

Zach's Facts



To subscribe to my blogs, send an email to rutledge@primal.ucdavis.edu with "Subscribe Zach's Facts" in the subject line.

COVID-19, Farm Labor, and the Agri-Food System

By Zachariah Rutledge

On December 31st, 2019, China reported a cluster of pneumonia cases in the city of Wuhan. The virus responsible was a novel (i.e., previously unknown) coronavirus, which causes an infectious disease dubbed COVID-19. The virus was likely transmitted from animal to human contact in a local wet market where it spread to other humans via "droplets of [human] saliva or discharge from the nose" (WHO, 2020a). In a matter of days, the novel coronavirus spread throughout the world causing a global "pandemic," defined by the WHO as a "worldwide spread of a new disease" (WHO, 2020c). Although most people infected with COVID-19 will "experience mild to moderate respiratory illness and will recover without requiring special treatment," older people and those who have underlying medical conditions are more likely to develop serious illness (WHO, 2020b). The more serious symptoms of the illness include difficulty breathing or shortness of breath, chest pain or pressure, and loss of speech or movement, which may require patients to be placed on ventilators.

Concerned with the possibility of overloading health care systems and preventing the spread of COVID-19, countries throughout the world implemented mandatory quarantine or "shelter-in place" orders and restricted internal, as well as cross-border, migration (Cortignani et al., 2020). Government mandated shutdowns triggered a number of supply and demand responses across agri-food systems, including those related to the supply of and demand for labor. For example, Cho et al. (2020) find that the pandemic caused a large decrease in restaurant employment in the U.S. and smaller, yet nontrivial, employment effects in food manufacturing and grocery stores. However, they find no effects on farm employment.

In the U.S. and Canada, consumers flocked to retail stores to stock up on non-perishable food items in anticipation of long-term shutdowns (Richards and

Rickard, 2020). The sudden spike in consumer demand for retail food left store shelves empty of certain staples, such as pasta and rice, but also for some non-food items like toilet paper, hand sanitizer, and antibacterial soap. Although limited supplies of some high-demand goods continued to make their way onto store shelves, for a period of weeks, eager shoppers lined up early in the morning to buy them out. In response, some stores implemented restrictions on the number of high-demand items that shoppers could buy. Shortages of some items persisted for weeks but eventually made their way back onto shelves after panic buying settled down and the supply and distribution chains caught up with demand. The panic buying strained the retail food sector, adding additional pressure to store employees while prompting employers to offer overtime and bonus pay to attract and retain an adequate workforce.

In addition to the initial spike in demand for staple goods, nonessential businesses, such as restaurants and bars, were temporarily shut down by governments, which instantly shifted the demand for dine-in restaurant food to retail stores, and to some extent to food delivery and take-out services. This caused problems for agricultural producers who rely primarily on sales to the food service industry, as reduced demand for restaurant food forced some farmers to let crops rot away while others scrambled to find buyers in the retail sector (Gordon, 2020).

Although domestic supplies of food goods were generally maintained in the U.S., some import and export markets were shut off due to the closure of borders and for strategic supply reasons (Siche, 2020; Richards and Rickard, 2020). Estimates suggest that the COVID-19 crisis could cause a 10% to 25% decrease in GDP in the U.S. and E.U. Export controls were established for certain medical and agricultural goods to ensure national health and food security, which could impact countries who rely on imports (Gruszczynski, 2020). In an attempt to secure strategic supplies, some countries have eliminated tariffs to stimulate imports. However, in the midst of crisis, governments have shifted towards state-centered policies, which could eventually push the global economy towards increased national (or economic-bloc) self-reliance. According to Gruszczynski (2020), the larger the impact the pandemic has on national economies, the more likely this type of shift is to occur.

To “avoid disruptions in lawful agricultural-related employment, protect the nation’s food supply chain, and lessen impacts from the coronavirus (COVID-19) public health emergency,” the U.S. government temporarily modified the foreign agricultural guestworker program, allowing foreign guest workers already in the country to extend their work visas and start working on other farms (USCIS, 2020, Beatty et al., 2020). For the same reasons, Canada, Germany, and Spain

permitted seasonal migrant workers to enter their countries (Haley et al. 2020; Cortignani et al. 2020). Italy, on the other hand, launched an online campaign to recruit domestic workers into the agricultural sector, although the 30,000 mainly unemployed workers from the restaurant and hospitality sector who said they were willing to do farm work only made up about one tenth of the seasonal labor force required for normal production. Following Portugal's lead, Italy's minister of agriculture eventually asked for the temporary regularization of illegal immigrants to help secure an adequate farm labor force.

Worker advocates have argued that seasonal agricultural workers may be at increased risk of illness due to overcrowded living conditions, lack of access to field sanitation and PPE, and difficulty accessing adequate health care. Tight living/working conditions have led to increased transmission of the disease in prisons, long-term care facilities, and meat-packing plants. In the U.S., widespread outbreaks of COVID-19 caused some meat packing plants to close while others had to implement increased social distancing measures, which reduced production by as much as 40% (Lusk 2020; Cho et al., 2020). Food sector employers have used bonuses, increased wages, and various forms of hazard pay to maintain an adequate workforce.

