



Wholesale markets

Action against COVID-19

Editorial

Since the signing of the memorandum of understanding between the Food and Agriculture Organisation of the United Nations (FAO) and the Federación Latinoamericana de Mercados de Abastecimiento (FLAMA) in November 2018, joint actions between the two organisations have increased significantly (FAO, 2018).

The communities of practice (CoPs) are one of these joint efforts. So far, they have enabled very fruitful exchange of information between the two organisations, as well as the preparation and dissemination of materials on several topics (such as this bulletin). There are currently three CoPs operating: one in Spanish-speaking South America, one in Brazil and the remaining one in Spanish-speaking Central America and the Caribbean. They are made up of wholesale markets or FLAMA representatives, and regional and local FAO staff.

As a result of this collaboration, the exchange of experiences has been fundamental during the COVID-19 pandemic to improve the functioning of wholesale markets. We are currently in the midst of an unprecedented crisis, without close antecedents or magic solutions available, and good practices have increased in the region's wholesale markets.

Wholesale markets are a central source of food supply in almost all urban locations in the region, with a proven ability to adapt to circumstances (FAO and FLAMA, 2020). Thus, it is counterproductive to stop their operation, as has already

happened in several countries in the region (Rojas, 2020).

That said, markets should take all possible safeguards to prevent the spread of the novel coronavirus (FAO and FLAMA, 2020) in order to protect their operators, traders and customers, and avoid closure for health reasons.

Closure, by the way, is not a viable solution in the short, medium or long term. In several Latin American and Caribbean countries, after several supply centres facilities were closed down by the health authorities, markets have shifted away from the premises, increasing the risk of contagion. We must act quickly and cautiously to contain the crises that tend to be triggered when unfounded measures are taken, without considering the evidence accumulated over the years.

In this third edition of the bulletin we provide readers with updated information on the situation of wholesale markets in Latin America and the Caribbean; interviews with key actors; and the main results of a survey – in which 64 markets in 15 countries in the region participated – on the behaviour of wholesale food markets during the COVID-19 pandemic.

The survey sheds light on the behaviour of wholesale markets in the region. In general terms, despite a slight downward trend, the food supply has not suffered significant disruptions. In contrast, the situation of demand tends to be moderately downward as regards vegetables and legumes.

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15/07/2020

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Key messages

- » Wholesale markets have joined in the use of digital applications and platforms in search of alternative ways to market their food and ensure supply during the COVID-19 pandemic.
- » Several countries in the region have implemented marketing restriction measures to protect the safety of market operators, sellers and customers. For instance, the "*pico y puesto*" mode (odd-even opening of shops in markets) and, in some cases, restricted retail sales and attendance for persons belonging to high-risk groups.
- » Wholesale markets have also been affected by travel restrictions in many countries in the region, particularly with the collapse of demand for hotels, restaurants and other food services (HORECA) and a significant decline in retail sales.
- » Even though a group of wholesale markets have had problems coping with the pandemic and optimally implementing sanitary measures, they usually managed to remain open and ensure safety for buyers, sellers and operators.
- » During the pandemic, markets have increased their donations to humanitarian aid institutions and food banks; they also made direct food deliveries to the most vulnerable population.
- » The supply and demand for the products analysed in the survey have tended to remain stable. The same applies to the prices of vegetables, legumes, grains, tubers, roots, meat, and fish.
- » Despite the above, there is a slight reduction in the demand for vegetables and legumes.





Maximiliano Quintino
President of the Ceará Supply Centre
(CEASA-CE), Brazil



What measures has CEASA-CE taken to mitigate the effects of COVID-19 on food supply and prices?

Since the beginning of the pandemic, the three CEASA-CE markets, located in the municipalities of Maracanaú, Tianguá and Barbalha, have maintained their regular opening hours, complying with all the recommendations suggested by the authorities.

We have adopted a wide range of measures to prevent and combat COVID-19 in the markets:

- » All employees in the risk groups (for instance, over 60 years of age and with some co-morbidity or basic disease) were assigned to home service. The others performed their duties with masks and personal protective equipment (PPE).
- » We forbid the entry of children under 14 and street vendors.
- » We intensified hygiene and disinfection procedures in the common and commercial areas: we implemented container toilets and washbasins in the market, equipped with liquid soap and alcohol gel dispensers.
- » We advise sellers on the mandatory use of PPE and the cleaning of internal areas of their stores.
- » We implemented sanitary barriers at the entrance of the supply centre and vaccinated all personnel against H1N1 influenza.

