



# COVID-19 Sector Implications

## Agri-Food

**Please note that this sector summary should be read in conjunction with the [Overview](#), and that the information below considers the impact to date of COVID-19, then looks to the future under two different recovery scenarios. Additional information about the scenarios can also be found in the [Overview](#) document.**

- **The first scenario assumes recovery by the end of 2020**
- **The second scenario assumes a longer-term recovery**

### Impact to date

The agri-food sector was already facing the implications of a drought in the North Island which has had some impact on production. Challenges created from the initial closure of the Chinese market, particularly a lack of refrigerated containers, presents many organisations with logistical challenges for storing and transporting product to markets.

Securing enough labour for picking fruit is difficult for the horticulture sector which relies heavily on seasonal visitors who are no longer in the country. Despite these challenges we all still need to eat, which makes the sector more recession proof than many, however the way people are accessing food is changing, with less product moving through premium channels (like high end restaurants) and more consumers adopting containment diets, focused on safe, healthy food choices.

### Recovery by end of 2020 Impact

The industry entered the crisis in a supply constrained position and has been able to redirect product bound for China into alternative markets during the first quarter. Pent up demand in China following the shutdown is already starting to convert into orders, which is timely as other markets around the world progressively close, as they seek to contain the virus.

Protecting premiums will require agile management of the allocation of product to markets by sales and operations teams. Exporters reliant on air-freight are likely to see the most disruption given the massive reduction in capacity. Consumers will pay a premium for food they consider safe. Their perceptions of whether New Zealand's food is safe will depend on how effectively the Government manages the outbreak in this country, as well as our ability to assure the provenance of our food.

**Longer term recovery impacts:** The longer the crisis persists, the greater the impact it will have on people's lifestyles and their diets. History suggests that sustained disruption means permanent lifestyle change, which means producers will need to be close to their consumers to quickly understand changes in their product expectations. We are already seeing evidence that links are being drawn between the outbreak and the use of animals for food, a perception likely to accelerate the transition towards plant-based proteins post-crisis.

**We have additional information, insights and practical advice on the business implications of COVID-19 available for you here:**

- [Business implications](#)
- [Cyber safety](#)
- [IT resilience](#)
- [Financial reporting](#)
- [Business Continuity and Crisis Management](#)

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