Markets and Sector Insights | Covid-19 Impact on Trade: June 5th

June 5th, 2020

BORD BIA
IRISH FOOD BOARD

Rialtas na hÉireann
Government of Ireland

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Macro-Economic Context

Political

The UK government is considering exempting some countries from plans to **quarantine** people coming to **Britain**, amid growing anger among Conservative MPs about the damage such controls will cause to the UK travel and hospitality industries.

Number 10 is considering whether **“transport corridors”** could be created between Britain and countries with low rates of coronavirus infection, under which people arriving from those nations would not have to adhere to the 14-day self-isolation period. The **UK travel and hospitality sectors** have warned that the quarantine plan — due to take effect from June 8th — will further damage their industries, which have already been hit hard by the virus crisis.

Economic

The ECB is to expand and continue its **bond buying programme**, which has been the tool the central bank has been using to shore up Eurozone economies. The ECB is due to reveal the next stages of the plan and it is understood to be centred on extension and continuation of its **€750bn Pandemic Emergency Purchase Programme** (PEPP) — the extra bond-buying scheme it launched in March.

Stock trading in Europe has been positive with **indexes making gains** - the gains have been driven by hopes of a speedy rebound in the global economy, following signs that coronavirus infections have peaked and the damage from lockdowns has bottomed out in Europe and the US. Big stimulus packages from governments and central banks have left investors bullish.

Despite the stock market performance, the total economic outlook remains bleak. The **French** finance ministry on Wednesday forecasted the national economy shrinking 11% in 2020. In **Ireland**, IBEC released its predictions for economic activity. The business lobbying group is predicting that **GDP will contract 11.1%** in 2020. The group expects total exports from Ireland to **decline 7% in 2020**. For 2021, with a caveat that the form of a Brexit agreement, if any, is crucial, the group expects a return to economic growth of 6% and a return to export growth of 6.4%.

Illustrating the steps other major economies are having to take to tackle the fallout from the crisis, **China's central bank** has earmarked Rmb400bn (€56bn) and created a new monetary policy tool to **temporarily purchase** small business loans from banks. **China's regional banks** have been hit hard by the coronavirus outbreak and the continuing crisis around the world.

Societal

The governor of **Tokyo** has issued a coronavirus alert for the Japanese capital amid worries of a **resurgence of infections** only a week after a state of emergency ended.

Governor Yuriko Koike issued a “Tokyo alert” on Tuesday after 34 new cases were confirmed in the city, where confirmed infections had slowed to a few per day in late May.

Technological

The **UK Government's** testing figures have been criticised by the **UK's statistical regulator**. In a letter to the health secretary, the chair of the UK Statistics Authority, described the government's daily coronavirus testing figures as "far from complete and comprehensible". It follows the UK government celebrating its **200,000 tests per day capacity**. This has been revealed to include tests posted and prepared rather than tests completed. The letter went on to call for the publication of data showing how many people were tested over time, and for much simpler reporting of the number of tests carried out in the UK.

Sectors Insights

Meat Sector Summary

Beef

The demand for prime cattle meeting the **preferred retail specifications** improved further in the past fortnight across **Ireland, the UK and Europe**. This reflected the fact that the vast majority of food sales are being **channelled through retail**. There has been double-digit growth in retail sales across our major markets. Meanwhile, beef processing operations continue to be restricted in many EU countries, restricting the available supplies of local beef.

Demand for mince is dominating the category, although steak sales have also performed well over recent weeks. **Steak promotions** have helped entice many shoppers into several UK and Irish retailers, with fine weather driving the demand for barbeque products.

In **Ireland**, steers base price quotes are generally between €3.60 and €3.65/kg, with an additional €0.05 to €0.10/kg available for heifers. These prices exclude "in-spec" bonus payments. Cull cow prices have eased slightly, with O grades mostly securing between €2.80/kg and €2.90/kg.

The average price received in Ireland for R3 steers for week ending May 23rd 2020, as recorded by the Department of Agriculture, Food and the Marine, **was €3.63/kg** (excluding VAT). This **compares with average prices** of €3.83/kg for R3 steers in the UK. Across Europe, where the majority of male animals are finished as bulls, the average R3 young bull price was €3.46/kg.

