

Protecting the EU agri-food supply chain in the face of COVID-19

SUMMARY

In response to the COVID-19 pandemic, EU countries' governments have taken a host of measures, including reintroducing border controls and setting limits to free movement of people within their territory, in an attempt to stem the spread of the disease.

These measures have had a pronounced impact on the EU agri-food supply chain. The EU food system is a complex web of inter-related sectors that ensure both the sustenance of EU consumers and the achievement of food security, one of the EU Treaty's objectives. This system relies on about 10 million farms, several hundred thousand food and beverage processing companies, thousands of businesses manufacturing agricultural inputs or handling packaging, transport, storage and distribution, as well as wholesalers, markets and other retailers.

When the functioning of any one sector of the food chain is hindered, the whole chain can be disrupted. For instance, as highlighted by sectoral stakeholders and then addressed by EU-level measures, recent national restrictions have contributed to problems such as blocked transport routes, long queues at border checks for commodity transport, and shortages of seasonal farm workers who can no longer move freely from one Member State to another.

Specific schemes have been set up at EU level as a lifeline to farms and companies from the agri-food sectors that have been the hardest hit and are in greatest need of support. The European Parliament voted the first emergency measures to combat COVID-19 at an extraordinary plenary meeting on 26 March. Members of the Parliament's Agricultural and Rural Development Committee have put forward proposals on further measures. There has also been an overhaul of EU farm policy rules as a first step to address the emergency at EU level. How these rules will evolve further depends on the concerted efforts of all parties concerned: stakeholders, the EU and national policy-makers. Unified action at EU level is also required to complete the legislative process for the adoption of the 2021-2027 long-term EU budget and future EU farm policy, discussion of which has slowed down due to the crisis.



In this Briefing

-)] Introduction
-)] The EU agri-food sector: Key figures
-)] Main impacts of COVID-19 response measures
-)] Stakeholders' views and proposals
-)] EU-level coordinated action

Introduction

First identified in China at the end of 2019, cases of COVID-19, a disease caused by a new type of coronavirus (SARS-CoV-2), were reported in some EU Member States in early 2020. In early March, with cases of COVID-19 reported from all sides of the planet, the World Health Organization (WHO) declared the new virus outbreak a [pandemic](#).

Although it is too early to measure the [impact](#) of the COVID-19 crisis on the agri-food sector, with much depending on how long the crisis lasts, it is already possible to see parts of the picture. The agri-food sector is considered strategic, and [preventing](#) a food security crisis is in everybody's interests. EU Member States' initial response to the spread of COVID-19 has included reintroducing border controls and limiting the free movement of people within their national territories in a bid to slow down the spread of the infection. While these measures have affected some products more strongly than others, they have also disrupted the functioning of the entire agricultural sector and all other sectors in the food supply chain. Both Member States and EU institutions agree that it is of outmost importance to avoid such disruptions from hampering food security. EU institutions have started adopting relevant legislation and coordinating with Member States to provide a coherent response.

On a positive note, on 9 March 2020 the European Food Safety Authority (EFSA) [announced](#) that there is currently no evidence of food being a source or a transmission route of COVID-19.

The EU agri-food sector: Key figures

The EU food system relies on a complex web of inter-related sectors that bring food to consumers. In 2019, around 10 million farms produced, as part of their diverse output, 300 million tonnes of [cereal grains](#), about 23 million tonnes of [pig meat](#), and 140 million tonnes of raw [cow's milk](#). That year, the value of the EU's total agricultural [output](#) stood at slightly less than €400 billion. A large portion of this output gets processed into food and beverages by thousands of enterprises (280 000 in [2017](#), half of them [making](#) baked and farinaceous products, followed by those producing meat and meat products, and by those producing beverages). Trade in agricultural products and foodstuffs with countries outside the EU is another important element of the EU food system. It offers new market opportunities to EU producers, raw materials to EU food-processing facilities (which represent the largest share of EU imports from third countries), and a wider choice of products to EU consumers. In 2019, EU [trade](#) in food and drink represented 8 % of all exports and 6 % of all imports. Finally, a number of other players are involved in the food supply chain, such as agricultural inputs producers, packaging enterprises, transport businesses, storage warehouses, distributors to selling points, and wholesalers, markets and other retailers.

Not only does this complex system employ millions of people but it also contributes to achieving the [objectives](#) of the EU's common agricultural policy (CAP) set by the Treaty on the Functioning of the European Union (TFEU). These, among others, aim at ensuring the availability of food supplies at reasonable prices for consumers (Article 39 TFEU).

