



### Preliminary Considerations on *The Food and Agriculture Policy Response to Covid-19*

April 2020

In an ambitious response to combat the COVID-19 pandemic, governments in OECD countries and beyond have started to adopt extensive policy measures to decelerate the spread of the disease, and limit its negative impact on our societies and economies. As it is estimated that each month of containment will result in a 2 percentage point loss in annual GDP growth for the overall economy<sup>1</sup>, some of these measures significantly disrupt the flow of food products and commodities as well as workers that are essential to ensure supply security in the global food and agriculture system.

In this context, *Business at OECD* urges governments to ensure international agri-food supply and security through a coordinated international effort. We call on governments to suspend as quickly as possible interventions and protectionist policies that lead to arbitrary restrictions and disruptions in food and agriculture supply chains, learning from the experience of the 2007/08 and 2010 world food commodity price spikes. In particular the re-emergence of export restrictions needs to be swiftly reversed by domestic government action, potentially coordinated through the G20 or other international formats. In this context we refer to the G20 Extraordinary Agriculture Ministers declaration of 21 April on “working to ensure the continued flow of food, products, and inputs essential for agricultural and food production across borders” and the G20 Ministerial declaration of 19 March dealing with COVID-19.

For the OECD, it is now more important than ever to deliver best policy advice - on both, short-term collective response measures, as well as the longer-term recovery plans that will soon need to be implemented. In particular, we urge the OECD Agriculture Committee to support the Organization’s member and partner countries in ensuring the crisis does not bring substantial disruptions to world food and agriculture production and global value chains.

We call on the OECD and its’ Agriculture Committee in particular to:

- ***Ensure enhanced transparency on the introduction of national food and agriculture measures in response to Covid-19, potentially building on the annual OECD Agricultural Policy Monitoring and Evaluation and the G20 direction to the AMIS secretariat to even more closely monitor developments impinging on world food security.***
- ***Reduce and avoid disruptions in food and agriculture supply chains by:***
  - ***Modelling and identifying supply chain shortages brought on by policy response measures and a move towards protectionism, including shortages of field workers.***
  - ***Providing best practice solutions to anticipate and mitigate the pandemic’s impacts on food security and livelihoods, as well as agri-food trade and markets.***
  - ***Highlighting the negative effects of specific measures, including those that increase price volatility, recognising in this context the importance of coordinating international policy responses.***

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<sup>1</sup> [OECD \(2020\)](#): Secretary General Angel Gurría’s Statement for the G20 Videoconference Summit on COVID-19

- *Emphasize the lessons to be learnt from the 2008/2009 and previous world food crises, and how preparedness for systemic risks can be increased in the aftermath of the crisis through improving risk management, increasing resilience, and strengthening innovation and digitalization.*
- *Contribute evidence to the debate on national dependencies on international agricultural value chains, and highlight the benefits of open markets.*
- *Examine the impact of the access and benefit sharing policy under the Convention on Biological Diversity on research and innovation to find anti-viral medication.*
- *Ensure sustainability and inclusiveness by assessing the impact of trade restrictive policies on the most vulnerable populations, in particular in emerging countries with a high dependency on the agricultural sector as a source of income.*

## Policy Issues Requested to be Addressed by OECD Member Countries and Partners

Business at OECD members strongly encourage OECD member and partner governments to urgently consider and address the following preliminary points to ensure continued cross-border trade flows and avoid supply and demand disruptions in food and agriculture supply chains. In this context, the entire global value chain for agri-food should be deemed essential in order to arbitrary restrictions and disruptions of highly complex supply chains:

