

*By Hoshik Shin, founder and CEO of Tridge*

With global disruption continually growing due to an increasing amount of countries imposing lockdown procedures and border restrictions as a result of the Covid-19, supply chains for the food and agricultural industry have been heavily impacted causing product prices to fluctuate.

The [Tridge](#) global sourcing and marketing intelligence platform has noted a number of significant changes both in product specific data and also in consumer behaviours that could indicate that the effects of the virus could be much greater than first thought.

For most countries, demand for 'essential product groups' has significantly increased since the start of March as consumers have rushed to stock up on long life items in fear of not being able to leave their homes. For instance, due to ever-tightening restrictions in Europe, fresh milk suppliers have lowered production while white powdered milk producers are increasing manufacturing as the longer expiration dates make it more attractive to customers.

And, in North America, stockpiling has seen demand for pasta and canned goods rise by up to 50%, with supermarket chains such as Walmart and Costco being emptied of these goods. This has caused many food retailers to impose quantity limitations to some or all products.

However, transport delays and cancellations are affecting the ability for suppliers to export stock effectively. In Indonesia, every container or transporter must go through additional health inspections for all goods and commodities- a process that can take up to 21 days. South Africa has put similar measures in place to stop the spread of Covid-19 by prohibiting crew changes in all of its ports.

Yet, as the movement of food is considered essential, many countries have put in place exemptions which allow commodities to be transported across borders, although extra security measures (check points and health inspections) have made operations dramatically slower than normal.

The effects of Covid-19 are being felt the world over and the food and agricultural industry is being particularly affected. Here is a brief overview of the current challenges facing different geographies \*:

## North America

Despite customers stockpiling non-perishable food items, prices have remained relatively stable and the government, grocery stores and other food associations have reassured consumers that there are enough food products to go around.

For example, The National Chicken Council has announced that there is an ample surplus of chicken supplies worth more than \$950 million. And, since demand from restaurants and schools has decreased significantly, some manufacturers are shifting products to supply the retail sector and grocery stores.

From mid-January to mid-March, supermarkets have offset the losses of customers in the food service sector and have reported an increase in US bean consumption by almost 50%, and canned protein goods containing poultry, beef and pork have risen by more than 40%.

However, the seafood industry has been hit hard due to limited shipping to China and other Asian countries, and Europe. Prices have fallen below 7 USD per pound from as high as 12 USD per pound and exporters are actively searching for new markets. Lobster manufacturers in Nova Scotia (Canada) and Maine (US) have even considered temporarily suspending fishing.

In Canada, demand for value-added Canadian seafood such as smoked salmon is also decreasing as there are no tourists to purchase these popular items. This is expected to continue as the country has banned large cruise ships from docking in its ports until at least July.

## Europe

Similar to North America, countries across Europe have experienced an influx of shoppers stockpiling stable food products. For example, in Germany, retailers have seen a rapid increase in demand for items such as pasta, canned good and vegetables, with total turnover of food products increasing by 14 percent.

However, countries including France, Spain and Italy have enough inventory to continue feeding their citizens allowing them to restock the shelves faster than the UK and US where 'panic buying' is more severe. Availability of supply has been influenced by shipping delays and shortage of transport workers. Covid-19 has also resulted in a lack of laborers on production sites and farms leading to decreases in production volumes.

Over the past few weeks, some product sales have risen significantly with pasta sales increasing by 74% in the UK and 61% in Italy compared to that of the same period in 2019. Demand for flour has also escalated, with French bakeries currently in need of double their usual supply.

This trend can be witnessed across other food products including vegetables and fruits, fish and meat as well as dairy products such as milk. Interestingly, the production of chicken has increased by 2% in Hungary as many supermarkets were temporarily out of stock and prices nearly doubled.

## **Asia (South East)**

The Covid-19 outbreak caused a worldwide demand for rice as customers stockpile staple products. This has caused countries such as Vietnam, Malaysia and the Philippines to impose regulations to stop the export of rice to ensure there is enough supply for domestic demand.

Domestically, India has experienced a rise for long life shelf items, with demand for rice, wheat and pulses increasing by 100%. This has caused significant price fluctuations as the need for perishable items including vegetable and fruits, has fallen by up to 20%.

For India, export cancellations to China, the Middle East and Europe have also caused significant disruption to the shipment of rice, spices and coffee resulting in domestic prices falling by up to 70%. These cancellations are causing additional challenges, for example Indian basmati rice exporters have seen a rapid increase in shipping costs due to the reduction in exports.

On the other hand, China has resumed transport operations but is facing other repercussions as a result of the virus. Trucking services have been resumed except in the province of Hubei, but lack of capacity has increased costs.

Airfreight has been reduced by 90% resulting in a major hike in prices, and ocean freight has suffered delays due to countries such as Australia and Vietnam imposing 14-day quarantine restrictions for vessels outbound from China.

## **Mitigating the impacts of Covid-19 using an online**

## **solution**

With Covid-19 causing trade restrictions that have slowed or ceased operations at ports and customs, food and agriculture suppliers face a challenging situation where inventory with limited shelf life will spoil unless sold on time. Importers are seeking alternative sources of supply to meet demand. However, buyers and suppliers have historically been dependent on tradeshows to source products, and with offline events cancelled and/or delayed there will be additional difficulties when working with brokers to identify multiple new markets in a short time frame.

Using an online solution can overcome the limit of regional barriers and be an alternative connection service for suppliers and buyers to interact and conduct trade. Yet, there is still uncertainty and mistrust when it comes to online market places but the methodologies to check the validity of a company have evolved. For instance, people can check the track records with BL data, apply search statistics with Google Maps and obtain validation from a local expert.

While there are various online market places that could be used, it's important to ensure that the platform is specific to the food and agricultural sector, offers global information and connections, and validates the companies of both buyers and suppliers.

With the pandemic, the needs of buyers and suppliers to diversify their products or sourcing countries have emerged significantly, especially in the food and agricultural industry. With online platforms such as Tridge available to help create these opportunities, expect to see an increase of users utilising these online marketplaces for the long term, instead of relying on brokers and tradeshows to build their connections and facilitate trade.

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*The information contained within this article is up to date as of 1<sup>st</sup> April 2020. For regular updates on the situation regarding different geographies or food items please visit [www.tridge.com](http://www.tridge.com)*