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Food supply chain disruptions and trade protectionist measures amid COVID-19 pandemic could cause food shortages across ASEAN

The ASEAN Food and Beverage Alliance (AFBA) and Food Industry Asia (FIA), the regional associations representing ASEAN's and Asia's food and beverage (F&B) industries respectively, together with the ASEAN Business Advisory Council (ASEAN BAC) and the EU-ASEAN Business Council (EU-ABC), as the voices for the ASEAN and European businesses across the ASEAN, and their respective members stand united with the governments of the region in their fight against the spread of COVID-19.

These are extraordinary times, and extraordinary action is needed to help stem increases in infection rates and protect citizens. Many of our members are proactively working with authorities across ASEAN to assist in tackling COVID-19, and providing relief to customers, employees and the communities in which we work. Ensuring that the production, provision and distribution of food and beverages, including the overall supply chains that support these sectors, can continue across the ASEAN region will be key part of that support.

As countries in the region tighten border access and restrict the movement of non-essential goods, the categorisation of all food and beverages should remain as essential to ensure a continuous supply of these products to all people. The availability of workers to support production is critical with the necessity of all industry players to reinforce efforts to keep employees safe and healthy and being cognisant of rules related to social distancing wherever possible.

This is especially critical as the food supply chain is a complex web that involves producers, agricultural inputs, transportation, other logistics, availability of workers and so much more. In the ASEAN region, food systems remain highly interdependent – and disruption to any part of it will have unforeseen knock-on effects. Furthermore, this interdependence extends to the broad range of non-food inputs that go into production – including animal feed, seeds, chemicals, oils and packaging.

While the food industry recognises the need for governments to take extraordinary and unprecedented measures to protect its population from COVID-19, the issue at hand is the delay and disruption of manufactured food and beverage products, ingredients, raw materials, and packaging for domestic consumption and for exports. Significant delays in manufacturing and distribution will slow down the entire food supply chain and could effectively contribute to a potential shortage of essential goods, which is why collaboration and open communication are essential.

The key role that governments play is to ensure a stable food supply of manufactured food and beverage products, ingredients and other raw materials, as well as distribution by the retail sector. They also ensure that travel restrictions, including border management controls, do not result in the disruption of food supply chains.

ASEAN's food value chain is not only crucial for ensuring food security, but also a major driver of GDP and employment in the region. In terms of GDP, the food value chain contributes around US\$500 billion of economic output, which is around 17 per cent of ASEAN's total GDP. The share of jobs is even higher, accounting for 34 per cent of the total labour force.

It is widely recognised that the impacts of the crisis could become more challenging over the coming months if the situation continues to worsen. If the main phase of the crisis was to continue for



another six months, many businesses are predicting falls of 10-15% in production and revenue, and 5-10% in employment – when compared with pre-crisis expectations for 2020¹. Although this is changing and could deteriorate further over the coming months.

In this difficult time, it is important that governments assure consumers that they will have access to essential food. This can be achieved by maintaining stable food production, and access to workers, agricultural supply lines, transportation and logistics during this time of crisis.

A concerted effort will be required between industry and governments to keep supply chains open and minimise disruption to the food system and ASEAN communities.

AFBA and FIA, together with ASEAN BAC and EU-ABC, put forward the following recommendations for consideration to ASEAN leaders:

1. We commit to do whatever we can to ensure uninterrupted food production and supply chains, including the preservation of open borders for goods, both at an upstream and downstream level, whilst working closely with governments to assist them in their fight to contain COVID-19.
2. Those involved in food and beverage supply chains are considered to be critical infrastructure and essential and therefore be allowed to work, with appropriate measures in place to ensure their health and safety put in place.
3. Protect the labour supply to keep supply chains functioning, with businesses implementing measures such as provision of personal protective equipment and safe distancing. Ensure those who are sick or feeling unwell do not work to protect others.
4. Ensure public and private consultation for any policy decision around the supply of food to mitigate the effects of the crisis as much as possible.

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¹ Source: PricewaterhouseCoopers Survey