The World Bank has predicted that there will be a 23% reduction in remittances in SSA due to lockdown measures that have prevented migration (Bisong et al., 2020). The decrease in remittances poses a huge threat to development, potentially pushing a significant number of people back into poverty. The COVID-19 crisis is different from other crises (such as the 2008 recession or the 2014 Ebola outbreak), which generally saw very minor reductions in remittances. The current crisis has particularly affected workers who are ineligible to receive benefits from social safety nets due to their informal working arrangements or legal status. Ultimately the revival of remittances will depend on the mobility of labor after the crisis calms down.

A report by the FAO (2020) argues that the pandemic offers an opportunity to transform agri-food systems into the digital age. They argue that this can help players in all the nodes of the AFS become more efficient and informed, while helping bridge the rural-urban division by improving participation in markets. They argue that the adoption of digital extension and agricultural advisory services, online business management tools, and updated logistics and inventory management systems will help track where future disease outbreaks originate from, which will contribute to increased regulatory compliance and consumer confidence.

In Southeast Asia, aggregate agricultural production is predicted to decline by about three percent as a result of reduced labor mobility and access to input and output markets, which could increase poverty by one to three percent (Gregorio and Ancog, 2020). In some countries, such as Indonesia and Taiwan, food rations were supplied by the government, while in other places like Peru, Japan, and Singapore, individuals were given funds to cover the cost of food.

References

- Beatty, Timothy, Hill, Alexandra, Martin, Philip, and Rutledge, Zachariah. (2020). COVID-19 and Farm Workers: Challenges Facing California Agriculture. *ARE Update*, 23(5):2-4.
- Bisong, Amanda, Ahairwe Pamela Eunice, and Njoroge, Esther. (2020). "The Impacts of COVID-19 on Remittances for Development in Africa." ECDPM Discussion Paper No. 269.
- Cho, Seung Jin, Lee, Jun Yeong, Winters, John V. (2020). COVID-19 Employment Status Impacts on Food Sector Workers. Iowa State University Economics Working Paper No. 20013.
- Cortignani, Raffaele, Carulli, Giacomo, and Dono, Gabriele. (forthcoming). "COVID-19 and Labour in Agriculture: Economic and Productive Impacts in an Agricultural Area of the Mediterranean." *Italian Journal of Agronomy*.
- FAO. (2020). "Food Systems and COVID-19 in Latin America and the Caribbean: The Opportunity for Digital Transformation." Bulletin 8, June 6th.
- Gordon, Tim. (2020). "Oregon Farmers Dump Produce as COVID-19 Shuts Down Big Customers." *KGW8 News*, April 14. Retrieved on July 7th, 2020 from: <https://www.kgw.com/article/money/business/farmers-dump-produce-as-covid-19-shuts-down-big-customers/283-6f82de92-ca51-4411-98ba-2e79b85fb933>.
- Gregorio, Glenn B. and Ancog, Rico C. (2020). "Impact of COVID-19 Pandemic on Agriculture Production in Southeast Asia: Reinforcing Transformative Change in Agricultural Food Systems." SEAMEO-SEARCA Policy Paper 2020-1.
- Gruszczynski, Lukasz. (2020). "The COVID-19 Pandemic and International Trade: Temporary Turbulence or Paradigm Shift?" *European Journal of Risk Regulation*, 11:337-342.
- Haley, Ella, Caxaj, Susana, George, Glynis, Hennebry, Jenna L., Martell, Eliseo, and McLaughlin, Janet. (2020). "Migrant Farmworkers Face Heightened Vulnerabilities During COVID-19." *Journal of Agriculture, Food Systems, and Community Development*, 9(3):35-39.
- Hodge, Kate. (2020). "Coronavirus Accelerates the Rise of the Robot Harvester." *Financial Times*, June 30th. Retrieved July 7th from: <https://www.ft.com/content/eaaf12e8-907a-11ea-bc44-dbf6756c871a>.
- Lusk, Jason. (2020). "Update on Meat and Livestock Markets in the Wake of COVID." Retrieved July 7th from: <http://jaysonlusk.com/blog/2020/5/28/update-on-meat-and-livestock-markets>.
- Richards, Timothy and Rickard, Bradley. (2020) "COVID-19 Impact on Fruit and Vegetable Markets." *Canadian Journal of Agricultural Economics*, Special Issue, pp.1-6.

Siche, Raúl. (2020). "What is the Impact of COVID-19 Disease on Agriculture?" Scientia Agropecuaria, 11(1).

USCIS. (2020). "USCIS Response to Coronavirus 2019 (COVID-19): H-2A Temporary Agricultural Workers." Retrieved July 7th from: <https://www.uscis.gov/working-united-states/temporary-workers/h-2a-temporary-agricultural-workers>.

WHO. (2020a). "How Does COVID-19 Spread?" Retrieved July 7th from: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/question-and-answers-hub/q-a-detail/q-a-coronaviruses>.

_____. (2020b). "What Are the Symptoms of COVID-19?" Retrieved July 7th from: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/question-and-answers-hub/q-a-detail/q-a-coronaviruses>.

_____. (2020c). "What is a Pandemic?" Retrieved July 7th from: https://www.who.int/csr/disease/swineflu/frequently_asked_questions/pandemic/en/