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Spread of the Corona Virus and impact on the European fruit and vegetable sector

The purpose of this note is to review potential risks for the fruit and vegetables sector due to the spread of Corona Virus in Europe and beyond. The situation is evolving rapidly and Freshfel will be monitoring the situation for the sector.

Coronavirus: international institutions guidance & recommendations and reassurances

- WHO provides multiple reports, daily updates and guidance's which can be viewed on the WHO dedicated page on Corona virus [here](#) and recommendations about how to get workplace ready ([here](#)). According to the World Health Organisation *"Even though the new coronavirus can stay on surfaces for a few hours or up to several days (depending on the type of surface), it is very unlikely that the virus will persist on a surface after it has been moved, travelled, and exposed to different conditions and temperatures"*. The risk is therefore minimal, but operators shall continue focusing their efforts in maintaining the highest levels of hygiene and food safety in their activities.
- EFSA: the unknown nature of the virus has led to concerns and rumours about its potential transmission through objects and fruits. EFSA confirmed that there is currently no evidence that food is a likely source or route of transmission of the virus. EFSA states that experiences from previous outbreaks of related coronaviruses, such as the severe acute respiratory syndrome coronavirus (SARS-CoV) and Middle East respiratory syndrome coronavirus (MERS-CoV), show that transmission through food consumption did not occur. At the moment, there is no evidence to suggest that coronavirus is any different in this respect. There should therefore be no negative impact in sales of fresh produce, notably those imported from affected regions or countries.
 - German Federal Institute for Risk Assessment (BfR): provided a FAQ responding to the questions if Covid 19 can be transmitted through food or toys. The FAQ can be viewed [here](#).
- ECDC (European Centre for Disease Prevention and Control) stated that while animals in China were the likely source of the initial infection, the virus is spreading from person to person – mainly via respiratory droplets that people sneeze, cough, or exhale. A FAQ on Covid 19 by ECDC provides responses to key questions such as precaution measures, information for travel, impact on food. The FAQ can be viewed [here](#)
- Key websites:
 - https://ec.europa.eu/health/coronavirus_en
 - <https://www.efsa.europa.eu/en/news/novel-coronavirus-where-find-information>
 - <https://www.ecdc.europa.eu/en/novel-coronavirus-china>
 - <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>

Coronavirus: food safety

EFSA and BfR have provided reassurance on the safety of food and the unlikely risk of contamination through food. Ensuring the highest guarantees of food safety is however a key element in the contingency planning. Many operators report, that hygienic processes have been reinforced in all operations and emergency protocols have been put in place in anticipation of the virus arrival. Also, food safety regarding the product itself as well as consumer education on potential pathways for infections have been increased, to make sure, fruit and vegetables are continued to be consumed.

Moreover, it is not excluded that as a result of the concerns and despite reassuring statement issues by institutions like EFSA, clients could request still additional certifications or assurances from their suppliers. It remains important that any additional assurances requested remain science-based and do not impose a burden on operators. In this regard, the move by the Italian government to stop buyers requesting additional certification in the wake of the global coronavirus outbreak can only be welcomed. National and EU authorities should monitor the risks for this type of measures to spread.

Coronavirus and global fruit and vegetables markets

A) International trade

The first effects of the outbreak for the sector were noted in China with a number of implications for the European fruit and vegetables and other suppliers due to paralysis of operations and slow down of the economic activities. Main export categories from the EU, including citrus and kiwifruit but also apples and pears experienced difficulties. Current outlook is still not engaging to ship more to China. EU exporters will have to expect severe hurdles to enter the Chinese market. This will mostly affect Spanish citrus exports to China, normally peaking in March, April and May with an average volume of roughly 30.000 T in the months of March, April and May. Redirection to other markets in Asia remains subject to the limited number of protocols for EU exporters and their conditions to allow a swift diversification. Other suppliers such as Southern Hemisphere countries are also experiencing severe distortions of trade flow and also look at market repositioning to other markets, in Asia but also elsewhere in the Northern Hemisphere. The global citrus market could be a point in case, given that more than 350.000T of citrus are destined to the Chinese market and could be distorted and diverted to other markets. Main suppliers include Egypt (28%) and South Africa (34 %), USA (20%) as well the EU (Spain – 5%%) exports at risks

