

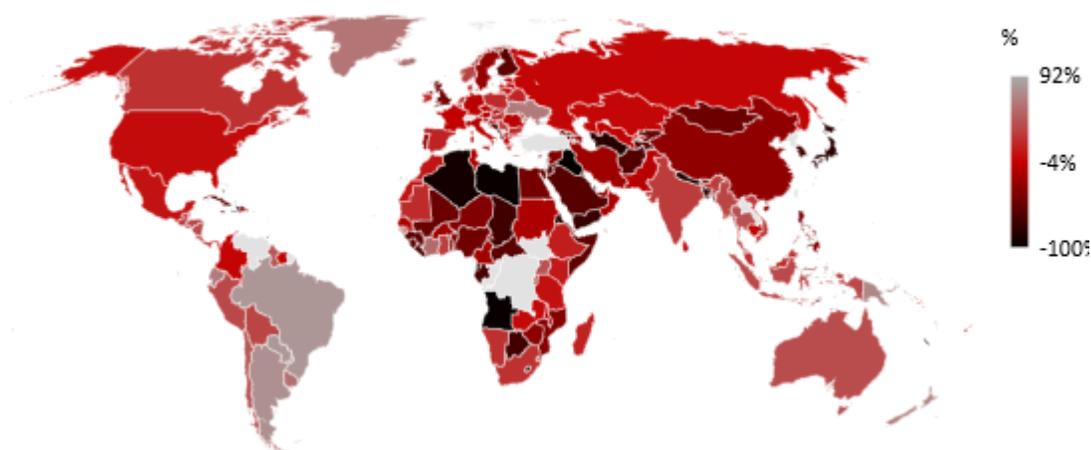
## FOOD SECURITY AND LOSS OF INCOME

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This note will review the current food picture that is complicated for much of the world, especially for vulnerable countries, given two particular factors: the fall in population incomes that the pandemic and confinement have produced in the world's economies, and the dependence on external sources of food. The pandemic constraints made evident food import dependence, as well as the lack of sovereignty in food production in some countries. The food trade has become more complicated in terms of its distribution networks, resulting in increases in food prices. This crisis has put into perspective the costs and benefits of free-market food dependence.

The world has shifted towards food restrictions and more closed markets. Countries like Russia, Argentina, and Brazil stand out as major net food exporters and might be affected. Dependence on foreign trade makes net food importers such as Mexico, the United States, China, most of Africa, and the European Union, vulnerable to any reduction in international trade. Ultimately, the pandemic shows the fragility of value chains and interdependence in terms of production and supplies in any sector.

### Déficit comercial alimenticio respecto al comercio total de alimentos básicos. (%) 2018



Fuente: OBELA con datos de UNCTAD

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Even when international trade becomes regularized and the domestic distribution of food in dependent countries, income and employment have fallen across the world, which puts the food security of the population in vulnerable countries at risk in terms of revenue. The FAO mentions: "The sharp slowdown in all the world's economies, and particularly in the most vulnerable ones (...), will make it difficult for countries, especially those dependent on food imports, to have the necessary resources to buy food", as unemployment rates have increased. The economic impact of the COVID-19 on income will be more severe.

Globally, there will be an impact on income and employment; however, for low-income countries, the picture is more critical. They spend most of their income on food, relative to Engel's law, which links a smaller percentage of food expenditure to increased revenue. Therefore, lower-income countries put their food security at risk.

The United Nations Department of Economic and Social Affairs estimated a global recession of about 3.2 percent. The developed countries expect a drop of 5% while developing countries will contract by 0.7%. The scenario could be even more adverse to some nations, especially for low-income countries. Mark Lowcock, UN Under-Secretary-General for Humanitarian Affairs, expects extreme poverty - people living on less than \$2 a day - to increase for the first time in three decades.

From a multilateral effort, it is possible to address these particular circumstances and lessen the impact that low-income countries will have. There is a need to provide a minimum income to enable food security. To face this issue, the United Nations proposed a humanitarian aid programme of approximately US\$ 67 billion, which aims to address the pandemic, food insecurity, and poverty in vulnerable countries. This programme would not take effect until the end of 2020 and would be insufficient to reduce vulnerability ultimately. The UN Office for the Coordination of Humanitarian Affairs estimates that without additional efforts, the cost of assistance to the "10 percent of the world's most vulnerable people from the worst impacts of the pandemic is approximately \$90 billion, equivalent to 1 percent of the global stimulus package implemented by OECD and G20 countries.

The outlook for food security in the face of the lock-in highlights food dependence. In lower-income countries, it is more critical and urgent than the equally delicate fragility of food supply chains. The question is now, how is food produced and distributed worldwide. Most countries can produce food themselves and need not rely on long supply chains to feed their populations. Supporting local food production and consumption should be seen as a way out of this problem and even a boost to employment in the primary sector.