

International Agribusiness Center

Weekly Country Report, June 29-July 3, 2020

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GAINS Reports

Canada – New Certification of Origin Process Under USMCA – [link](#)

A more flexible certification of origin process under the United States-Mexico-Canada Agreement will take effect when the agreement enters into force on July 1, 2020. As there will no longer be an official, government certificate of origin form, private businesses engaged in North American trade have been developing proprietary forms to ensure products continue to receive preferential tariff treatment from July 1.

New Zealand – Retail Foods – [link](#)

New Zealand's food and agricultural imports from the United States rose by 10 percent in 2019, totaling US\$ 587 million, US\$ 382 million of which were consumer-oriented products. The New Zealand grocery and food retail sector has seen resiliency during COVID-19 and continued strong demand. New Zealand imports from the United States include packaged food, pet food, grapes, pork, cheese, oranges, beer, and wine. FAS/Wellington expects demand to remain strong for consumer food products both manufactured in country and imported.

Peru – Dairy Update – [link](#)

FAS Lima forecasts Peru's milk production at 2.3 MMT in CY2021. Milk consumption continues to outgrow production and is expected to reach 2.7 MMT in CY2021. However, per capita consumption remains low at 87 kilograms per year. Peru imported 22,231 MT of skimmed milk in 2019, the United States led the market with 59 percent of market share. Imports of whole milk totaled 21,736 MT. New Zealand was the main provider, with a 46 percent market share. The United States follows with a 24 percent market share. Peru's whey imports in 2019 were 10,515 MT. Chile and the United States were the principal suppliers with 50 and 26 percent, respectively. Butter oil imports in 2016 reached 6,025 MT. New Zealand led the market with 63 percent of market share.

Japan – Retail Foods – [link](#)

In 2019, the total value of all retail food and beverage (F&B) sales in Japan fell 1.3 percent to ¥52,669 (\$483.2 billion). The top category is supermarkets (70 percent of total sales) followed by convenience stores (14 percent). Drug stores and department stores hold a small, but growing, share of F&B sales. Preferential tariff access now exists for many U.S. retail products following the entry into force of the U.S.-Japan Trade Agreement (USJTA) on January 1, 2020. Following requests for people to stay home during the COVID-19 pandemic, retail sales at supermarkets have surged, up 20 to 30 percent for major chains

The United States is the largest foreign supplier of food and agricultural products to an import-reliant Japan (24 percent of import market share)—the fourth largest market for U.S. agricultural products in 2019 (\$11.7 billion).



Singapore - Retail Foods – [link](#)

The Singapore food retail sector is highly developed and competitive. The industry is comprised of a range of large supermarkets/hypermarkets, convenience stores, “mom and pop” traditional stores and specialty retailers. According to the Singapore Department of Statistics, the country’s food retailers surpassed \$6 billion USD in sales in 2018. Industry analysts report the sector is dominated by three key players: the NTUC Fair Price Cooperative, Dairy Farm Group, and Sheng Siong Supermarket Chain. Top prospective U.S. products for the Singaporean food retail market include pork, dairy, processed vegetables, chocolate/cocoa products, wine, beer and beef.

Japan Temporarily Increases Phytosanitary Inspections of Select US Products – [link](#)

Travel restrictions stemming from the COVID-19 pandemic have precluded required on-site inspections of seven U.S. plant exports by Japanese authorities. As a temporary measure, Japan has increased on arrival inspections of fresh cherries, mangoes, papayas, nectarines, prunes, fresh potatoes and hay. The measure will stay in place until Japanese inspectors are able to resume inspections in the United States

Food Portion of the New Saudi Higher Import Tariffs Concentrates on Dairy Products – [link](#)

On June 20, 2020 Saudi Arabia imposed higher tariffs on a wide range of food and non-food products. Dairy products account for approximately 84% of the 224 food and agriculture products whose tariffs were increased. U.S. exports of dairy products to Saudi Arabia reached \$80 million in 2019. A previous list of tariff increases, which was announced on May 27, 2020 for implementation on June 10, 2020, was not imposed and has been rescinded. The new list of tariff increases, which was announced on June 18, 2020, does not include many items that were on the previous list. These tariff increases are in addition to the announced July 1, 2020 increase in the Saudi Arabian Value Added Tax from 5% to 15%.

Food Processing Magazine

Consumers to Keep Cooking at Home: Survey – [link](#)

Once the pandemic is over, a significant portion of consumers plan to keep loading their pantries and cooking at home more than they did before, according to a study from PwC.

