

# COVID-19 and the Dairy Value Chain in Colombia

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Covid-19: new challenge or new opportunity to enhance sustainability of  
agricultural and fisheries value chains in EU partner countries?

# Background

- Dairy farming: 45% of national herd (24 million animals)
- Total production of milk (2019): 6.8 billion litres: specialised cattle (45%) and double purpose cattle (55%)
- Total farms: 350,000 - 80% of which are small producers, many of them under subsistence conditions
- 45% of milk production with formal stockpiling, 55% is marketed through informal channels
- Milk production: 10% agricultural GDP
- Dairy processing and transformation: 3.1% of industrial GDP

# Disruptions in the VC and pathways

- Difficulties in the timely availability of inputs, in the movement of workers, in the transport of products
- No decrease in production (good weather conditions) but, at first, milk collection decreases
- Increase in production costs exacerbated by a greater devaluation of the peso
- Downward pressure on producers' prices from the industry but, in the end, increasing producers' prices
- Consumers' preference for supermarkets instead of small scale retail (online sales, new strategies, easy purchases...)
- Reduction in the demand of high value products due to the lower consumers' purchasing power

# Solutions undertaken and effectiveness

- Government credit line with favourable conditions to finance production
- Establishment of a “supervised freedom” price regime for inputs purchasing
- Government transfer of USD \$ 6 million to support the collection of milk in the farms by the processing companies
- Enhancement of public purchases of processed milk
- Government support to exporting 5.000 t
- Massive campaign to boost consumption
- Migration of some companies to digital platforms

# New challenge or new opportunity

- Reduction of technological gap and increase of productivity
- Effective promotion of social inclusion (scale-out)
- Provision of production and physical infrastructure
- Overcoming of the traditional asymmetry in market power between industrialists and milk producers
- Restructuring of the VC on the basis of food safety standards, hygiene, traceability, animal welfare, sustainable consumption, and adaptation and mitigation to climate change

# Concluding remarks: lesson learned

- Limited impact of the pandemic on the agriculture sector (GDP +0.1% in the 2nd term of 2020) and notably on dairy VC compared to other sectors (global GDP -5.7%)
- VC with effective response capacity to disruptions
- Different levels of efficiency of public measures
- Difficulty to isolate Covid-19 from others factors that caused effects in the dairy VC (devaluation, recession, system of prices and market power...)