- Recognize the entire agri-food supply chain as ‘essential’, including seasonal agricultural labour, farm inputs (seeds, fertilisers and crop protection), food and drink products, ingredients, packaging and packaging materials (which among others are essential for food safety and transportation), veterinary, pet food, feed and other inputs with a view to avoiding restrictions and delays at borders.<sup>2</sup>
- Publish clear, coherent and timely guidance regarding border-measures and procedures and ensure transparency for business in a rapidly changing landscape, particularly where measures are applied for supply chain relevant products and inputs designated non-essential, and ensure standardized documentation requirements. In this context ensuring that governments do not pull back from their commitments to trade facilitation agreed at the 2013 WTO Bali Ministerial Conference and which only recently entered into force.
- Consider procedures for priority clearance for essential goods to avoid disruption in value chains of essential goods and services, including the implementation of ‘green lanes’ for trucks carrying goods relevant to food and agriculture supply chains to provide for rapid inspection and release of essential products.
- Keep food supply chains going to safeguard access in OECD countries and beyond, including by ensuring that logistics providers, digital infrastructure and service value chains remain operational.
- Give consideration to measures to re-distribute food, which cannot reach its intended market owing to supply chain disruption and changes in the structure of consumer demand (from the service sector to home consumption) to those in need of assistance and as a means of avoiding food waste.
- Develop a coordinated approach to supporting developing country partners and vulnerable populations with emergency supplies and humanitarian assistance, including support for locust control in Africa.
- Ensure that – within necessary safeguards – the international movement of essential business persons and labour remains as free and predictable as possible, and any restrictions are evidence-based and risk-proportionate<sup>3</sup>. This should particularly concern amongst others:
  - Agricultural workers and food processors to avoid disruption in food supply chains, particularly as the growing seasons starts. This is particularly urgent for seasonal

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<sup>2</sup> For example, disruption of transportation of aluminium and semi-finished products can result in delayed deliveries of can sheet and foil sheet for the packaging of food, drinks but also pharmaceutical and medical products.

<sup>3</sup> WHO (2014) and OECD (2020) highlight that travel restrictions delay but do not prevent pandemics (e.g. by 3-4 weeks when 90% of air travel is restricted in affected countries). Travel restrictions per se, in particular international restrictions, are estimated to reduce the attack rate (which represents the proportion of the population who are infected) by just 0.02%.

*agricultural work forces where delays to their employment will lead to the loss of at least some Northern hemisphere summer fruit and vegetable crops.*

- *Logistics personnel, who must be able to travel between their home base and outbound destinations to uphold global supply chains, including air cargo pilots and crew;*
- *ICT and telecom equipment repair and maintenance workers to be able to move freely to conduct on-site repairs for customers.*
- *Business persons, as a condition of trade and investment, who are indispensable for upholding critical elements of supply chain and legal functions.<sup>4</sup>*
- *Explore control mechanisms and conditions that avoid multiple day quarantine upon arrival or return through the implementation of other COVID-19 control measures, and consider adopting special visas, work permits and more flexible regulations to facilitate trade in agri-food supplies.*
- *Explore post-quarantine easing measures for the agri-food sector as general movement, trade and mobility restrictions begin to be lifted.*
- *Explore mechanisms to counter basic aversion behaviour and uncertainty, and to incentivize the international movement of essential business persons and labour where shortages of essential goods and services may occur.*
- *As governments and stakeholders take stock of what has worked and what has not throughout this experience, we believe cataloguing them would have great value. We suggest organizing a G-20 task force on COVID 19 Lessons Learned in the next 6 to 8 months to be convened in close cooperation with B-20. The conference should discuss the lessons learned of COVID 19 to promote future cooperation between the public and private sector as well as how to adapt working processes of G-20 and international organizations in the changing global environment.*

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<sup>4</sup> In this context, we emphasize potential implications under tax law. For example, in order to satisfy the *management and control* test, board of director meetings are supposed to be held in the location of the company the board governs. If the directors cannot be present in the location of the company, the company might fail the test and face adverse tax consequences. Further, if employees are supposed to work in a specific location, but are forced to stay in another one under current containment measures, this could potentially create a *permanent establishment* in this other country, with equally adverse tax consequences for the company.