

Food processing trends during

COVID-19¹



The COVID-19 pandemic has dramatically shifted dynamics in the food processing sector and the situation remains unstable. Lockdown and other restrictions mean people are increasingly cooking their own meals and eating at home. This has generated a rapid shift in consumer demand for certain types of products purchased at grocery stores. These changes in consumption patterns and consequently food production have implications for workers and their unions (e.g. employment, precarious work and collective bargaining).

It is important to examine the trends in food processing and whether these indicate long-term changes and what they mean for unions. There is currently more available information for OECD countries (e.g. the U.S., Europe, Japan) than developing countries on the impacts of COVID-19 in food processing². This is reflected in this background paper.

- **Shift in consumer consumption patterns** — In 2018, the IUF Food Processing Division issued a report entitled **Key drivers in the food processing industry in the next five years**. In this report we noted a continued shift in consumer consumption patterns, particularly in developed markets, towards healthier eating (natural, organic, etc.) which often includes GMO- and antibiotic-free food. While we expect this trend to return after COVID-19, many consumers in developed markets are returning to ‘comfort foods,’ convenience products, frozen meals and are snacking more. This has benefitted companies like Kraft Heinz, Mondelez, Kellogg’s and J.M Smucker by increasing their net sales and/or market share, though not always their profitability due to increased costs tied to COVID-19.

Measures to contain the spread of COVID-19 have also resulted in many people cooking their own meals and eating at home rather than at hotels, restaurants, and catering due to their closure in many countries during the pandemic. For food processors, the shift away from ‘eating out’ has been offset by surging demand for food purchased at grocery retailers. At the beginning of the pandemic, food supply chains had to adjust to the sudden surge in demand for food purchased at retail level. Many consumers witnessed empty supermarket shelves in the early days of the COVID-19 pandemic during this adjustment period.

The shift in consumer consumption patterns during COVID-19 has also led some food processors to reduce their product portfolio to their most popular products and to cut back on innovation. There has also been a significant slowdown in merger & acquisition activity.



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Food bank use has grown in the United Kingdom and Switzerland



● **Shutdowns and labour shortages —**

In many countries, food processing workers have been designated as essential and have continued to work throughout the pandemic. Food processing has not been as hard hit by labour shortages due to worker illness compared to other parts of the food sector (e.g. meat and poultry processing; agriculture). Food processing tends to be less labour intensive and better allows for physical distancing, which limits the spread of COVID-19. In contrast, poultry and meat processing often entails high line speeds coupled with manual tasks that place workers in close proximity to one another, poor ventilation and cold temperatures.

There have nevertheless been labour shortages at many food processing worksites due to COVID-19. These shortages, in conjunction with an increase in demand for certain products, have led to an increase in the use of non-permanent workers, more work shifts and longer operating hours. An increase in the use of non-permanent work can limit workers' ability to access their rights, reduce collective bargaining power and make it more difficult for unions to organise.

● **Concerns about food security —** The pandemic has placed stress on food supply chains due to its **“disruptive effects on the complex web of actors connecting farm to fork, and the sudden change in the demand mix,”**³⁷ which created supply/demand mismatches particularly at the beginning of the pandemic.

But, food supply chains have remained largely resilient, particularly in OECD economies. COVID-19's risk to food security lies in the devastating impact the pandemic has had on jobs and livelihoods across entire economies.

Food security concerns are generally greater in developing countries where income is low, social safety nets are few and healthcare systems are poorly resourced. However, there are concerns in developed countries too. For example, there has been a marked increase in food insecurity in the United States, now estimated to affect one in five households⁴. Food bank use has grown in the United Kingdom and Switzerland.

● **Impacts on automation —** IUF affiliates have reported that COVID-19 is increasing workers' anxiety about automation. The COVID-19 crisis has meant economic recessions and rising unemployment in many countries. This leaves workers with fewer job options and naturally increases anxiety about being replaced by a robot or other forms of automation.

Robots are adept at repetitive, low-skill tasks like filling bottles or boxes i.e. the packaging area of food processing plants. However, robots are not yet good at picking up delicate, unpackaged product. They are also very expensive. Since food processing production areas that handle unpackaged product often require washing, few companies would want to risk expensive robotics getting damaged.