Main impacts of COVID-19 response measures

The UN Food and Agriculture Organization (FAO) has [warned](#) that 'there are countless ways the global food system will be tested and strained in the coming weeks and months' due to the COVID-19 pandemic. If in the short term market disturbance may be minimal, thanks to an adequate supply and existing stocks of food, the FAO expects disruptions in food supply chains and a subsequent looming crisis, 'unless measures are taken fast to protect the most vulnerable, keep global food supply chains alive and mitigate the pandemic's impacts across the food system'.¹

Across the EU, consumers have responded to the restrictions on free movement and the more or less stringent confinement rules their governments have imposed with panic-buying and stockpiling. This has occurred in spite of reassuring messages that food is available and the food supply chain continues to function. Local retailers may see a spike in demand for fresh produce as

more people start to shop locally; this, combined with supply issues, could mean that some products will soon be in short supply. Moreover, there could be spikes in the prices of certain products that are perishable, have a high value and lower stock capacity, or are more labour intensive. Such products include certain raw materials, fresh fruit and vegetables, milk and meat.

Logistics and transport disruption

EU agri-food sector logistics has been disrupted by the initial measures taken by EU countries either affected by the spread of COVID-19 in their territory or seeking to limit its spread from nearby countries. These measures have consisted mainly of the reintroduction of border checks or closure of the borders with other Member States (with temporary suspension of the [Schengen](#) rules on free movement), and in strict confinement measures for parts of national territory (for instance, 'red zones' where no access is allowed). These have resulted in blockages to transport routes and long queues at border checks (especially problematic for fresh food), or quarantine measures preventing or limiting access to markets (such as in the town in central Italy which hosts one of the country's largest [wholesale](#) fruit and vegetable markets). The UN Economic Commission for Europe (UNECE) has launched an [observatory](#) on border-crossing status featuring government/official source information (as well as remarks from the International Road Transport Union) on travel restrictions and border shutdowns by country.

Restrictions on goods transport have in their turn affected [international trade](#) in agri-food products; in the EU this has led, among other things, to inputs shortages for the agri-food sector (such as refrigerated containers for food transport and storage) and difficulties experienced by agri-food exports in reaching third-country markets (especially in the case of production destined for China).

Shortages of seasonal workers

The looming shortage of seasonal agricultural workers is a major source of [concern](#), as it could severely disrupt food production and processing. On the one hand, such shortages are related to the fact that seasonal workers often live and work in poor conditions and are therefore at [higher](#) risk of contracting the virus. On the other hand, they will arise as a consequence of the restrictions imposed on the free movement of workers from one Member State to another. Many EU agricultural holdings rely on the work of foreign seasonal workers, especially from eastern Europe, who are employed in the more labour-intensive western European sectors. Labour shortages are a pressing problem especially for those fruits and vegetables that will soon need to be [harvested](#).

By contrast to foreign seasonal workers who are hampered by border closures, those residing in countries affected by COVID-19 employed in the agri-food sector can generally continue working. Where restrictions to free movement and confinement measures have been imposed in relation to the COVID-19 pandemic, national authorities have listed the sectors considered essential and thus not subject to such restrictions. Agriculture and all sectors that make up the food chain feature in these lists.² The Italian Institute for Statistics (Istat) [estimates](#) that despite the restrictions, 854 000 farm workers, almost 1.8 million workers in commerce, and over 1.14 million workers engaged in transport and storage are able to continue their activity.

To remedy the shortage of foreign seasonal workers, initiatives have been launched to recruit locals who are available to do harvesting work in the fields. Internet platforms, such as '[Let's take action to secure our bread](#)' in France and '[the country helps](#)' in Germany, help to bring farmers and potential harvest workers together. Other remedial [options](#) could involve recruiting workers from sectors currently at a standstill (such as catering), or offering temporary flexible solutions for short-term jobs (as in Germany, where a 'corona-package' of [rules](#) has been adopted to ease the terms for temporary farm employment). Following requests from farmers' representatives in countries such as [Italy](#), [Poland](#), and [Spain](#), a number of Member States have already extended foreign seasonal workers' residence permits that were about to expire, to enable them to stay and work throughout the harvest season.

