



INDUSTRY NEWS AND TRENDS:

CHALLENGES AND
SOLUTIONS DURING
COVID19 PANDEMIC

Many of us are asking, until when will this Covid19 pandemic last? As of the moment, still no one can exactly say when will this pandemic and its effect will end. All we can do is to speculate and look into the details that are in our plates. Below are the challenges we faced before and during community quarantine:

Before community quarantine:

The first African Swine Fever (ASF) outbreak in the Philippines was declared in September 2019. Laboratory test results requested by the Department of Agriculture (DA) Secretary, Dr. William Dar, was the basis of the announcement of the outbreak. The testing was due to the reports of unusual number of pig deaths in backyard farms in Rizal province a month before the declaration of the outbreak. The ASF outbreak affected the volume of production and price of pork in the following months after the announcement.

Magmatic eruption of Taal volcano happened last January 13, 2020. Days before the magmatic eruption, there were several earthquakes recorded by PHILVOCS. Families that were located inside the 14-km radius were advised to evacuate. Farms and feed mills that were affected by the volcanic eruption either reduced or stopped production.

Department of Agriculture Secretary, Dr. William Dar announced last March 16, 2020 that bird flu or avian influenza has reemerged in the Philippines almost 1 week prior to the declaration of community quarantine in NCR. The disease was detected in a quail farm in Jaen, Nueva Ecija. Since the announcement that the highly-pathogenic disease can affect humans, people were scared to eat poultry species even though there were no confirmed cases reported of bird to human transmission of the virus. There was an immediate response from the United Broiler Raisers Association (UBRA) assuring Filipinos that they need not to stop consuming chickens and that no broiler farms were affected by bird flu during that time.

During community quarantine:

COVID-19 caught us off-guard. Aside from the threat that this pandemic has brought to human health, this COVID-19 situation has led to global problems. Of all these problems, one of the priorities of affected countries by this pandemic is food security – in terms of availability and accessibility, in which the livestock sector is a great fraction.

Global Trade

Limited transportation and movement of not only humans, but also goods and services from one place to another were the gist of this community quarantine – this includes local and international transport. On a global point of view, import and export of pork and poultry products are greatly affected as borders of some countries implemented stricter measures to prevent potential risks of infection for such diseases (COVID, ASF, etc.) Aside from this, Philippine livestock market is greatly dependent on some raw materials that are not produced locally, therefore, effect on the international trade routes greatly affected the supply of raw materials for livestock production. Domestically speaking, local trades of pork and poultry products are hampered, therefore, prices are greatly affected.

Raw Material Prices and Trade

It has been mentioned in an article by the FAO that the world's biggest soymeal exporter has reduced its supply of soymeal to feed manufacturers by half due to the restrictions during the community quarantine. Also, China – a major supplier of organic soybean, has caused disruptions for global organic feed producers due to travel restrictions. These could affect global trade flows thus affecting the supply of soya in the Philippines. In the United States, the shutdown of ethanol plants is causing worries to the livestock producers regarding the supply of dried distillers grains (DDGs) – an important by-product in ethanol production which are widely used in animal feed manufacturing. Other inputs that are affected due to the transport restrictions are the supply of replacement animals, breeding animals, and semen.

In the Philippines, most of the vaccine companies are located in Luzon. Inter-island transport from Luzon to Visayas and Mindanao were limited during the community quarantine. This incur delays in the delivery and use of vaccines and other livestock medicines to other parts of the country. Also, small scale vaccinators for the backyard farms had difficulty operating during the lockdown period. All of these factors contribute to increasing the likelihood of new epidemics that might cause major livestock losses in the future.

Farmers tend to purchase in bulk due to travel restrictions, within and outside the country, and the threat of loss of supply of different inputs. Compromised storage and conservation might affect the quality of raw materials to be used in feed processing, therefore further measures must be done to ensure the quality of feeds produced. This has been seen as the demand for feed additives greatly increased during the beginning of community quarantine.

A local industry player mentioned in an article from *Asian Agribiz* that the local feed production is reduced by about 15% to 20% as compared last year. Analysts have also predicted about 6% decline in the demands for soybean, corn, and wheat for animal feed production in countries such as Vietnam, Thailand, Malaysia, and the Philippines in the year 2020.

Prices of Pork and Poultry Products

Prior to this community quarantine caused by the COVID19 pandemic, prices have shoot up as the ASF greatly affected the swine production in the country. In the reports from DeltaMan, reduction in the supply of pork is estimated to be at 30%-32% in the areas hit by ASF outbreak. Farm gate prices of pork started to increase during the 1st quarter of 2020 (104.13, 101.03, 111.72 Php/kg for January, February, March respectively). Community quarantine due to COVID19 does not actually affect farm gate prices of pork in Luzon due to limited supply. It is projected that pork prices will continue to improve until the end of 2020. Pork Producers weekly price updates as of July 1, 2020 showed that the highest farm gate price of pork are in the provinces of Tarlac, Bulacan, and Cavite with an average of 170 to 180 Php/kg. the lowest farm gate prices of pork are from the provinces of Mindanao with an average of about 90 to 95 Php/kg.