On the other hand, we have invested in educational communication campaigns and, in general, we have increased and strengthened our public communication, through videos and interviews in the main media and social networks. Whatever the medium, our message has been clear: we will comply with health measures and guarantee the operation of supply activities.

Finally, we carried out actions to distribute soups under the *Mais Nutrição* Programme (a food, fruit pulp processing plant and food bank operating within CEASA-CE), in addition to delivering two thousand masks to users.

CEASA-CE will soon be 50 years old. How has the market modernization process been? Are you prepared for an increasingly digital economy?

We focus on optimizing CEASA-CE's communication with its market operators, and we understand that technological tools are paramount for this. For this reason, we are implementing the *Central de Serviços aos Permissionários* – Service and Permits Centre – (CSP, by its acronym in Portuguese), a space where various useful services will be available to wholesalers in the market, thus accelerating our response time to their demands.

Today, CEASA-CE uses tools such as WhatsApp and Telegram to communicate with its market operators. Through the Telegram application, sellers and rural producers are informed in real time when their products enter CEASA-CE. We also have an app called *CEASA de Bolso*, in which you can find daily bulletins with the prices of the main products traded in our wholesale markets.

We created a working group with Ceará's Company of Technical Assistance and Rural Extension (EMATERCE, by its acronym in Portuguese), to create a tool that can bring together rural producers and wholesalers. We want them to have a direct communication channel that facilitates agreements between them.

We also developed a CEASA-CE expansion project, which consists of building new and modern entrance and exit doors; creating parking areas; and taking advantage of underused areas with the construction of new warehouses to offer better infrastructure for storage, processing and commercialization.



Arcadio Tavares Ventura
Director of Operations of Mercados Dominicanos de Abasto Agropecuario (MERCADOM, by its acronym in Spanish), Dominican Republic



At a recent meeting of the community of practice of Wholesale Markets, organized by FAO for the countries of Central America and the Caribbean, you pointed out that there is no contagion in MERCADOM and that the situation was brought under control thanks to the protocols adopted. How was this done, especially considering that some of the products marketed are imported?

Considering the serious health threat the world is facing due to COVID-19, the Dominican government immediately adopted essential prevention measures to control the possible spread of the disease among the population.

In this sense, MERCADOM implemented and reinforced strict protection and hygiene measures to be applied on a mandatory basis in all commercial operations developed at *Merca Santo Domingo*. Some of these provisions are:

- » The mandatory use of disposable gloves and masks for all staff of the institution, operators of market stalls and customers who visit us.
- » More frequent washing and disinfection of common areas.
- » Prohibition for children to enter the market; and sending home people over 60 with health conditions, and anyone with symptoms of flu, fever or physical discomfort.
- » Temperature monitoring through specialized thermometers.
- » The frequency of bathrooms or toilets cleaning was increased, in addition to the installation of hand gel dispensers in the corridors and common areas.
- » Signalling for the internal movement of customers inside commercial premises to avoid crowding, and compliance with a distance of one or two metres between people.
- » Maximum of two people per vehicle to enter the supply centre.

Compliance with the established protocols has contributed to the fact that no contagion or loss of human life has been recorded to date. And it has allowed us to fulfil the sacred duty of guaranteeing food security to our society.

What has MERCADOM done to maintain stable product supply and reduce food loss and waste?

Although the most substantial proportion of the products stocked and marketed in this wholesale centre are of national production, we also offer imported products. When the pandemic started, our market was sufficiently supplied with those products, which has allowed us to satisfy the demand without difficulty.

As for the future of product imports, we project that we will not have major problems. Indeed, we are currently in phase 2 of de-escalation, opening rationally and gradually to industries, free zones, tourism companies, shops, commercial flights, among others; and this goes hand in hand with the commercial exchange with sister countries.

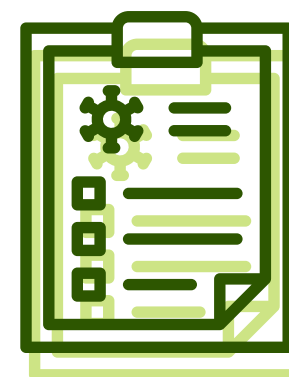
Regarding the critical issue of reducing food loss and waste, MERCADOM is a founding member of the National Committee for the Prevention and Reduction of Food Loss and Waste of the Dominican Republic. From the institutional point of view, the achievements are due in part to the fact that, from the first moment we joined the Committee, we have worked actively, giving support and commitment to the fulfilment of Sustainable Development Goal (SDG) Zero Hunger.

