



March 2020

COVID-19 Impacts on the Food System

As COVID-19 spreads and its impact on daily life increases, individuals and businesses need to respond. The food production system is critical infrastructure, and it is essential that it can continue to function during a longer-term crisis.

To be resilient, the food system must be able to absorb and respond to the shocks and stresses presented by this new challenge. Businesses should consider measures to mitigate the risk of infection among their employees, assess the potential impact to their operations, and develop plans to protect revenue, employees, and consumers.

If food processing facilities were to cease operations, it would increase public anxiety and amplify disruptions from farm to fork.

Companies need to communicate to their supply chain, customers, and local officials how curfews, closures, and other epidemic response interventions may impact the food system. As we saw in China, closures and transportation restrictions can leave producers with limited labor, struggles to get critical inputs like animal feed, and no easy way to transport food inputs and products.

All of these resulted in limited availability of certain food items for consumers and devastating impacts on food producers, workers, and the health of livestock.

As the COVID-19 virus continues to spread globally, companies need to assess their reliance on affected countries for goods, particularly as economic disruptions vary by each country's response measures. For example, in countries that rely on trucking to move a large share of goods (e.g. Brazil 90%, China 73%, U.S. 70%), there can be large magnitude disruptions of the food and agriculture industry. For illustration, we observed a non-COVID-19 induced occurrence of this during the 2018 trucker strike in Brazil that paralyzed the industry.

Additionally, as the COVID-19 spreads across the country, it is expected to affect known weak points in our food supply chain, such as labor shortages, cuts to public food assistance, reliance on overseas markets for both raw goods as well as export revenue. Further, it is also likely to expose unforeseen deficiencies in our global supply chain, particularly in those that exhibit more just-in-time efficiency and complex networks.

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The Food and Drug Administration (FDA) announced that it is suspending most inspections of domestic and foreign food manufacturers in keeping with U.S. Department of State and the Centers for Disease Control and Prevention guidelines. As such, experts are concerned the decision could increase food safety risks; therefore, companies should take additional steps to ensure the safety of imports.

The FDA hosted a stakeholder call on Wednesday, March 18th to discuss food safety and supply questions related to COVID-19. A [recording of the entire event](#) can be found on the FDA's website; however, the key points are as follows:

- There is no evidence of foodborne transmission of COVID-19
- There are no shortages of food in the food supply
- If you are in the food and agriculture sectors, you are considered critical infrastructure
- In addition to postponing most foreign facility inspections through April, the FDA has also temporarily postponed all routine domestic inspections. Furthermore, the majority of FDA inspections will be announced.

Additionally, the [USDA](#) and [FDA](#) have both published guidance for companies regarding food safety and COVID-19.

Food companies should review their operations and identify steps for mitigating the impact of COVID-19. Some considerations include:

- **Review your exposures.** You must understand the main scenarios that could most impact your organization and invest in response and control measures appropriately.
- **Assess your supply chain and identify back-up suppliers.** It is important to think widely on the issue. For example, is there exposure in the second or third tier of your supply chain?
- **Review your policy for coverage.** If you have no physical loss it is likely that traditional PDBI policy will provide little or no cover. Seek professional advice if you are depending on insurance as part of your coronavirus risk management strategy.
- **Test your Business Continuity Management plans.** The coronavirus presents a potentially different threat event, impacting a business in numbers different ways and potentially limiting options around recovery if other businesses are also affected, or there are logistical limitations.

- **Communication and engagement with employees.** Make a concerted effort to communicate with employees around good health, safety and corporate procedures in response to the virus. Focus should be on:

- Promoting good hygiene behaviors.
- The policy for employees who have travelled to infected areas.
- The corporate containment policy, e.g. self-quarantining if flu-like symptoms are present.
- The corporate sick pay policy, absence, management and return to work policy as well as the procedures for employees who are at work but unwell.

Please note that this document does not contain an exhaustive list of considerations. There are many interconnected risks associated with coronavirus and pandemics. To learn more about some of these risks, click the links below.

Further Reading

- [Business Continuity Management for Infectious Disease Threat](#)
- [Business Planning Checklist: Infectious Disease](#)
- [Supply Chain Analysis: Checklist for Infectious Disease Threat](#)
- [Property and Coronavirus \(COVID-19\): Is My Business Covered?](#)
- [COVID-19: Total Rewards Strategy Considerations](#)

We encourage you to access our [COVID-19 response site](#) for additional resources.

Contact

Tami Griffin, AFIS

National Practice Leader
Food System, Agribusiness & Beverage Group
Commercial Risk Solutions
816.398.1276
tami.griffin@aon.com

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