Chinese supply to outside markets (South East Asia) but also into the EU, also experiences a slowdown. In regard to their export to the EU, this include some grapefruit and also garlic. The case of garlic imports is particularly sensitive, as it is governed by licenses. As exports remain (in principle) possible, the situation has not be declared as a force majeure at EU level, leaving Member States to appreciate the situation. The impossibility to extend the validity of the licenses beyond the end of the period, even under *force majeure* cases (which will be end of May for garlic) makes it more difficult to find a solution to this issue. Delays in imports could have both a short-term cost for operators and a longer impact, as the inability to import could put at risk the reference quantities built by European importers.

B) Intra-EU trade

For intra-EU trade, the fruit and vegetable sector is currently still experiencing a stable situation. Nevertheless, some issues have already been reported, including:

- Staff issues for truck companies, currently finding it challenging to cover the need for drivers and other personnel to operate in Covid-19 affected areas. This could potentially lead to an issue of scarcity of necessary nutritious fruits and vegetable in these regions. Operators should consider contingency planning on how to supply or be supplied in Corona-affected regions.
- The containment and precautionary measures recommended so far have also created some issues regarding timely arrivals and operations. This issue is particularly concerning for perishable produce.

In this context, as additional control measures are taken, especially if border closures are imposed to check movements of people within the Schengen area, intra-trade could be significantly distorted. The just announced lockdown in Italy is a first step within the EU. Potential similar measures to come in other affected Member States, like France, Spain or Belgium, could end up limiting the ability for operators to conduct cross-border trade and lead to an increased focus on national produce.

More concretely, in Italy, the most affected Member State so far, the decree of the lockdown is limiting movements of people to essentials activities and cancelling events involving big gatherings, while securing the supply of products in store based on precautionary principles. The decree can be viewed [here](#). The Italian Ministry of Health is also informing about new developments and measures (accessible [here](#)). The Minsitry of Transport is also taking measures that can be viewed [here](#) for general measures and [here](#) for transnational movements.

Whilst it is not expected that supply in Italy will be disrupted, all the steps are being taken to organize logistics internally and also internationally, based on additional measures that are also under consideration to further secure the supply chain:

- Intra EU and international trade (statement from international institutions on the absence of contamination via food);
- Essential work capacity present in workplace, to guarantee the good and efficient functionality of logistics platforms, postponing oterh task with external rressources such as e.g. maintenance of materials
- Recommendations and guidance for trucks drivers (e.g. staying in cabin to avoid contact);
- An increased digitalisation of documents to allow continuation of with minimum disruption flows.

In general terms, the ability or restrictions of operators to modify contracts and re-direct produce to other open markets will be a determinant factor in a potential knock-on effect on global fresh produce trade flows.

Coronavirus and impact on global logistics for fruit and vegetables

- Being perishable products, any delays in the supply and delivery of fresh produce in the chain represents a challenge.
- The logistical problems and staff shortage in China are resulting in a global impeded delivery situation and restrictions to movement of goods leading to delays all over Asia. Many ports and container terminals have been suffering from understaffing and limited capacities to handle the load. Importers have been challenged to unload their cargo in Chinese ports, resulting either in a blockage and increased storage time or rerouting of the shipments, leading to longer shipping times. European exporters faced

some delays in ports while some Southern Hemisphere exporters experienced severe problems to unload their goods.