There has been a reduction in the broiler production in the Philippines due to the community quarantine. Some commercial farms have reduced their production by around 30%. Farm gate prices of broiler started to decrease during the 1st quarter of 2020 from 77.56 to 59.65 from January to March. Prices went down to as low as 30 Php/kg during the 2nd week of community quarantine in the country. As of April 2020, broiler prices were around 77 to 81 PhP/kg but is expected to continuously be on the lower side due to the high inventory of frozen chicken in cold storages.

On the other hand, prices of table eggs were relatively stable as compared to pork and broiler prices amidst the community quarantine situation since it is the cheapest source of protein and are readily available. It has been projected that the prices of table eggs will continue to improve until the 1st half of 2020. Current farmgate prices of medium eggs are in the range of 5.27 to 5.85 Php/pc.

Importation

There were several issues on the importation of meat products in the country due to ASF and Covid19 pandemic. The government ordered to tighten the rules on importation by requiring importers to submit Meat Importation Usage Report. It is said “to ensure the importers have fully utilized their meat imports every year”. Livestock and poultry raisers at that time questioned the proper implementation of the new regulation on importation of meat products. Since then, many organizations in the animal industry asked the Department of Agriculture (DA) and Bureau of Animal Industry (BAI) to stop the issuance of permits regarding the importation of chicken, pork and processed meat products.

Pork importations in the country went down by 40% while chicken imports increased by 50% both from January to May 2020 versus the same months of previous year. Despite the 40% fall, recovery of pork imports during the second half of 2020 is expected according to Global Agricultural Information Network (GAIN) report, US Department of Agriculture’s (USDA) Foreign Agricultural Service (FAS) in Manila. This will be a response to the foreseen decrease of pork supply as a result of strict implementation of ASF policies on movement of pork and live animals and while restocking programs is still a challenge to commercial farms. Local broiler production was negatively affected by the excess in chicken supply caused by the said importations. With this, poultry producers in the country called for the temporary suspension of imports for chicken. On the other hand, banning of imports might result to increased prices of meat products. Effects of disease outbreaks such as the ASF and the current lockdown protocols in the country may influence the price of locally produced pork and chicken meat to increase.

Demand for pork and poultry products

Modern day technology has enabled us to easily market products, however, there are still areas in the country where e-commerce cannot be fully utilized due to limitations on gadgets, poor internet connection or network signals. During the earlier implementation of lockdown protocols, flow of goods from farms to urban markets slowed down. Poor mobility also affected agricultural labor. Consumers in the country who suffered unemployment due to lockdown protocols have reduced purchasing power. Moreover, the closure of restaurants or establishments that uses livestock produce as their primary raw material affected negatively the demand for farm produce. Oversupply of farm produce caused by the lack of demand resulted to occupied cold storages.

Corn is the main energy plant source in feeds in the Philippines. Forecasts on the increasing demand for feed corn is said to be a result of 3% rise in poultry output. However, due to decline of local feed corn production this year, importations were said to help meet this expectation.

There was an obvious increase in the number of online sellers which modified the retailing and product demand. Experts have been saying that the global economy will need at least two years to recover. This will require manufacturers and businesses to rethink their policies and strategies moving forward the current Covid19 pandemic.

Production performances

Animal production, like any other businesses, is struggling during the pandemic due to limited workforce. In poultry and swine, layer production appeared to be doing well for the past months. It is expected that chicken production will slow down but will still grow during this year. Health concerns on farms should be carefully monitored due to the increasing likelihood of new animal epidemics brought by disruption of public services and interrupted delivery and use of vaccines and medicines. During the earlier times of quarantine, inter-island transport was hampered which resulted to localized stock of raw materials and farm produce. Still numerous webinars related to animal production are ongoing that tackle the different strategies to improve animal performance.

Emerging news

Amidst the pandemic, there have been a new potential threat. Recently this month, articles have been spreading-regarding this new potential pandemic. Chinese researchers have identified a swine influenza strain that could potentially lead to a pandemic. "The virus, which researchers call G4 EA H1N1, is a blend of three lineages: one similar to strains found in European and Asian birds, the H1N1 strain that caused the 2009 pandemic, and a North American H1N1 that has genes from avian, human, and pig influenza viruses"

We understand that there are companies around the world that are currently and continuously working with the potential vaccines or treatments to combat Covid19. Here are some updates from some of the companies' estimated target date on their trials: (a) J&J – Phase 1 trials in September 2020, (b) Sanofi and GlaxoSmithKline – human testing on in the second half of 2020, and filing for regulatory approval by second half of 2021, (c) Oxford University – if current clinical trials are successful, they are hoping to produce 1 million doses by fall of 2020, (d) BioNTech – approved in Germany for Phase I and Phase II trials, (e) Novovax – preliminary read on Phase III trials in July, (f) Moderna RNA and Inovio DNA vaccines – "potential for emergency use in primary populations in fall of 2020".

Aside from the development of a potential vaccine against this COVID-19, another hope to alleviate this pandemic is to treat infected patients with an antiviral drug. A recent news published by the Philippine Daily Inquirer last July 7, 2020, a pharmaceutical firm called Regeneron announced "it is now entering the late stage of its human clinical trials investigating a drug to both treat and prevent COVID-19". The antiviral drug is called REGN-COV2 and is a combination of two antibodies that block the coronavirus "spike protein" which it uses to invade human cells. This trial is being conducted by Regeneron together with US National Institute of Allergy and Infectious Diseases (NIAID). In the previous year, Regeneron was able to develop a triple antibody cocktails that are shown to be effective against Ebola virus.