

Pandemic adds to food insecurity in Africa, but little threat in SA

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Global food and agricultural supply chains are taking strain from disruptions caused by the Covid-19 pandemic. This is the case whether one looks at meat or grain supply chains.

First, the US, Brazil and Canada, which accounted for nearly a third of global meat and edible offal exports in 2019, have closed some of their meat processing plants over the past few days in response to the spread of Covid-19 among employees. In the US and Canada, the major closures are beef and pork processing plants, while in Brazil the closures are of poultry-related plants. Given these countries' significant combined contribution to global meat exports of 28%, if the plant closures spread and they remain closed for a prolonged period there could be a global meat shortage and potential uptick in prices.

Fortunately for SA, from a beef perspective it is a net exporter. Hence the closures of certain plants in top exporting countries presents minimal risks from a food security perspective. However, when it comes to pork SA remains a net importer of mainly ribs from Europe. These imports accounted for roughly 6% of domestic consumption in 2019. Similarly, about 20% of domestic poultry consumption is imported, mainly from Brazil, the US and EU, according to Trade Map data. This essentially means that if the disruptions to meat processors in the US and Brazil persist and spill over to the global market, SA will be affected, particularly when it comes to poultry imports.

Second, wheat continues to be plagued by the spectre of export limitations. In March Russia placed an export quota of 7-million tonnes of wheat in the three months to June to protect its domestic supply during the pandemic before the July harvest of its new crop. This quota has now been reached, and it is unclear if the country will issue a new quota for the remaining months leading to July.

Russia is the world's leading wheat exporter, accounting for 19% of global wheat exports in the 2019/2020 season. On average, exports account for 45% of Russia's wheat production of 77-million tonnes. With the International Grains Council forecasting a 9% year-on-year increase in Russia's wheat production in 2020/2021, I doubt further wheat export restrictions will be announced post-July 2020. Nonetheless, the policy direction Russia takes will have implications for SA, which imports half of its annual wheat consumption, with Russia among the leading suppliers.

Third, looking further afield to the rest of Africa, there are rising concerns over food insecurity in 2020. These stem from unfavourable weather conditions, which has negatively affected agriculture in various countries, and spreading locust swarms.

Zimbabwe suffered from drought and floods in 2019, and the production of staple crops fell more than half. Agriculture in Zimbabwe also started the 2020 production season on the back foot due to unfavourable weather. The International Grains Council forecasts the country's 2019/2020 maize production at 800,000 tonnes, which

is less than half of what it needs to satisfy annual consumption of 2-million tonnes. In East Africa, as locusts continue to spread Kenya, Somalia and Uganda could experience crop losses.

It is important that the disruptions to meat supply chains in the US, Brazil and Canada are monitored, but I don't foresee an immediate threat to SA's supplies. This is because of the country's relatively lower dependence on imports of meat. In the case of wheat, Russia is a big enough wheat market to warrant policy attention. On the rest of the continent, the lingering challenge of food insecurity has only been accentuated by the Covid-19 pandemic.

To mitigate societal risk, food insecurity should be on the front burner when the continent mobilises resources from the public purse and multinational and developmental institutions.

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