materials or other ingredients.¹ Disruption of supply routes has further delayed feed supply. In Argentina – the world's biggest soymeal exporter – restrictions have reduced soy supply to feed factories by half, which could affect global trade flows. Movement restrictions also disrupt transhumance, which cripples pastoralists' ability to feed their animals.

Reduced access to inputs and services: Movement restrictions and disruption of national and international trade routes is curbing farmer access to breeding materials and replacement stocks (e.g. day-old chicks and semen). This can compromise sales for input providers. The disruption of public services (e.g. food safety inspection and animal health extension services), combined with interrupted delivery and use of vaccines and medicines is increasing the likelihood of new epidemics, including those involving animal diseases that cause major livestock losses (e.g. African swine fever in East and Southeast Asia) and outbreaks of diseases

¹ <https://cn.ifpri.org/archives/6467>

transmissible to humans. Import restrictions will have greater impact on areas which depend on imports to sustain production or rely on meat and dairy imports for consumption (e.g. large parts of Africa and small island developing states).

Reduced access to markets: Closure of live animal markets in many countries means small-scale producers cannot sell their goods. The disruption of the logistical channel and drop in demand are reducing sales and lowering prices. For example, American pig prices dropped by roughly 27 percent in just over a week.² As a result of limited access to markets and slaughterhouses/processing plants, farmers are having to keep their stock longer or dump milk, leaving them with higher production costs or important losses.

Disruptions of income from small ruminants or poultry are hitting women hardest, by reducing their purchases of household essentials and nutrition. Ongoing conflicts (e.g. Iraq, Libya, the Syrian Arab Republic and Yemen) and economic hardships (i.e. Lebanon and Sudan) are exacerbating matters.

Movement restrictions are also interrupting the role of intermediaries, who collect animals or products and aggregate them for further fattening, processing or retailing. As previous epidemic experiences show, disruptions of intermediaries can cause farmers to lose their link to larger buyers, especially without information systems linking value chain actors. In West Africa, many live animals' markets are closed and prices for cattle and small ruminants have dropped by more than half while pastoralists are forced to destock massively.

Processing

Reduced processing capacity: Staff reductions due to lockdown measures are constraining meat and dairy processing industries, given their labour-intensive nature. In France, staff shortages due to childcare, quarantine and sick leave have reached 30 percent in some slaughterhouses.³ There are similar instances in Egypt, Jordan and Tunisia.

Compromised storage and conservation: Transport disruptions and changes in retailing and consumption habits are forcing some collectors and processors to stock up.

Constrained informal businesses: Much of meat and dairy processing in developing countries is informal (i.e. up to 90 percent of volume). COVID-19 prevention and response disrupts these businesses. This disruption removes an outlet for small-scale producers, who often lack the capacity to sell to formal markets.

Transport

Constrained national transport: Movement restrictions are compromising transport, which is reducing the supply of livestock and livestock products. In the Philippines, delays of vehicles transporting raw materials for processing meat threatened to cause a shortage until movement bans were loosened. In China, milk processing and transport were disrupted by tight road traffic controls, leading to milk dumping.

² <https://www.pigprogress.net/World-of-Pigs1/Articles/2020/4/How-are-pig-producers-around-the-world-affected-by-Covid-19-568258E/>

³ <https://www.processalimentaire.com/vie-des-iaa/covid-19-la-filiere-viande-sous-tension?sso=1587027024>

Constrained international transport: Trade restrictions impact countries exporting livestock products as well as farmers whose incomes depend on exports. Within the European Union, 35 percent of beef is exported between member countries. A recent ban on exports caused farm gate prices to fall in Poland, as domestic consumption only represents 15 percent of production. Movement restrictions have also stopped livestock trade to China from the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam. Livestock producers, traders and butchers lost their incomes since they could not export their animals and meat. Meat export drops in Latin America, especially in Argentina and Uruguay, have also reduced farmer revenues. Public health disease control measures, like those during the 2014 Ebola crisis in West Africa, can significantly disrupt trade routes with negative impacts on poultry and pig producers and on pastoralists.

Disruptions to live animal transport can also have serious consequences on the availability of products in the importing country. Until mid-March, live pigs were exported from Malaysia to Singapore, but the Malaysian lockdown put an end to this trade. Neighbouring countries are now supplying the island city-state.

Sales and consumption

Modified retailing and product demand: Retailing is reorienting toward supermarkets and online platforms, which are now spiking. In China, leading e-commerce food delivery platforms increased their volumes by 400 percent in February 2020, while their pre-crisis share of fresh food consumption was only 3 percent. This means more packaged, longer-life and processed meat and dairy products being shipped. While some farmers in Europe and North America seem to be able to create alternative and direct channels with consumers, in countries with a low penetration of e-commerce, processing industries or supermarkets, farmers cannot sell their produce. In Viet Nam, informal markets and food vendors are under higher scrutiny, and supermarkets are selling more processed meat. The United Arab Emirates has closed all fish, meat and vegetable markets, but it has kept supermarkets open 24 hours a day at 30 percent maximum visitor capacity.

Reduced consumer purchasing power: Quarantine and lockdowns are constraining purchasing power, particularly that of informal workers, and in countries with little or no social safety nets. The economic slowdown and increasing unemployment have already left people, including millions of migrant workers in India, with little or no income with which to buy food. During the 2014 Ebola crisis in West Africa, the decrease in purchasing power reduced domestic animal production. In the current crisis, informal markets are being closed or constrained across Africa.