Some sector-specific impacts

Although all farming activities may be exposed to negative impacts in the medium to long term, some have already felt these impacts in the short term.³

Certain horticultural products are very labour intensive and, given the approaching harvesting season, the shortage of seasonal workers is highly alarming. There are also concerns about the wine sector, for now mostly in relation to the low absorption of existing stocks on the disrupted international market. Transport of [live animals](#) (especially headed for Italy, the main EU importer of live cattle and sheep, but also for a number of [other](#) destinations within the EU) has been affected by the reintroduction of border checks, causing disruption to business but also excessive animal suffering.

On account of the social distancing imposed by most Member States to slow down the spread of the virus, all public and private ceremonies (such as marriages) have been banned and non-essential shops (except those selling food and medicines) closed. As a consequence, growers and companies from the ornamental sector (cut flowers and ornamental plants) have started destroying their stock, which, on top of having limited shelf-life and marketing, cannot be placed on the market for the time being. In Italy, sector representatives estimate [losses](#) of up to €300 million if the ban on wedding ceremonies remains throughout the spring.

Further sector-specific impact has to do with the closure of public eating places, the cancellation of public and private events at which catering services are offered, and the interruption of air travel and the related food retail sector. This will require a shift in the supply chain with volumes of food to be sold through different channels.

Agri-tourism has also suffered badly, following governments' advice to the public to avoid unnecessary travel as a first step, and the imposition of measures limiting free movement and introducing lockdown, as a subsequent one. Since the COVID-19 outbreak, many establishments have had to [stop working](#); [dealing](#) with cancellations of existing reservations and coming to terms with the lack of new ones has been their daily routine.

Stakeholders' views and proposals

Ensuring the functioning of the EU food value chain

On 18 March, Copa-Cogeca (the union of EU farmers and their cooperatives) and the European Council of Young Farmers (CEJA) sent a [letter](#) to the European Commission President, Ursula von der Leyen, demanding that all necessary measures be taken to safeguard and guarantee the functioning of the agricultural sector in light of the restrictions adopted by national governments to address the COVID-19 crisis. The letter also called for action across the food value chain, and highlighted that the exceptional circumstances warranted redirecting funds from sources outside the agricultural budget in support of agriculture and agri-tourism. Moreover, Copa-Cogeca published an assessment of the impact of the COVID-19 pandemic on the agricultural sector (see Main References below), revealing that while farmers continue to work at almost full capacity on farms, concerns are emerging over facilities' capacity to collect, transfer, and process certain raw-material commodities (such as milk – as also highlighted by the [European Milk Board](#) – meat, fresh fruit and vegetables), over possible speculation on prices and unfair trading practices, and over obstacles to the transit of goods. Concerns related to the working conditions in the agricultural sector in the current context and the shortage of seasonal and skilled workers have been raised by the Employers' Group of Professional Agricultural Organisations (GEOPA-COPA). [Commerce](#) and [transport](#) sector stakeholders have called for action to ensure the flow of goods and the protection of workers.⁴

Many of these concerns were echoed in a 19 March [joint statement](#) by EU agri-food sector representatives FoodDrinkEurope (representing the food manufacturing industry), the European Liaison Committee for Agricultural and Agri-Food Trade (CELCAA, the EU umbrella association

representing the trade in agri-food and commodities to the EU), and Copa-Cogeca, expressing their resolve to work closely together to ensure food security in Europe while preserving workers' health. The statement stressed the increasing number of problems posed by the restrictions at national borders, such as delays in business operations and impediments to the free movement of workers. Preserving the EU single market, exploring ways to support stakeholders in the food value chain, and monitoring the potential lack of workers were among the key points raised in the statement. FoodDrinkEurope also wrote to the Commission president putting forward five urgent proposals to help ease food supply pressure: i) support the food sector workforce, including with guidelines to Members States to establish harmonised protocols for food sector workers' safety; this was [further developed](#) in a joint statement of 25 March by FoodDrinkEurope and the European Federation of Trade Unions in the Food, Agriculture and Tourism Sectors (EFFAT); ii) recognise the entire food supply chain as 'essential' everywhere in the EU, to keep the food supply chain functioning in all of its aspects; iii) unblock transport bottlenecks, including through harmonisation of border-crossing protocols and redistribution of food that cannot reach its intended market; iv) support struggling businesses, for example, through the flexible implementation of State aid rules and certain fiscal support; and, v) facilitate global trade in food and drink products and essential ingredients, including through bilateral talks with main trade partners.