Cattle throughput in Ireland for the week ending May 29th declined by 3,800 head, in comparison with the equivalent week in 2019, to 31,070 head. For the year to-date, **supplies have fallen by 5.3%** (41,000 head).

Live Exports

For the week ending May 23rd, live cattle exports reached almost 5,500 animals according to the latest figures published by the Department of Agriculture, Food & the Marine. Out of this total, intra-community trade of calves accounted for just over 4,000 head. **Spain** continues to be the most important market for calves, **taking over 2,700 head**. Other smaller quantities of calves were sent to **Northern Ireland (581), Italy (448) and the Netherlands (271).**

For the year to-date, overall exports of live cattle from Ireland have **declined by 24%**, or 48,500 head, to 154,500 head. The primary reason for this decline has been fewer calves being sent to other EU markets, which have collectively fallen by 28.5%, or 48,000 head, to 120,500 head. In particular, calf consignments to the **Netherlands** have declined by more than 39%, or 31,000 head, as demand from the **Dutch veal sector** has been significantly impacted as a result of Covid-19.

Sheepmeat

The sheep trade starts this week in a relatively positive manner. **Spring lambs** are beginning to finish in greater numbers. Quotes have eased in some plants by **5-10c/kg** although firm demand is helping to keep a floor under the trade. Quotes for spring lambs generally range from €5.75/kg to €5.90/kg, plus a 10c/kg bonus for QA. Returns will also be helped by plants starting to pay up to 21kg carcase weight.

Retail demand remains strong both in the home and export markets, with **green shoots emerging from foodservice** in some EU countries.

Starting Monday 1st June, Bord Bia intensified its **promotional activities** to coincide with the peak supplies of new season Irish lamb via the airing of a three-week TV Campaign for QA lamb. This TV campaign runs for three weeks (1-21 June). This will be followed by two weeks of an EU co-funded lamb promotion called **'Lamb – Try it, Love it'** in July. This promotional wave will include social media activities and an outdoor advertising campaign (13-20 July) across Dublin, Cork, Limerick and Galway.

In **China**, consumer behaviour is returning to normality, with more than 90% of employees back at work. According to GTIS data, **Chinese import demand** for sheep meat picked up substantially in March with volumes up 18% on a year earlier and 23% higher than the five-year average. Following successive weeks of decline, sheep prices have increased in New Zealand up 15c/kg to NZ$6.75/kg on the previous week. However they are still well behind the records highs of NZ$7.60/kg that was achieved this time last year.

Pigmeat

Pig throughput capacity is expected to **return to normal levels** this week, reflecting positive developments around staff recovery where Covid-19 cases occurred. The latest data from the CSO shows that Irish pigmeat production is almost **3% higher** at 104,000 tonnes for the first four months of 2020, compared to the corresponding period during 2019. This reflects a minor increase in throughput levels combined with higher carcass weights.

Strong demand for pigmeat remains evident across the **domestic retail channel**. In particular, the sausage and bacon subcategories both recorded growth in the region of 27% in volume terms during the latest four week period ending the 17th May compared to the previous year levels according to Kantar Worldpanel. The planned reopening of **deli counters** across key retailers over the coming weeks is expected to lift demand for sliced cooked meats. Demand within the foodservice channel is showing some **tentative signs of recovery** where outlets have adjusted their business model to serve the food-to-go category.

The latest prices reported in Ireland for grade E pigs are generally in the range between 164-166c/kg (incl. VAT).

In other industry developments, **Spain**, the second largest European pigmeat exporter recorded a 14% increase in exports for the first quarter of 2020 compared to prior year levels. This reflected higher production, which over this period was 4% above 2019 levels. In addition, despite reports of some difficulties, demand from the main export market, China, continued to be higher with volumes up 87% (+104,000 tonnes). Despite the Covid-19 outbreak leading to congestion at Chinese ports, underlying import demand remains strong as domestic production is still severely limited due to the African Swine Fever outbreak.