What social role has MERCADOM played during the pandemic?

In the wake of this unfortunate pandemic, we are contributing by donating food of agricultural origin to non-profit institutions, such as the General Directorate of Prisons, food banks, churches, and nursing homes. We also donate products that are not suitable for sale but can be used for cattle feed and the production of organic fertilizer for agricultural land.

Regional survey: wholesale markets during the COVID-19 pandemic

The results that we will present below come from a survey that was aimed to investigate the efforts developed by wholesale food markets to combat and mitigate the effects of COVID-19. To this end, the survey considered questions on the way the market operates and the circumstances, covering supply, demand and prices.



Countries and markets involved in the survey

Markets and supply centres in Mexico

- Central de Abastos Ecatepec
- Central de Abastos Chicoloapan
- Central de Abastos de Morelia, Michoacán
- Central de Abastos Ecatepec Tuxtla A. C.
- Introdutores y Distribuidores de Abastos de Tijuana S. C.
- Central de Abastos de la Ciudad de México, Delegación de Iztapalapa
- Centro Comercial Agropecuario de Aguas Calientes
- Central de Abastos de Huixcolotla, Puebla
- Mercado de Abastos de Fresnillo A. C.
- Mercado de Abastos de Guadalajara
- Central de Abastos de Pachuca
- Central de Abastos de Cuautla Morelos
- Central de Abastos de Mexicali
- Mercado Francisco I. Madero
- Mercado de Abastos la Yarda Grande Mochis A. C.
- Mercado de Abastos de La Laguna S. A.
- Mercado de Abastos de Gómez Palacio
- Unión de Comerciantes Miguel Hidalgo S.C.
- Central de Abastos Viñedos San Marcos
- Asociación de Comerciantes Establecidos en Frutas y Legumbres de San Luis de Potosí A. C.
- Central de Abastos de Querétaro
- Central de Abastos de Culiacán A. C.
- Central de Abastos de Minatitlán Veracruz
- Central de Abastos de Atizapán de Zaragoza
- Central de Abastos de Tecámac de Felipe Villanueva
- Unión de Bodegueros de Oaxaca
- Unión de Comerciantes de la Central de Abastos De Tepic Nayarit
- Central de Abastos de Ciudad de Juárez
- Central de Abastos del Sur de las Huastecas
- Mercado de Abastos Estrella



64

Wholesale markets in the region

15

Participating countries

A dispute exists between the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland concerning sovereignty over the Falkland Islands (Malvinas)

Source: FAO, from FAO (2020).

The survey involved 64 wholesale markets in 15 countries in the region, an unprecedented response rate that surely has to do with the desire to ensure stable and secure functioning of wholesale markets.