Reduced demand and public procurement: In most countries, closure of restaurants and reduced tourism is leading to a sharp fall in demand for food by these sectors. School feeding programs are also suspended, which is depriving millions of children of access to food. In China's Hubei province, authorities reported an 80 percent decrease in transaction receipts for all sectors in February 2020 compared to 2019. However, at the end of March 2020 when measures were lifted, overall consumption rose back to 93 percent of its 2019 level.

Fake news and rumours can also affect demand. In India, chicken sales were reduced significantly after posts on social media created the impression that humans could contract COVID-19 by consuming chicken.

EXAMPLES OF COUNTRY RESPONSES

These examples were selected to illustrate the different areas of response at the time of writing. Up to date and exhaustive lists of responses can be found in other information resources.⁴

In **Brazil**, authorities continued school feeding support by: i) transferring funds directly to students' families in some states; and ii) distributing food to parents in other states.

In **China**, the Ministry of Agriculture and Rural Affairs: i) created special travel permits, platforms for public procurement and e-commerce to allow the supply of fresh agricultural products and raw materials (including imported products); ii) supported animal feed, slaughtering and meat processing enterprises to resume operations; iii) incentivized pig and poultry farming (i.e. the subsectors most hard hit by the crisis); iv) strengthened prevention and control measures against animal diseases, including highly pathogenic avian influenza (HPAI) and African swine fever;⁵ and v) promoted insurance and financial services in rural areas through cooperation agreements.

In **Ghana**, national authorities: i) exempted food production, distribution and marketing from movement restrictions to ensure food availability; ii) prepared a joint plan to keep the nation food secure as the coronavirus spreads; iii) established the Coronavirus Alleviation Programme to protect households and livelihoods, support small- and medium-sized businesses, minimize job losses and boost industrial output to cover consumption and export.

In **Italy**, public and private sector collaboration led to the: i) promotion of seasonal and local products (e.g. #Mangialitaliano, the "Eat food made in Italy" campaign by Italy's main farmer organization); and ii) allocation of 6 million euros by the Italian Ministry of Agricultural, Food and Forestry Policies to purchase ultra-high-temperature (UHT) milk to support dairy farmers, avoid loss and distribute milk to vulnerable families.

In the **Philippines**, the Department of Agriculture is issuing "Certificates of Foodlane Accreditation" and "Food Passes", which provide privileges to suppliers and transporters of certain food commodities to ease passage at checkpoints and assist with delivery. Provisions cover animals, meat, milk, milk products, eggs, feed and veterinary products.

In **Egypt**, **Tunisia**, and **Morocco**, national authorities have planned one-off payments for informal workers, including sellers at local markets. In addition, Morocco: i) established a logistics and e-marketing platform for local products affected by the cancellation of this year's International Agriculture Fair; and ii) enabled mobile cash transfers to informal workers.

⁴ See FAO's Food and Agriculture Policy Decision Analysis Tool for additional examples: <http://www.fao.org/in-action/fapda/tool/index.html#main.html>.

⁵ <https://research.nus.edu.sg/eai/wp-content/uploads/sites/2/2020/03/EAIC13-20200325.pdf>

RECOMMENDED ACTIONS

Actions can take form of policies and responses contextualized to fit into national frameworks, while assuring compatibility with public health measures to suppress COVID-19 transmission. The below-mentioned options are provided for consideration by national policy makers to mitigate the impact of COVID-19 on the livestock sector. Implementing these actions will require international coordination and resources.

Measures to protect animal production and markets

- **Establish production safety nets**, which may include new or resupplied feed reserves, special permits to transport drivers allowing animal feed distribution in remote areas and waivers for agri-food system operations to keep inputs flowing. Authorities may also: i) empower producer organizations to improve bargaining via collective marketing and purchasing; ii) coordinate the supply of livestock production inputs; and iii) promote the local sourcing and production of animal feed and supplements.
- **Establish emergency management procedures and services**, including communication to mitigate rumours, advise stakeholders and seek feedback. Reallocate staff and resources to crisis relief activities, including the provision of movement permits, disease control and food inspection.
- **Allow food markets to remain open while facilitating physical distancing** via: i) public-health-conscious rules, procedures and equipment; and ii) the application of behavioural insights to market processes and environments (biodiversity, land, water, and ecosystems) where diseases flourish.
- **Maintain open borders for imports and exports** relevant to all nodes on the value chain and support transboundary livestock movement and ensure access to essential natural resources for transhumant pastoralists.

Measures to maintain processing and retail operations

- **Provide guidelines for COVID-19 control and prevention along the supply chains** to protect value chain actors and their families. These guidelines should include provisions for heightened biosecurity, personal protective equipment and hygiene.
- **Provide grants to increase packaging and freezing capacities.** Small- and medium-sized enterprises and factories should be encouraged to produce safe products with long shelf lives.
- **Organize grouped slaughtering points and support the installation of the cold chain** to reduce unregulated slaughtering and improve meat inspection.
- **Find alternative ways to reach children of the school feeding programmes** and distribute animal-protein-rich foods to improve nutrition and smallholder incomes.
- **Promote group collection and delivery of milk** to processing companies.

Financial measures

- **Provide cash transfers to milk collection centres and factories** to increase purchasing power for milk supply and processing long-shelf products (e.g. UHT, powdered milk).
- **Help small- and medium-sized businesses mitigate short-term COVID-19 impacts via dedicated financial facilities** (e.g. temporary tax relief, dedicated emergency loan programmes, direct stimulus payments, tax exemptions, extensions for overdue loan repayments, grace periods, low interest rates and direct public investments and subsidies).

- **Provide training or mentoring programmes** to help small- and medium-sized enterprises assess and manage the financial impact of the crisis, go digital and find new markets.
- **Provide subsidies to agri-food sectors** that maintain activities during lockdown; **implement price controls** to reduce inflation on livestock commodities.

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