Transport of live animals and feed

A large group of animal welfare organisations sent a [letter](#) dated 19 March to Commission Executive Vice-President, Frans Timmermans, Commissioners for Agriculture, Janusz Wojciechowski, and for Health and Food Security, Stella Kyriakides, and to the President-in-office of the Agriculture and Fisheries Council (AGRIFISH), Croatia's Marija Vučković. The letter urged the Commission and the Council to suspend all exports by land and sea of live farm animals to non-EU countries; to suspend all transport of live farm animals on journeys over eight hours between Member States; and, until such trade is suspended, to ensure rapid communication about border crossings with long queues and of countries that will not admit livestock vehicles from certain countries. These demands stem from the group's concerns that respect for [existing rules](#) on live animal transport cannot be guaranteed under the current critical circumstances. Therefore, continuing such transport would cause farm animals unnecessary suffering and expose the personnel involved (drivers, vessel crews, veterinarians, etc.) to the risk of getting infected or infecting others while travelling abroad, including in third countries with inadequate health systems. More than 40 Members of the European Parliament have [echoed](#) these demands.

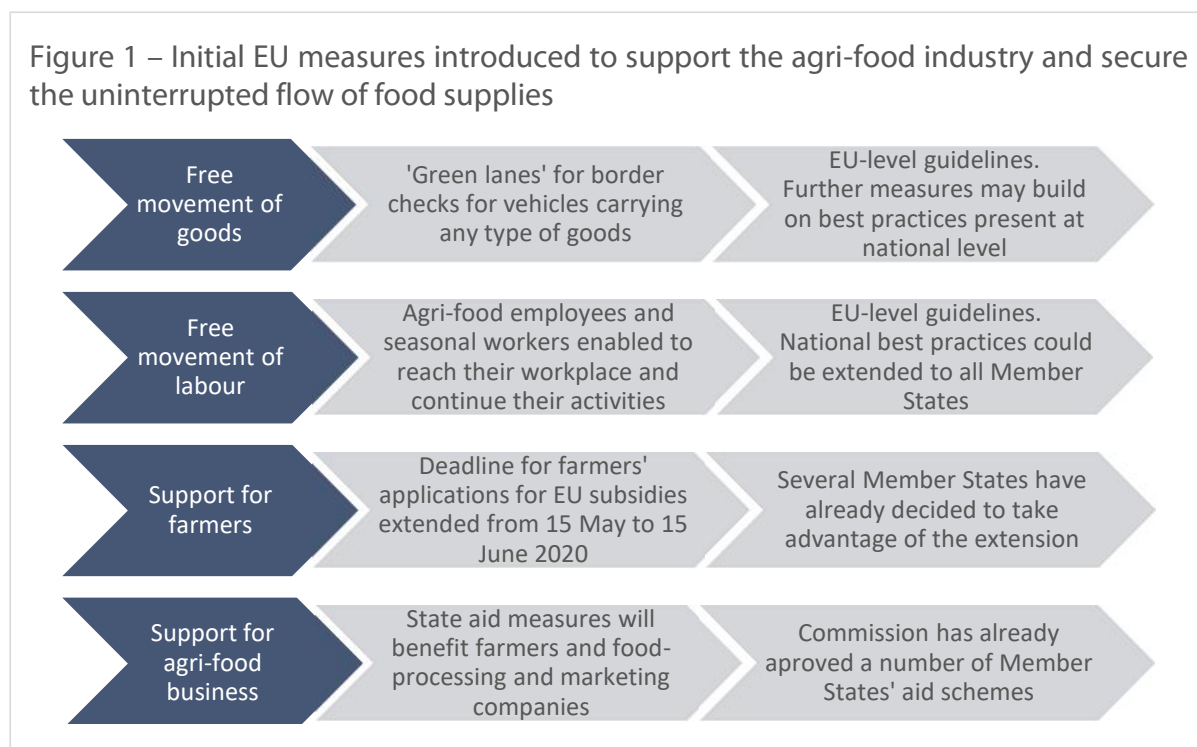
On 17 March, EU grains, oilseeds and feed value chain stakeholders [called](#) for the Commission to 'recognise the status of feed as essential goods in the EU COVID-19 guidelines' and for a harmonised approach to ensure that all food and feed, even if not perishable, can be transported without restrictions as long as all required health safety measures are respected.

EU-level coordinated action

The first measures in response to the COVID-19 crisis

Since the start of the COVID-19 outbreak, the Commission has launched a number of initiatives to help countries fight the virus and to mitigate the impact of the pandemic crisis. In pursuing this line of action, on 13 March the Commission made three urgent [legislative proposals](#) on funding and relief measures in response to the outbreak; one of these proposals, the [Coronavirus Response Investment Initiative](#), envisages support to SMEs and short-term work measures. The proposals and measures were welcomed in a [video statement](#) released on 13 March by the European Parliament President, David Sassoli, and endorsed by the [European Council](#) of 17 March. At its [extraordinary plenary session](#) of 26 March 2020, the Parliament [voted](#) on these proposals using [remote voting](#). Following adoption by the Council, all three were [signed on 30 March](#).