- Regarding the exports to China, shipping lines have alerted clients to avoid congested ports like Shanghai and Xingang and to divert it to other Chinese destinations where plugs are available or to other markets in the region to avoid congestions. Customers who insist shipping to Shanghai and Xingang will have to accept that routing, transit and delivery time to these ports are not guaranteed. They will further have to pay a congestion surcharge per container between 1.000,- and 1.300,- USD. Blank sailings, as announced from some shipping lines, as well as the rerouting of empty containers, will increase the current financial burden on logistic operations. It is not yet possible to predict when the situation will return to normal mode. Eventually, EU exporters will have to expect severe hurdles to enter the Chinese market. This will mostly affect Spanish citrus exports to China, normally peaking in March, April and May with an average volume of roughly 30.000 T in the months of March, April and May. The slowdown in shipping has been resulting into a lower bunker price for ship fuel due to slowdown in demand. Moreover, operators report first shortages in sourcing packaging materials from China as an additional consequence.
- While no dramatic effects have been observed yet regarding international perishable trade perspective from an European perspective, the slow-down of operations in China is leading to the stranding of many (reefer) containers in ports, on board ship or in terminals, which will result a shortage of availability of containers at the global shipping markets. First impacts reportedly are already observable in Latin America, where container shortages could slow down the export of fruits to global market including to Europe. This will also lead to increased competition and costs for sourcing the containers for transport in the upcoming weeks, if not all containers are back in the market. This has already resulted in severe delays in global shipping operations.

Coronavirus and consumption

Whilst it is still early to fully study the consumption effect of the coronavirus spread, certain consumption trends can already be observed:

- **“Stock piling” effect:** Increase in sales of long-shelf life produce by end-consumers, such as onions or potatoes and other vegetables, has already been noted. Within Europe, sales of fresh produce were stables. Sales of potatoes and onions appear to have been steady.
- **Supermarkets accessibility** In some regions, restrictions on supermarkets (closure during week end, recommendations of keeping distance between customers or limit visit to supermarkets) might potentially impact trade flow. As regions under containments increase, more restrictions and increased number of population might have purchasing habits changing.
- **Preference for online shopping and bigger surfaces:** notably in China, where consumers have moved from small groceries and corner shops to online sales and big supermarkets. Big platforms have worked to prioritize fresh produce in their sales channels and accelerate deliveries. In the case of Alibaba, an alternative platform, Tabao Live, has been launched to sell fruits and vegetables through its Rural Support Program. The initiative that also allows producers to make live transmissions from their orchards, favoring sales by bringing farmers and consumers closer together.

Coronavirus and healthy diet

- While no specific reports are available associating specifically the role of an healthy diet rich in fruit and vegetable (vitamin C, immune system) and prevention of contracting coronavirus, consumers in

the current context should take advantages of a healthy diet with high consumption of nutritious and healthy fruit and vegetables. Those could be beneficial for reinforcing immune system, increasing intake of vitamins, in particular vitamin C, which could have preventive effects.

- In China, a team of experts assembled by the National Health Commission of China reported that vitamin C from fruits and vegetables can increase immunity against to the virus. These recommendations could also be included in the preventive guideline's issues by other national Health authorities.

Coronavirus and political actions

- Many F&V relevant political events, commercial fairs and conferences are currently under review or have been already cancelled or postponed, among them export-promotion workshops in Asian countries and the IPPC 15th Session of the Commission on Phytosanitary Measures (CPM-15) in Rome. Fruit Logistica in Berlin (February 2020) reportedly had less attendance than previous editions, and missed exhibitors from China.
- At EU level, the European Commission has reacted over the course of the period February-March 2020 with extensive emergency management, among this a continuous coordination and risk assessment with all member states under the lead of Health Commissioner Stella Kyriakides, financial support to support the global outbreak as well as to support the fight against the virus in China. This has been resulting in the formation of an EU Commission response team to coordinate work on halting the COVID-19 outbreak together with the EU Commissioners in charge for the areas of health, crisis management, border issues, mobility and macroeconomic aspects.
- An ad-hoc "[Health Security Committee](#)" at EU level has been held at the 5th of March 2020 with the following outcome among other:
 - Current attention to close coordination and continued liaison of Member States with the Commission on their needs for support
 - Guidance on business continuity planning & further risk communication materials for the MS
 - Preparedness measures aligned to different scenarios by ECDC (European Centre for Disease Prevention and Control) with key message: All countries should activate their pandemic preparedness plans and proceed with the implementation as well as coordination with a multisectoral crisis committee
 - Other preparedness measures proposed: suspension of mass gatherings (case-by-case scenarios), travel advices for affected areas.