Poultry

Poultry supplies continue to remain largely unaffected at meat export plant level. **Demand remains firm**, as consumers shop the category more frequently and purchase more per trip in response to lower prices. For the latest 4 week period ending the 17th May, total poultry sales are **21% higher** in volume terms compared to the corresponding period during 2019 according to Kantar Worldpanel.

Dairy Sector Summary

EU Internal Measures

At time of writing, tonnage offered in respect of aid for private storage total:

- SMP: 5787mt offered by 5 member states.
- Butter: 36818mt offered by 14 member states (incl. UK). Largest volumes of product offered is in the Netherlands, Ireland and Germany, which combined account for over 29,000mt / 79%.
- Cheese: 40302mt with Ireland, Spain, Italy, Sweden and the UK offering their respective total permissible quantities.

USA Stocks

Milk production is trending on par with previous four years and **milk production is up**.

US Stocks are high – SMP up 25%, Cheese up 6% and Butter estimated to be up 27% year on year.

Pricing Overview

EU and US pricing is somewhat aligned. Butter continues to perform well with positivity peppered throughout the main core cheese and powder commodities. Oceania pricing is more bearish.

EU Pricing

Week 23's Dutch Dairy prices were up 2.28% overall with positive movements again for Butter and SMP (A)

Week 23/2020	WHEY €/tonne	BUTR €/tonne	SMPE €/tonne	SMPA €/tonne	WMP €/tonne	WOW % Diff
	€ 750	€ 3,100	€ 2,170	€ 2,030	€ 2,600	
WOW +/- EUR/PMT	⇨ €0	⇧ €120	⇨ €100	⇧ €100	⇨ €0	2.28%

Save for Kempten Emmental (+6%), European cheese prices slid last week with Gouda back close to 7% on the previous week. Butter is still recovering from early Q2 blows and Deutsche Markenbutter was up over 16% on the previous week to €3080/mt.

USA Pricing – (positive movements for butter and cheese in week 22)

American cheese (blocks) recorded a significant positive increase on week variance, closing last Friday up over 80%. Double A grade butter was up 38% week on week. Protein powders were mainly red for week ending May 26th, rennet casein back over 9% and whey back over 4% week on week.

Oceania Pricing – (GDT Event 261, +0.1%)

Negligible increase on previous event, with close to 22,000mt sold. BMP saw the most significant gain at over 9%, but worth noting that reports suggest less than 600mt was offered.

WMP gained 2% on the previous event and represented the lion's share of product offered at 12,220mt.

Alcohol Summary

The situation in the domestic on-trade remains the same as previously reported.

The **USA** is experiencing permanent changes in some states as a result of Covid-19. For example, Oklahoma has just legalized kerbside and delivery services for the on-trade and the off-trade, something that was previously prohibited. Several other states have similar bills awaiting passage through their senates.

In **South Africa** the alcohol trade commenced on June 1st. The sector has had just a few days to fill the distribution pipeline, retailers are under pressure to fill shelves while at the same time, implementing measures to avoid overcrowding in their stores. The rules limit the hours of operation to daytime Mondays to Thursdays. **E-commerce** was also permitted to resume on June 1st.

According to IWSR, **India** has now legalized e-commerce sale of alcohol, and **China is opening the on-trade**, including night trade, while we are also seeing some European countries allowing some on-premises to re-open.

Prepared Consumer Foods Summary

Companies within the **Prepared Consumer Foods** sector are experiencing a differing impact from the Covid-19 situation. Client companies **supplying the foodservice sector** have been **impacted heavily**. Domestic foodservice demand remains low with some modest increase in orders coming from European markets as foodservice outlets re-open gradually.

Retail focused companies are experiencing largely stable demand in the last number of weeks. The effective closure of the foodservice sector has led to an increase in ***in-home* meal occasions**. This has driven growth in total retail sales. Our manufacturers, who have products that are used in *in-home* baking and scratch cooking, have seen increases in demand for their products. Sales volumes in **chilled meals, instore bakery and deli products** are in **decline** year on year. Demand for convenience and food–to-go products remains low. This is likely to remain low until we see increased numbers of people returning to work.

Consumers are making **fewer trips** to the shops as the current stay at home guidelines remain in place in Ireland. Their spend in-store is higher as they purchase more items per trip. This change in behaviour is having a positive impact on the **demand for long life foods**. These products allow consumers to stock up in case of shortages on fresh and chilled items.