Figure 1 – Initial EU measures introduced to support the agri-food industry and secure the uninterrupted flow of food supplies



Other measures taken by the Commission that are of [relevance](#) to the EU agri-food supply chain include (see also the summary in Figure 1):

-) the adoption on 16 March of [Guidelines for border management measures to protect health and ensure the availability of goods and essential services](#), and on 23 March of further [practical guidance](#), aimed at ensuring the availability of goods during the temporary reinstatement of internal borders by Member States. The objective is to let trucks and lorries transporting goods pass through fast-track ('green lanes') border crossings. Any checks and health screening of transport workers through these green lanes should not exceed 15 minutes on internal land borders. The guidelines include recommendations for drivers and relevant transport-related undertakings and competent public authorities for safeguarding the health of transport workers;
-) the adoption on 30 March of [Guidelines concerning the exercise of the free movement of workers during the COVID-19 outbreak](#), aimed at ensuring that workers in critical occupations (including in the food sectors, fishery and transport) can reach their workplace. Member States should exchange information on their needs for seasonal farm labour and ensure that harvesting, planting and tending functions are to be treated as critical occupations. Seasonal workers occupied in these activities should be allowed across borders to exercise their work, provided such work is still allowed in the host Member State. Member States should communicate to the employers their responsibility to provide adequate health and safety protection for their seasonal workers;
-) the [Temporary Framework for State aid measures](#), published on 19 March, which enables Member States to ensure liquidity to businesses through a range of measures such as public loans and direct grants. Food processing and marketing companies can each benefit from a maximum amount of €800 000 in aid, undertakings active in the fishery and aquaculture sector from a maximum of €120 000, and farmers from a maximum of €100 000, which can be topped up by *de minimis* aid (national support specific to agriculture granted without prior approval from the Commission), adding up to a total maximum aid of €120 000 (or €125 000 in some cases) per farm;
-) the [extended CAP payment application deadline](#) (15 June rather than 15 May) extended to all Member States on 17 March, following the initial request by Italy.

The way forward for tackling the crisis

In a 23 March [letter](#) to current AGRIFISH Council President, Marija Vučković, and Agriculture Commissioner, Janusz Wojciechowski, the Chair of Parliament's Agricultural and Rural Development Committee (AGRI), Norbert Lins (EPP, Germany), addressed a number of issues related to the impact of the pandemic on the farming sector, highlighting that farmers face difficulties both in accessing the means of production and in delivering produce to consumers. Sent ahead of agriculture ministers' video-conference on 25 March, the letter [calls](#) on the Commission to: i) develop a strategy to cope with possible difficulties in CAP implementation in the coming months, and simplify procedures while giving Member States maximum flexibility and allowing general derogations in the implementation of CAP measures until end-2020, ii) introduce measures for the most affected sectors (for instance, in the form of credit lines for farmers), and iii) stabilise prices, for instance, by removing products from the market for distribution to the most deprived persons or for private storage. Other points raised in the letter of 23 March, on allowing the passage of agriculture and agro-industry inputs and materials via the green lanes, on facilitating cross-border movement of seasonal workers, and on communicating to farmers their responsibility as employers to protect their seasonal workforce, were later addressed in the Commission guidelines mentioned above. On 25 March, the Croatian Presidency of the Council organised a [video-conference](#) for EU agriculture and fisheries ministers to discuss the impact of the epidemic on the agri-food sector and share information between Member States and EU institutions. Commissioners Wojciechowski and Sinkevicius, and Copa-Cogeca representatives, also took part in the meeting. Discussion focused on the identification of critical obstacles to ensuring the functioning of the food supply chain and on potential specific and targeted measures to support the EU agricultural and fisheries sector.