Main results

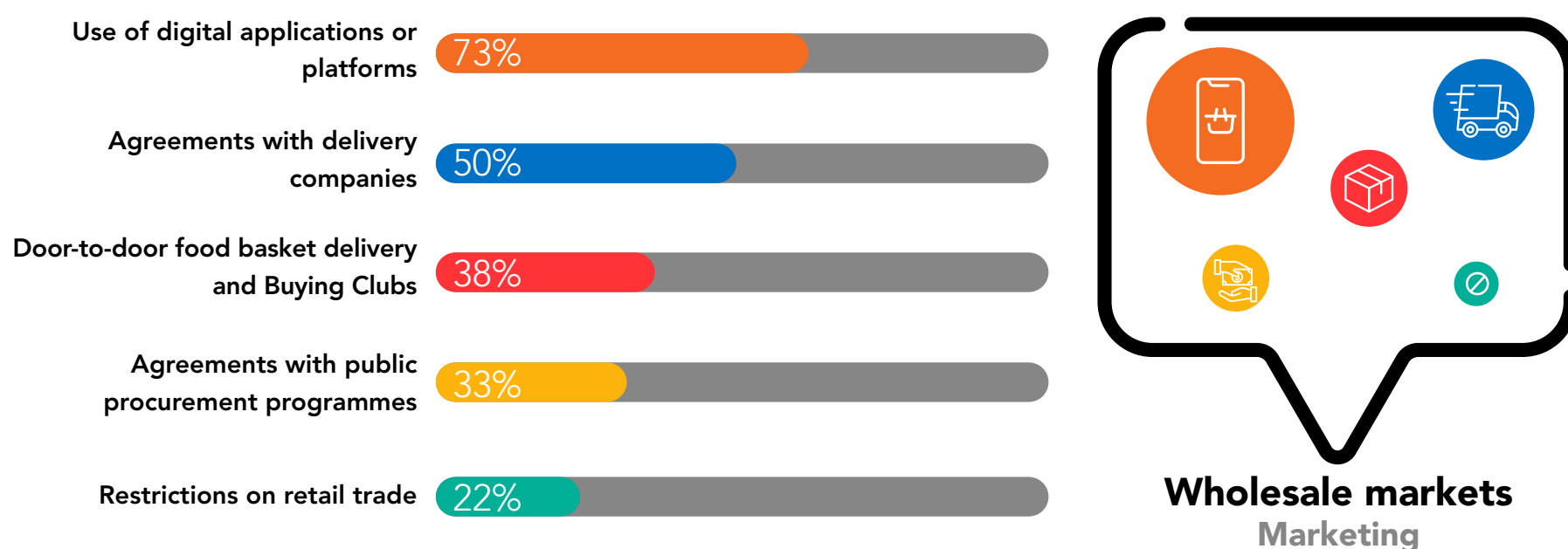
New ways of marketing

73 percent of the markets surveyed stated that they had adopted application-based sales systems or digital platforms to sell their products. In other words, almost three out of four of the markets surveyed use digital applications and platforms for remote food delivery.

Besides, half of the markets have reached agreements with delivery companies to distribute food to homes, businesses and distributors.

Other solutions also aim at market innovation and its role as an agent for the implementation of public policies, as in the case of agreements with public procurement programmes (33 percent). It is also worth mentioning that only 12 percent of wholesale food markets declare to apply restrictions on opening hours (see Figure 1).

Figure 1. New forms of marketing (multiple answers, in %)



Source: FAO, from FAO (2020).

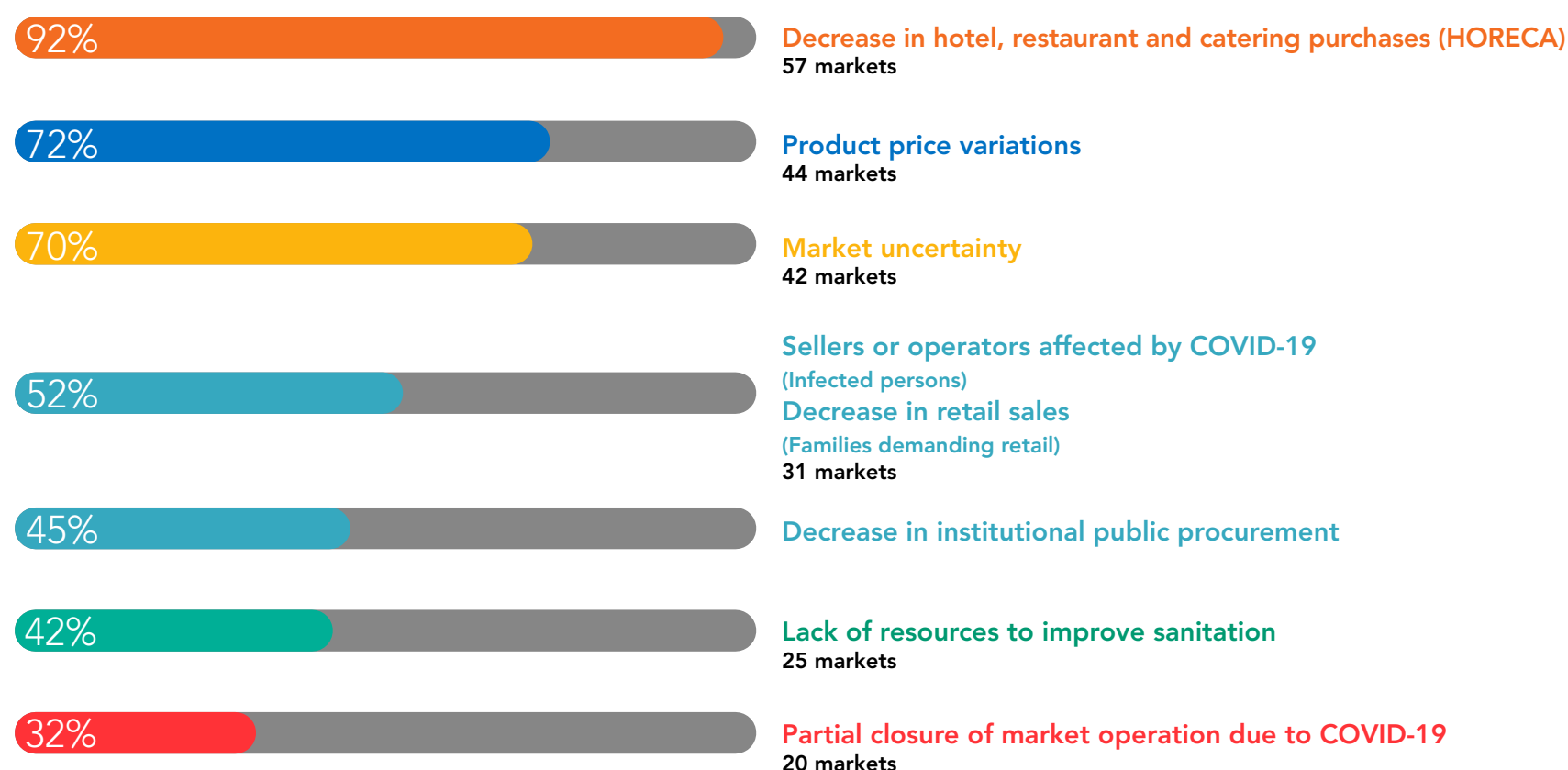
Main bottlenecks in the operation of markets during the pandemic