Client companies are reporting that the **demand for frozen products** remains strong. Bord Bia has noted a significant rise in demand for **long life bakery offerings**. Ice-cream manufacturers have reported strong demand in recent weeks. This is driven in part by the good weather and also by consumers' need for a treat.

Seafood Summary

Those seafood companies **highly dependent on foodservice**, both nationally and internationally, which typically is for high value seafood products, will be particularly challenged, with recent research confirming that any recovery to pre Covid-19 sales levels will be a lengthy process.

On a positive note, suppliers of **prepacked seafood** to the Irish multiple retail sector are reporting solid demand, with one Irish retailer reporting to Bord Bia that it had its **highest**

selling sales of haddock ever, which is positive news, and in turn will be further boosted by Bord Bia's Irish national haddock campaign which will commence on the 22nd June and run for a 3 week period. The Irish independent retail sector is also reporting strong growth in sales.

As noted previously, the Irish **whitefish industry** has been impacted heavily by Covid-19 and this is reflected in the latest available export data for first quarter 2020. According to data from Eurostat, in Q1 2020, exports of fresh Irish haddock fell by 26% in value and monkfish fell by 40% when compared to Q1 2019.

The volume of exports saw even larger declines. Key markets for these products are **France, Spain and the UK.** The export data also showed that 95% of Irish langoustines were exported to 3 main markets in Europe - Italy (62%); Spain (21%) and the UK (12%). Overall, exports of this species fell by 11% in the first quarter and whilst significant, it might have been expected to be a larger decline given the impact of Covid-19 on the foodservice channels in these markets. This points to a possible scenario, as there are now significant stock levels held in storage in the main European markets; so when the markets reopen this will probably result in a downward pressure on prices for these species over the coming months, until stocks are sold through.

The **Irish oyster industry** has been impacted very severely by Covid-19 as previously reported. Data from Eurostat comparing first quarter 2020 versus the same period 2019 shows that the overall export value of Irish oysters declined by 41% during this time with exports to **France, our largest market**, declining by 44%, **Hong Kong** by 43% and **China** by 56%. Total export volumes declined by 55% during this same period.

Reports from **France** indicate that oyster farmers in France are also in a very difficult situation with lots of stock available on the French market from local production. This build-up of stock will have major implications for the Irish sector as we move into the later stages of 2020 unless the foodservice channel in France opens up to absorb some of the large volumes now available. The opening up of export markets for French oysters will also be important to ensure a better balancing of stocks in the French market and allow space for Irish exporters to ship to the region.

Horticulture Summary

There are no major changes to report for the horticulture sector over the past week.

The demand for edible products through multiple retail remains strong both in the domestic and export markets. The demand for plants is very strong in Ireland since the reopening of garden centres.

Markets Insights

Retail

The latest **MCA Channel Pulse** survey has shown that shoppers are returning to supermarkets in the UK, with in-store grocery shopping growing its share of occasions at breakfast (+1.5ppts), dinner (+6.5ppts), and snacking (+0.3ppts). However, **online grocery services** remain in high demand and HIM MCA forecast that this will remain the case as the UK moves into “adjusted normality”. The survey also revealed that the grocery delivered channel increased its share of occasions at breakfast (+2.1%), lunch (+0.25%) and snack (0.2%).

Over the past week, human rights protests have been taken place in more than **30 cities across the US**, with curfews imposed in many areas. Retailers have been affected through forced closures or curtailed and in some cases due to looting and vandalism.

The **South African** retailer Woolworths is reporting that their food business has been resilient throughout South Africa’s lockdown period, with sales growth of 17.4% in the eight weeks to end-April. While suppliers to the **Kenyan** retailer, Tuskys, are requesting government intervention to resolve payment issues with the retailer.

In **Germany**, the GfK "Consumer-Index April 2020" states that **German** supermarkets increased their turnover in total by 26% compared to April last year, while discounters’ sales grew by 20%. Prices for food & beverage in Germany increased by 3.3% in retail in April following a 2.5% in March. The **Edeka Rhein-Ruhr region** reported increased sales of 14.9% by the end of April and this has continued into May.