The ministers pointed out that there is a sufficient amount of food for the EU public and that the measures taken so far to ensure the movement of goods are helping in this direction. As for the measures proposed as an additional response to the COVID-19 crisis, a number of ministers mentioned certain CAP rules that should be adapted in light of the current situation. These include: i) simplifying the procedures for Member States' implementation of CAP legislation in relation to control and reporting obligations; ii) modifying rural development programmes and introducing flexibility in the transfer of funds between measures and programmes; iii) advancing payments; and iv) activating intervention and crisis measures provided for under the common market organisation (CMO). The latter point was [raised](#), among others, by the Spanish minister. The French minister [urged](#) adaptation of the CAP rules and stressed the urgency of triggering exceptional crisis management measures. The Dutch minister [raised](#) the issue of the most affected sectors (such as flowers and ornamental plants, for which demand has dropped by 80 %), and pointed out that in the absence of other subsidies, a safety net for market crisis should be triggered. The Italian minister [announced](#) the upcoming publication of a proposal on an agricultural programme addressing the extraordinary circumstances; this programme would be implemented with resources outside the CAP budget and will envisage the remodelling and reprogramming of CAP resources. The Croatian minister stated that the presidency would summarise the outcome of the meeting and together with the Commission evaluate further steps to be taken.

Interviewed on 27 March, Commissioner Wojciechowski [said](#) that the Commission was ready to take further action to both simplify CAP implementation and make it more flexible in addressing the crisis. He also stated that crisis measures would be triggered in case of serious market disturbances.

Impact of the crisis on the reform of EU farm policy

The spread of COVID-19 in Europe has also had an impact on the legislative process related to the CAP reform. Before the outbreak of the pandemic, three Commission proposals on the post-2020 CAP (a proposal for a [CAP strategic plan regulation](#) on direct payments to farmers and support for rural development and for agricultural sectoral programmes; a proposal for a [CAP horizontal regulation](#) on the CAP financial governance; and a proposal for an [amending regulation](#) of the CMO,

quality schemes and specific measures for the outermost regions and smaller Aegean islands) were being analysed by the Parliament and the Council, but none of the co-legislators was ready to start interinstitutional negotiations just yet. The CAP reform process is also linked to the approval of the 2021-2027 EU budget, whose negotiations have also been further delayed by the COVID-19 crisis.⁵

To take into account the delays in the legislative process for the CAP reform, the Commission put forward in October 2019 a proposal for a [transitional regulation](#) extending current CAP rules to 2021. This proposal was also being analysed by the Parliament and the Council before the outbreak of the pandemic. One of the main [amendments](#) put forward by the Parliament's rapporteur, Elsi Katainen (Renew, Finland), is a safeguard clause to prolong the transitional period to 31 December 2022, if the new EU budget and CAP are not in force by a set date. Currently, [many](#) are of the opinion that a clause introducing a two-year transition period could be the best solution. This would also allow to take into consideration a recent European Court of Auditors' [opinion](#) suggesting that the transitional period should be used to enhance the performance measurement of the CAP and its environmental ambition, in line with the [European Green Deal](#) and the [Farm to Fork strategy](#). Moreover, Member States would have more time for [preparing](#) their CAP strategic plans in the current difficult conditions of work for national administrations.

MAIN REFERENCES

[COVID-19 – Novel coronavirus outbreak in Europe and the EU response](#), EPRS, European Parliament, 2020.
[Background document on the impact of COVID-19 pandemics on the agricultural sector](#), Copa-Cogeca, March 2020.

ENDNOTES

- ¹ Drawing on previous experience, the FAO has compiled a [list](#) of analyses and solutions as support for countries' efforts in keeping food and agricultural systems functioning during the COVID-19 pandemic. This list, which will be continually updated and expanded, identifies the pros and cons of the different policy responses to problems such as lack of manpower and market disruptions.
- ² Examples of such lists of strategic sectors can be found in the Italian [Decree of 22 March 2020](#), in the French [Decree of 15 March 2020](#), in the Spanish [Royal Decree 463/2020](#), and in the Belgian [Decree of 18 March 2020](#).
- ³ For a first analysis of the impact of the COVID-19 pandemic on the different agricultural sectors, see Copa-Cogeca's [background document](#). A summary of Copa-Cogeca's main findings has been made by [EURACTIV](#).
- ⁴ This section aims to provide a flavour of the ongoing discussion about how the COVID-19 pandemic is affecting the EU agri-food system and is not intended to be an exhaustive account of the different views and proposals put forward by the sector's stakeholders in the current volatile situation.
- ⁵ On 17 March, the Parliament's co-rapporteurs for the EU budget, Jan Olbrycht (EPP, Poland) and Margarida Marques (S&D, Portugal), issued a draft legislative initiative [report](#) to request the Commission to submit a proposal for a contingency plan by 15 June 2020. This should provide a legal basis for extending the financial ceilings from the preceding budgetary year as regards expenditure programmes containing expiry dates by the end of 2020.

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