Several bottlenecks can be observed in the operation of wholesale markets since the outbreak of COVID-19. First of all, the almost total reduction (92 percent) of purchases by hotels, restaurants, cafeterias and others (HORECA). Then, 72 percent of the markets surveyed mentioned extraordinary changes in prices, hence indicating that the market is volatile, unstable. Thirdly, 70 percent draw attention to market uncertainty, which is to be expected given that the COVID-19 pandemic has no end date.

Finally, it should be noted that 52 percent indicate that the decline in retail sales is one of the main bottlenecks. The same proportion suggests that the reduction in the number of available operators is also a problem.

In sum, the answers are clear: wholesale markets are facing the challenge of adapting to a new reality in which they have lost one of their main buyers, prices are volatile, uncertainty stands out, operators have decreased in quantity, and retailers have stopped frequenting the markets (see Figure 2).

Figure 2. Main bottlenecks (multiple answers, in %)



Source: FAO, from FAO (2020).

Surplus management: markets are more than a marketing agent

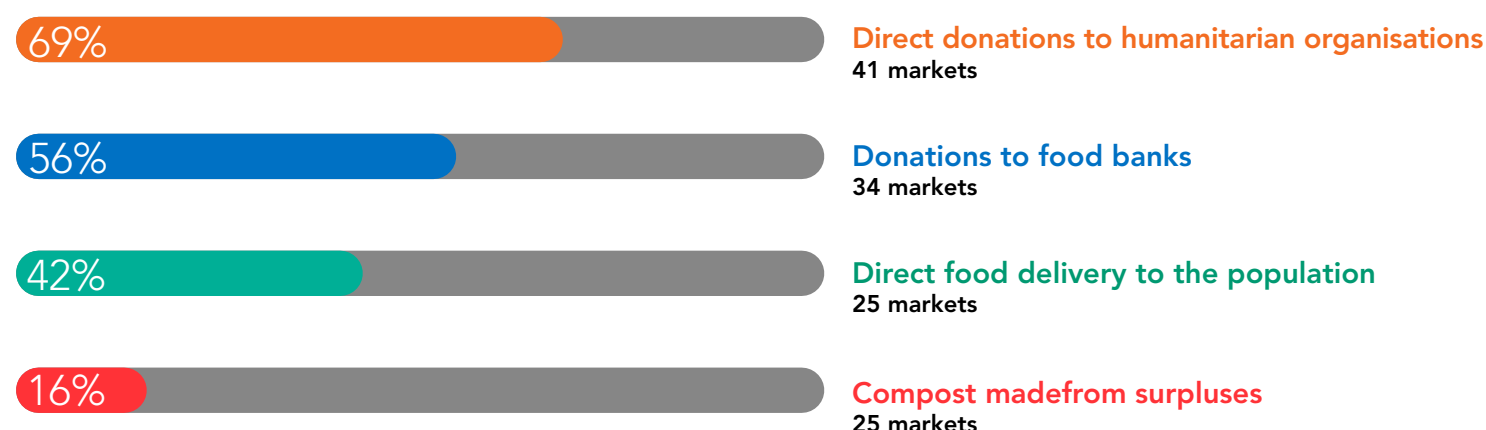
The survey also asked about surplus disposal.

Given the demand reduction in wholesale food markets, it seems that a surplus is produced, which is delivered to humanitarian organisations (69 percent), food banks (56 percent) or even distributed directly to the population (42 percent).