Carrefour Poland has launched an online tool on their site to check the traffic forecast in your local store outlining the hours when it is busy. While in **Spain**, Carrefour is the first retail to have obtained the AENOR Certification for their Safety Measures Protocol against COVID-19.

Elsewhere in Spain, **Consum** has invested more than €2.5 million in a **digital capacity control** system in its stores, with the aim of avoiding crowds and guaranteeing the distance between customers. Through the use of sensors at all access points, the system will autonomously regulate the flow of customers through screens with a red or green traffic light, which will be located at the entrances to stores.

ASEDAS, the **Spanish retail federation**, are reporting an increase of 20-25% in operating costs for Spanish retailers due to Covid-19, while in tourist areas they are also reporting that 3,500 retail outlets are seriously affected by the lack of tourists.

Similarly **Dutch** retailers are reporting that the supermarket wage bill in the Netherlands has risen significantly in weeks 13-16 of 2020. This is largely as a result of Covid-19 related measures: on average 5% more working hours due to extra staff working to man entrances, disinfect trolley handles, etc., resulting in a 12% increase in the wage bill which is putting pressure on the contribution margin.

Saudi Arabia will triple the VAT rate from 5% to 15% from 1st July on non-essential goods purchased in retail including certain dairy and processed meat products. Other austerity measures that will affect consumer spending in Saudi are the abolition from 1st June of the cost of living allowance that the government used to give to over 1.5m state employees. A new austerity measure that was announced this weekend was the increase on import tariffs on imported goods and ingredients.

In **Germany**, sales of impulse buys such as sweets, chocolate bars and chewing gum, designed for 'on-the-go' consumption have fallen sharply as a result of the lockdown, with the latter forecast to be down as much as 30%. While in **Japan**, consumption of butter increased by 50% year on year during May, and dairy manufacturers have had to increase production to avoid empty shelves. The increased consumption is due to more people eating at home during the lockdown, in particular using butter on toast and for making bread and pancakes.

Due to the Covid-19 related labour shortages, 35% of fruit and vegetables remain unpicked. This, along with a late frost in **Northern Italy**, has contributed to price increases in the following areas: summer fruit +8%, vegetables +5%, pasta/potatoes +3.7%. While in **Nigeria** food prices continue to suffer artificial inflation in the traditional open market. This increase is attributed to the increase in logistic cost of moving the goods to the markets.

Retail Promotions

Kantar's market share update last week showed that **UK grocery inflation** now stands at 3.1%, its highest level since January 2018. It comes as shoppers are picking up fewer deals, particularly multibuys, as supermarkets reduce promotions to keep shelves stocked.

In February, prior to the coronavirus outbreak in the UK, 31% of total sales value was through promotions. That fell to 25% in April, and remains low, despite increasing to 27% over the four weeks to 17 May [Kantar].

As well as less spending on multibuys in supermarkets, the share gains made by the convenience sector during the pandemic has also affected the figure. A study by TWC and KAM Media this week revealed that c-stores are growing in importance with 75% of the UK adult population visiting a convenience store in the past six weeks, with 52% stating their local convenience store has grown in importance to them. It also suggests that c-stores will continue to benefit with 77% of people stating they 'feel safe' in their local store.

In **Belgium**, Aldi, Colruyt and Carrefour have each implemented a campaign in which price plays a crucial role. Lidl also plans on becoming more "price aggressive", focusing on its **Lidl Plus digital loyalty card** and special offers. Carrefour has **reduced the price** of 1,000 products in Belgian stores from May 27th with reductions reaching 15%. Aldi and Colruyt have launched their own initiatives to give the consumer additional purchasing power.

In **Germany**, after a series of campaigns to thank and retain existing customers, Edeka has returned their focus to price promotions with a new campaign entitled "Wunschlos günstig", which translates literally as "perfectly affordable", reflecting the demand from consumers for cheaper products.

Online Retail

In China, **Alibaba's dominance** in online retail is expected to be tested in the upcoming shopping festival on June 18th, after the rapid growth of smaller players seen during lockdown.