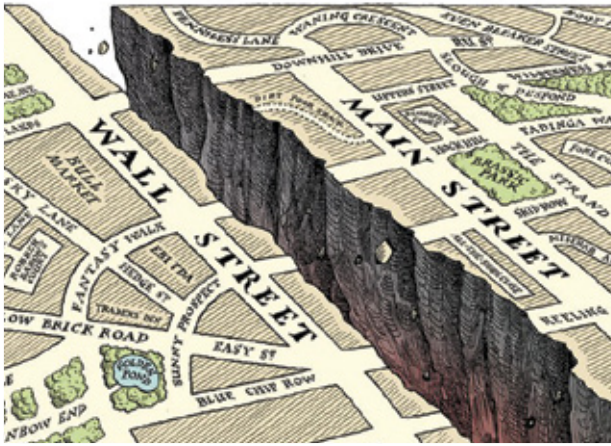
IUF affiliates should seek to bargain over the introduction of new technologies and their impact.



Source: <https://www.cgiar.org/news-events/news/update-on-the-cgiar-research-response-to-covid-19>

You can learn more in the 2018 'Key drivers' document [here](#)





Source: <https://www.economist.com/leaders/2020/05/07/the-market-v-the-real-economy>

● **Economies in crisis, yet stock markets at historic highs** —

There is now mass unemployment, economic slowdowns and/or recessions in many countries. At the same time stock markets (e.g. in the U.S) hit historic highs in 2020. This shows a complete disconnect between what is happening in financial markets and the real economy. When the pandemic began, the G7⁵ governments (an international intergovernmental economic organization consisting of seven major developed countries) rushed to give financial support to workers and businesses. This financial stimulus has been enough to boost financial markets, but not enough to cover lost worker income. This has contributed to a decline in overall consumer spending. The surge in the U.S. stock market also conceals a major corporate credit bubble which threatens to burst if the economic downturn continues. This is a significant risk for workers.

Widespread full lockdowns during the first wave of the pandemic contributed to a large decline in economic activity in 2020. In general, more targeted lockdowns during the second wave of the pandemic have not adversely impacted economies as much as those during the first wave, which were broader in scope. However, the economic situation remains very difficult.

● **Essential worker pay** — IUF affiliates with food processing membership have sought to negotiate recognition or essential worker pay, often successfully, across food processing sites during the COVID-19 pandemic.

In many cases, recognition pay was given towards the beginning of the pandemic in 2020, but since then has been discontinued. At the same time, food processing workers continue to be classified as essential workers and have worked throughout the entire pandemic. IUF affiliates have stressed that recognition pay should not be tied to attendance as this only incentivises workers to report to work when sick.

Extra payments should never be negotiated to compensate for the lack of safety at work. Work must be made safe. Occupational safety & health (OSH) processes involving union elected health and safety representatives and which include regular risk assessment, identification, removal and protection against hazards have become even more critical during the pandemic. Pay is for recognition, not exposure to risk.

Impacts of the COVID-19 pandemic and crisis on IUF food processing unions

unions

We would like to hear more from you about the practical impacts of the COVID-19 pandemic and crisis on food processing union membership in your countries.

You can respond to the following questions online at this [link](#) (in English).



1. What has the impact of the COVID-19 pandemic and crisis been on union membership, collective bargaining and other key union concerns?

2. Do you see outsourcing increasing in the food processing sector since the COVID-19 pandemic began?

3. What have been the impacts of COVID-19 on employment in the food processing sector in your country?

4. What country are you reporting from?

5. Which union are you reporting from?

ENDNOTES

- 1 Note: Prepared for the IUF Food Processing Steering Group Meeting (September 2020)
- 2 Note: Please remember that the IUF Food Processing Division covers all food with the exceptions of meat, poultry, dairy, seafood and agriculture.
- 3 Source: OECD, "Food Supply Chains and COVID-19: Impacts and Policy Lessons," June 2, 2020
- 4 Source: <https://www.brookings.edu/blog/up-front/2020/05/06/the-covid-19-crisis-has-already-left-too-many-children-hungry-in-america/> (Accessed September 14, 2020)
- 5 Note: The G7 governments are Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.