Only 13 percent of participating markets report throwing food away, giving clear indications that markets are committed to the food security problems of their environment (see Figure 3).

In short, markets seek to maintain the food supply, deal with loss and waste, and show the social role they are called upon to play during the pandemic.

Figure 3. Surplus disposal and the social role of wholesale markets



Source: FAO, from FAO (2020).

Commercial market behaviour

A stable supply

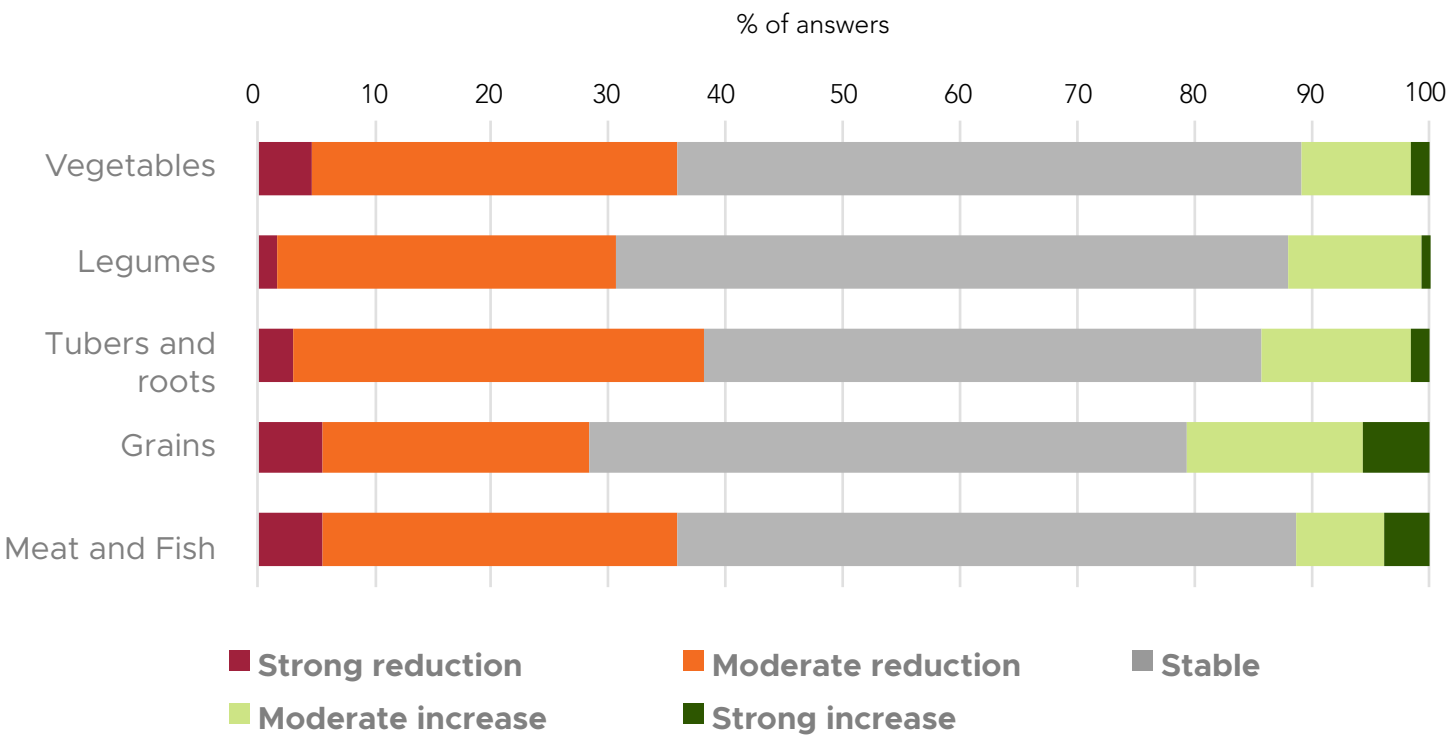
Supply was generally stable at around 50 percent for all items in all markets.

In more than half of the cases analysed, markets are stable as far as vegetables, grains, meat and fish supply is concerned. Only in the case of tubers and roots is there a strong trend towards moderate reductions.

Reductions in supply are basically linked to the seasonality of some products, such as leafy vegetables and tomatoes. Droughts have also been identified as affecting the production of cruciferous plants (cauliflower, cabbage and broccoli) and, in other cases, the supply of potatoes in countries that still depend on external supplies for their production.

In sum, apart from the latter case, the still moderate reduction in the supply of some products is not linked to the effects of the pandemic.