Two of their biggest competitors, JD and Pinduoduo have seen share prices soar by 44% and 62% respectively so far this year, while Alibaba's are down 5.6%. Similarly in the Netherlands during the lockdown period, the online retail channel provided smaller operators with the opportunity to gain market share on their larger competitors, primarily due to the limited capacity issue that larger players faced. In the period of H1 2020 compared to H2 2019 the three largest online operators Albert Heijn, Picnic and Jumbo saw declines in sales, respectively, from 32% to 28%, from 23% to 18% and from 18% to 15%. While challengers like Plus Supermarket saw their share rise to 5% from less than 3%.

In the **US**, online grocery sales grew by 24% from April to May 2020, reaching $6.6 billion according to the latest Brick Meets Click/Mercatus Grocery Shopping Survey. Grocers and e-commerce services have been increasing capacity to make it easier for customers to secure time slots as demand surges. May's average monthly purchase frequency climbed 10% versus April, and the average order value climbed nearly 6% to $90 in May. What consumers are shopping for online, however, has changed somewhat as well. May's survey found that 14% of households that purchased private label products said that they bought more store brands than before the COVID-19 pandemic.

In a Nielsen study of **Middle East markets**, consumers indicated they are doing much more shopping online than prior to the COVID-19 outbreak. More than 40% of online consumers in the United Arab Emirates and Saudi Arabia and more than 30% in **Qatar, Bahrain**, said they are now shopping more online than pre-Covid19.

Online sales of food and grocery products in **Italy** have increased by 55% in the last year, to reach around 2.5 billion euros in value, 84% of online food purchasing is done through supermarkets, followed by independent wine and food delivery outlets.

In one month, 26% of **French households** have bought food online according to latest figures from Nielson. E-commerce which represented 5.7% of sales in 2019, exceeded 10 points of market share during certain weeks of confinement. The trend has continued post lockdown with online sales up +66% year on year in the first week following the lift of confinement measures.

Foodservice

This week saw a number of **new re-openings** in the foodservice channel. In the **Netherlands** restaurants and cafés reopened their outdoor seating areas, with people required to stay 1.5 metres apart and all seated at tables on the 1st June. Indoor dining is also permitted up to a maximum of 30 people (excluding staff), keeping 1.5m distance and with reservations obligatory.

The following day, bars and restaurants in **France** started to progressively reopen, however in Paris, only premises with a terrace are allowed open currently as Paris remains in the "Orange" zone whereas provincial France is now in the "Green" zone. According to Gira, the closure of the **French foodservice sector** from the 15th March until the 15th June equates to a loss of 1 billion meals, while according to a report published by Foodservice Vision the commercial foodservice channel lost 88% of its turnover in April, compared to a reduction of 56% in the institutional channel.

In advance of the reopening this week, the Foodservice Vision study also reported that 81% of French consumers plan to dine out as soon as restaurants in their area reopen. Elsewhere a report by the Cetelem Observatory claims that 83% of consumers plan to **support French producers** as the channel reopens and this was echoed by the French steakhouse chain, Buffallo Grill, who announced this week their move to **sourcing French beef exclusively** when they reopen.

According to a survey by The Fork restaurant reservation app, 40% of the 13,000 app users in **Italy** plan to eat at a restaurant in the next two weeks, and 77% will do so by June 22nd. Italian users of the reservation app now feel reassured by the measures put in place, a change from two weeks ago when users were wary of the safety measures in place when the foodservice channel initially reopened.

In **Germany** to support the recovery of the foodservice channel the government has reduced the **VAT rate** for food in this channel from 19 to 7 percent. The regulation is to apply from the 1st July 2020 until the 30th June 2021.

Across the US, as more states lift bans on on-premises dining, transactions at major US restaurant chains continue to struggle but are slowly improving according to data from the NDP Group. Transactions for the w/e May 24th were back 18% versus a year ago, a 25-point gain compared to the week ended April 12th, when transactions were down by 43%. The return to stabilisation is fuelled by full-service chain restaurants, down 49%, an improvement of nine points from the previous week and quick-service restaurant transactions which fell 17% from the year before, up from the 20% drop tracked the week before.