The survey showed that, of consumers who reported loading their pantries in response to the COVID-19 crisis, 64% said they would continue to do so for the foreseeable future. Asked what would make them stop doing so, the most popular response, at 42%, was COVID-19 being fully resolved. Other responses were: when grocery stores are consistently restocked (24%) and when shelter-in-place mandates ease (14%), while 18% said they won’t stop stocking. Asked what they do more of now that they’re confined to their homes, 51% said cooking (the second-most popular answer behind watching TV, news and movies). Cooking came in first, at 69%, among activities at home that are adding to respondents’ quality of life

China Sets ‘No-COVID’ Import Rule – [link](#)

Exporters of meat and other food to China are being required to certify that their products come from facilities that follow anti-pandemic safety standards.

COVID Keeps Slamming Food Labor Force – [link](#)

The coronavirus continues to ravage the food industry, even as some metropolitan areas are beginning to open up, and the curve shows no sign of flattening. According to an **ongoing tally** by the Food & Environment Reporting Network, as of July 1, 262 meatpacking and 101 food processing facilities have had cases of COVID-19. The infection count for meat and poultry plant workers stands at 30,497, and for workers in other food & beverage processing plants, 3,263. The death toll has reached 113 for meat plant workers and 12 for other processing workers. The organization says the true count is probably higher, due to under-reporting and other irregularities.

New Pig Virus in China Worries Researchers – [link](#)

Scientists are keeping an eye on a new strain of flu virus in China that, while not yet causing sickness, has some potential to start another pandemic.

A new strain of the H1N1 virus, called G4 EA H1N1, has been detected among workers at hog farms and neighboring communities. A seven-year study in 10 Chinese provinces showed that 10.4% of hog farm workers, and 4.4% of others, tested positive for antibodies to G4 EA H1N1. While the new virus has not yet caused any illness, researchers are concerned that it replicates in human airways as efficiently as other strains of H1N1.

Specialty Foods Magazine

SFA Releases State of the Specialty Food Industry, 2020-2021 Edition – [link](#)

The Specialty Food Association, working with Mintel, has released the 2020-2021 Edition of The State of the Specialty Food Industry report. This year's research includes analysis of the impact of COVID-19 on the specialty food industry, including supply chain commentary, to provide insight on market ramifications, challenges, and opportunities in the current business environment.

Specialty food sales hit \$158.4 billion in 2019, a 10.7 percent increase since 2017, but growth had slowed as the market matured. Foodservice and online sales continued to be bright spots in growing sales, though both now have different landscapes due to COVID-19. The specialty food and beverage market continued to outpace sales of all food, growing three times faster than the entire food and beverage market during 2017-2019. In 2019 more categories than ever before (12) achieved at least \$2 billion in annual sales.

Cheese and Plant-Based Cheese; Meat, Poultry, Seafood (Frozen and Refrigerated); Chips, Pretzels and Snacks; Coffee and Hot Cocoa (non-RTD); and Bread and Baked Goods topped categories with the highest retail sales. Refrigerated and frozen categories accounted for four of the top five categories with the highest dollar growth and included Refrigerated Plant-based Meat Alternatives; Refrigerated Creams and Creamers; Refrigerated RTD Tea and Coffee; and Frozen Breakfast Foods. Shelf Stable Creams and Creamers rounded out the list.

Consumers Feel Anxious, Stressed While Shopping - [link](#)

Americans feel nervousness and stress more than any other emotion while shopping, according to research from Kelton Global. These feelings stem from concerns about being in close proximity with strangers, navigating new requirements and procedures, and the potential for conflicts among already-tense shoppers.

Disclaimer: This list is by no means complete, for more information please refer to the links above

Country reports were started in March 2020, as a result of the COVID-19 pandemic

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Grocery Prices to See Largest Increase Since 2011 – [link](#)

Grocery prices are expected to rise by 3 percent this year, the largest increase in price since 2011, according to the USDA, reports *Fern's AG Insider*. The increase is largely because of the COVID-19 pandemic and rising prices on meat, poultry, and fish, which account for one-fifth of grocery spending.

Beef prices will rise by 8 percent, pork by 4.5 percent, and poultry by 3 percent this year, compared to last year. In addition, fish and seafood prices will increase by 2 percent and fruit and vegetable prices will rise by 1 percent

Online Sales Could Be Almost 7 Percent of Total Grocery Sales by 2021 – [link](#)

Online grocery sales could make up 6.4 percent of total grocery sales by the end of 2021, according to research from Rabobank International, reports *Food Business News*. The surge is mostly due to the COVID-19 pandemic; without it, sales would have only made up 4.6 percent by the end of 2021.