Figure 4. Supply behaviour of vegetables, legumes, tubers and roots, grains, meat and fish (in %), reported by the region's wholesale markets



Source: FAO, from FAO (2020).

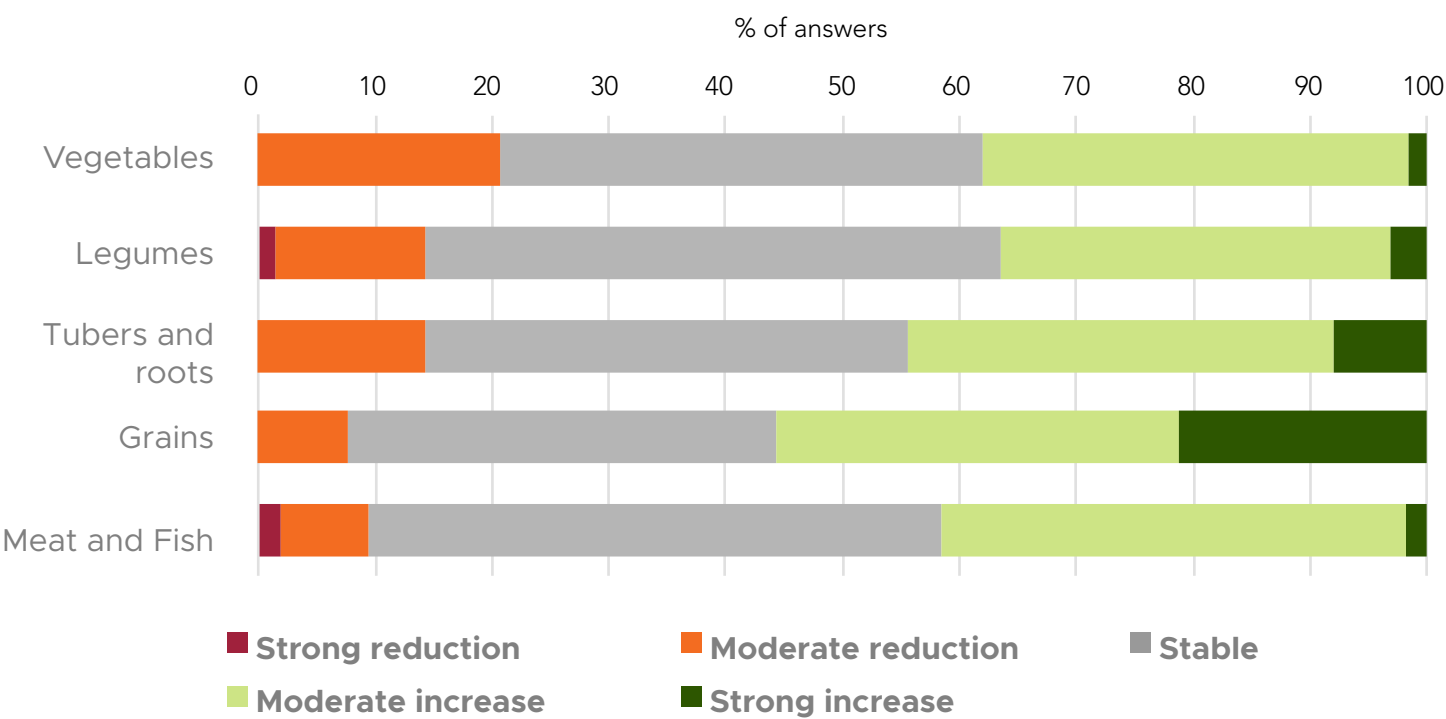
Stable prices, although with a moderate upward trend

Concerning the prices of the items analysed, certain stability can be pointed out, despite a moderate upward trend.

The only prominent case of sharp price increase is that of grains (beans). The rise in the price of this item is attributed to increased demand. According to market officials, this is a product with more durability, and there has been a tendency to store beans and other grains.

In general, there is no speculative movement regarding prices (see Figure 5).

Figure 5. Price behaviour of vegetables, legumes, tubers and roots, grains, meat and fish (in %), reported by the region's wholesale markets



Source: FAO, from FAO (2020).