In **Morocco**, fast foods and pizza restaurants reopened for takeaway and delivery only on the 29th May with some restaurants reporting the need to hire additional staff to meet the significant demand. While in **Tunisia** restaurants reopened for table service dining on the 4th June; in **Nigeria** only hotel restaurants were authorised to reopen on the 3rd June.

Pubs and restaurants in **Russia** are expected to stay closed until the15th June, after which time they are expected to reopen progressively with social distancing.

In **Japan**, Starbucks resumed dine-in operations in outlets across the country, with this week all 1,530 Starbucks outlets open with social distancing measures and shortened hours in place. In Singapore restaurants remain closed but latest reports suggest that dine-in restaurants may be allowed to reopen by the end of June. However, restaurateurs foresee an important role for online sales even after the pandemic, with brand owners reporting a growing preference for their own websites and social media channels, which allow direct contact with consumers.

In **China** the Marriott Group has reopened all of its properties, with an occupancy rate of 40%, up from as low as 7% in January, with the recovery primarily fuelled by business travel. The **Shanghai Global Cuisine Festival** took place last weekend after being postponed for four months due to restrictions. More than 2,000 foreign restaurants joined in the three-day event, with promotions lasting until the end of June.

The Marjane group, the leading retail park owner in **Morocco**, has announced that they will **cancel rents for all stores** and foodservice outlets that remained closed during the lockdown which started on the 20th March. Rent will be due again as of the June 10th when shopping centres are expected to reopen.

In **Spain**, Telepizza has stopped paying their outlets rent due to liquidity problems, and they have entered into negotiations with creditors. While in the **UK** chains including Leon and Pret A Manger have hired advisors to consult with landlords to renegotiate rent levels, pushing for turnover-based rent models in an effort to mitigate the impact of reduced footfall into stores. Pret, which relies heavily on commuters and office workers, has begun selling groceries and has launched a range of coffee on Amazon as part of its effort to reinvent its business due to this loss of traffic, particularly at its city centre stores.

In **Poland**, a campaign focused on progressively promoting Polish cities that have reopened for tourism, using the hashtag #CityIsReady, has been selected as a sustainable recovery initiative by the European Cities Marketing Guide to Sustainable Recovery.

Local Manufacturing & Logistics

Carrefour **France** launched a new multi-media campaign on Sunday May 31st, committing to support consumer purchasing power by offering customers the lowest guaranteed prices on 500 SKUs. They have also made commitments to prioritize **French origin products**, claiming that already 80% of their products are of French origin.

According to a recent consumer survey from the **Swedish meat industry** organisation, seven out of ten Swedish consumers are happy to pay more for Swedish meat, this rating improved during the Covid19 crisis as the previous study published in February 2020 had reported a drop in consumer confidence in local meat.

In **Poland**, the largely state owned energy group, PGE have launched a TV campaign to support the Polish food industry entitled, **"Polish - I'm buying it!",** under the honorary patronage of the Polish Minister of State Assets. The 30 second ad shows a consumer doing her grocery shopping. As she passes imported products in the supermarket aisles, the products “speak” to her in French, Chinese, Spanish, Italian and German. The consumer eventually finds Polish blue cheese, Brie Podlaski, and it speaks to her in native language, saying: "Polish! Delicious, from Polish milk", and similarly Polish tomatoes shout: "Eat healthy tomatoes!", both of which she decides to buy.

Coldiretti, the Italian Farmers association, has announced a new 4.0 agri-food manifesto focusing on farming technologies, safety and controls for a **100% Made in Italy** agri-food supply chain. Among the plan’s objectives is to make consumers aware of the origin of products and their characteristics, and to support the development of digital sales channels for national short supply chains.

In **Egypt** the Minister for Finance has announced new measures to reduce the cost and time for releasing shipments and processing customs clearance procedures. The government’s aim in doing this is to reduce the price of commodities in the domestic market, boost production and reduce processing costs.

As previously anticipated, the **Philippines** has auctioned or disposed of nearly 2,000 overstaying containers in the port of Manila in an effort to reduce crowding.

In **China** in response to changes in demand, ride-hailing giant Didi Chuxing are now hiring van and truck drivers to diversify into the already crowded on-demand logistics industry.