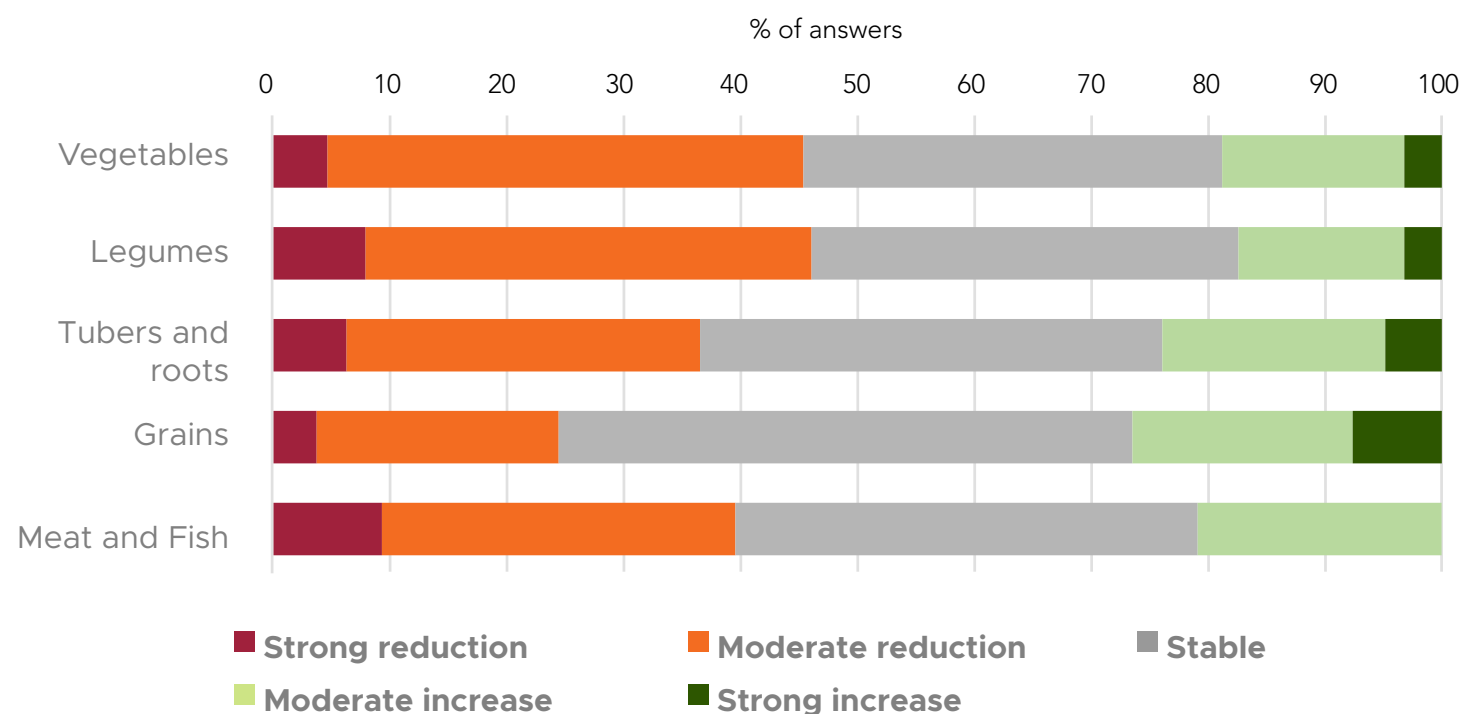
Demand: a generalised reduction

The demand behaviour for products is consistent with the previously reported bottlenecks: the demand has contracted significantly due to the almost non-existent purchases of the HORECA sector, among other factors.

In short, there is a general reduction in demand, although moderate, except for meat and fish, since these products show a strong decrease (9.4 percent).

The border closures also led to a reduction in demand. Some of the reference supply centres serve the foreign market and, in particular, the beef producing countries, which use the market structure to export. That would explain the more pronounced drop in demand for meat (see Figure 6).

Figure 6. Demand behaviour of vegetables, legumes, tubers and roots, grains, meat and fish (in %), reported by the region's wholesale markets



Source: FAO, from FAO (2020).

Satisfaction with the market operation during the pandemic

Finally, we asked respondents to rate the performance of the market during the pandemic on a 1 to 10 scale, where 1 is the worst and 10 the best.

The average was 7.7. In other words, despite all the difficulties, such as a drastic decrease in demand from the HORECA sector, the lack of operating agents, lower retail sales, droughts and the moderate upward trend in prices, respondents are satisfied with the market operation during the pandemic.

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Regional Office for Latin America and the Caribbean
RLC-Sistemas-Alimentarios@fao.org
Food and Agriculture Organization of the United Nations



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FAO and FLAMA. 2020. *Wholesale markets: Action against COVID-19 – 15/07/2020*. Bulletin 3. Santiago, FAO. <https://doi.org/10.4060/cb0218en>