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# FLORIDA AGRICULTURE FACES THE ECONOMIC IMPACT OF COVID-19

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## ABSTRACT

In this essay we review the impacts of COVID-19-related market interruptions on the Florida agriculture industry. Through interviews with academic and industry leaders in the agriculture sector we explore unique perspectives on the direct impacts to the Florida agricultural sector in 2020, and consider the work that needs to be done to ensure greater efficiencies, develop alternative markets, and promote safety and flexibility in the labor market. Further, we evaluate the impact of timing on produce sales and planting forecasting under conditions of uncertain demand. For more than eight decades, Farm Foundation has provided an objective, non-partisan home for open and healthy conversations and debate among food and agriculture leaders. Perspectives gained are the keystones of generating innovative options to address evolving issues like agricultural productivity in a time of pandemic.

## INTRODUCTION

As the COVID-19 crisis unfolded in the United States, all sectors of the economy were affected with the agricultural supply chain at the forefront of the narrative. While the situation varied across the country, the story in Florida provides an interesting look into the resilience of the American farmer and the changing landscape of the U.S. agricultural supply chain.

While we do not yet know the full economic impact of the crisis on Florida agriculture, pre-crisis, agriculture in Florida represents a US \$160 billion per year industry and is one of the three main economic drivers of Florida's economy.<sup>1</sup> In Florida, the timing of the initial shut down of the food service industry and panic buying leading up to shelter-in-place orders hit right at the peak of the south Florida growing season. Between late October and May, south Florida alone supplies about 150 million people in the eastern United States with fruits and vegetables, according to Mike Joyner, President of the Florida Fruit and Vegetable Association. At the beginning of March,

Joyner says, “we were really at the peak of our season in Florida. It was looking to be a very good year. Yields were up, prices were up, and the quality was in a good place. Then it was like it completely stopped.”

That rapid stop led to an immediate economic impact that continues to this day. As of just April 15, 2020, the Florida Department of Agriculture and Consumer Services (FDACS) estimated initial crop losses of US \$522.5 million,<sup>2</sup> compounded by hundreds of millions of dollars of losses in related industries like the cut flower market, according to Dr. Martha Roberts, Farm Foundation Fellow and former long-term Deputy Commissioner with Florida Dept of Agriculture and now food and agriculture policy consultant.

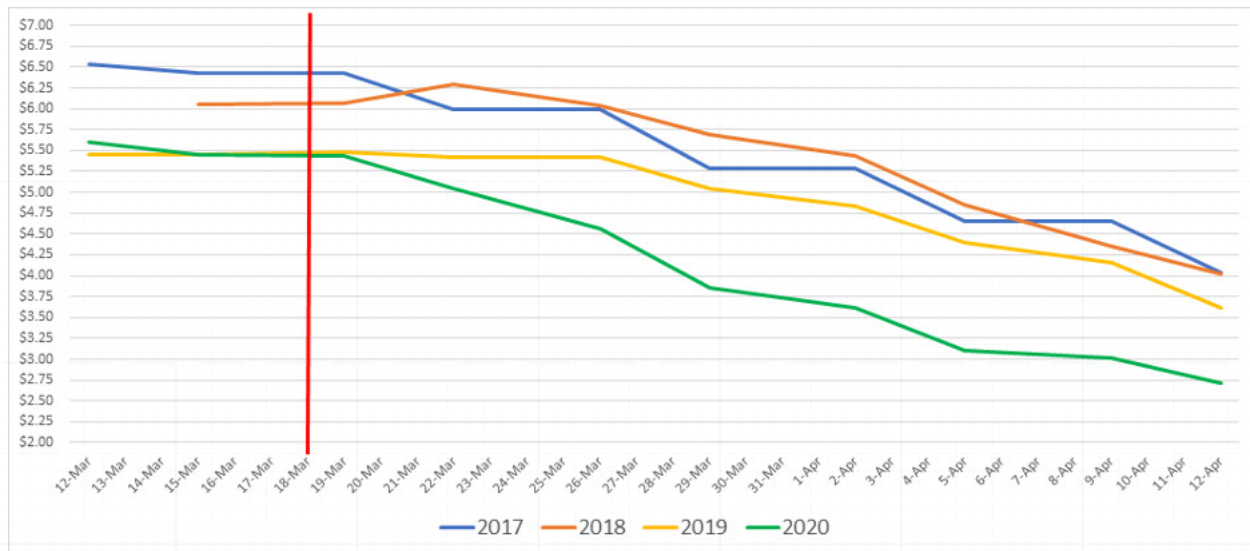
	Total Annual Sales Revenues (5 year average, \$millions)	% Annual Revenue March to Mid-May	Output at risk (\$millions)	% loss from survey (average with 90% confidence interval)	Estimated Losses (\$ Millions)
Field Crops	\$720.36	10%	\$72.04	-22% [-30%,-15%]	\$15.85 [\$10.81,\$21.61]
Horticultural Crops	\$1,935.52	44%	\$846.79	-46% [-54%,-39%]	\$389.52 [\$330.25,\$457.27]
Vegetable, Melon, Potatoes	\$1,421.97	40%	\$568.79	-24% [-38%,-12%]	\$136.51 [\$68.25,\$216.14]
Fruits and Nuts	\$1,593.90	40%	\$637.56	-32% [-39%,-24%]	\$204.02 [\$153.01,\$248.65]
Livestock and Aquaculture	\$1,455.65	21%	\$303.26	-40% [-46%,-34%]	\$121.30 [\$103.11,\$139.50]
Animal Products (Milk, Honey, Eggs)	\$653.69	21%	\$136.19	-20% [-32%,-8%]	\$27.24 [\$10.89,\$43.58]
<b>Sum Total</b>	<b>\$7,781.09</b>		<b>\$2,564.62</b>		<b>\$894.44</b> [\$676.33,1,126.75]

**Figure 1:** Losses of Sales March to mid-May 2020, US \$

Source: University of Florida-IFAS.<sup>3</sup>

In March and April, the rapidly shifting demand left some producers unsure what the rest of the season would hold. David Hill, Farm Foundation Fellow and President of Southern Hill Farms, one of Florida’s largest blueberry suppliers, reports that, “For about five to seven days, demand went through the roof.” Walmart, one of Southern Hill’s buyers, had indicated that demand for blueberries was up 200 percent. “We were thinking, wow, maybe this isn’t going to be so bad. Then all of a sudden like a light switch went off in the middle of the week, all the orders stopped, and the big chains started giving orders back that they had.” Panic buying, Hill says, moved away from fresh produce and into frozen and canned goods.

While some producers were able to shift or stop production, this isn’t possible with many crops. “With us, if we decide to stop harvesting because we’re afraid we won’t be able to sell the berries, if we leave them on the bush, that bush is done for the year,” says Hill. Alternatively, “we can pick them and throw them on a ground, but at a US \$1.20 a pound, you can’t do that very long. It hit us different than the other crops – at least they had the option to bypass some of their crops, or try and save the second half of their crop.” Those losses continue on top of several years’ worth of declining prices, but with significant losses during 2020 (Figure 2).



**Figure 2: Blueberry Prices per Pound, US \$**

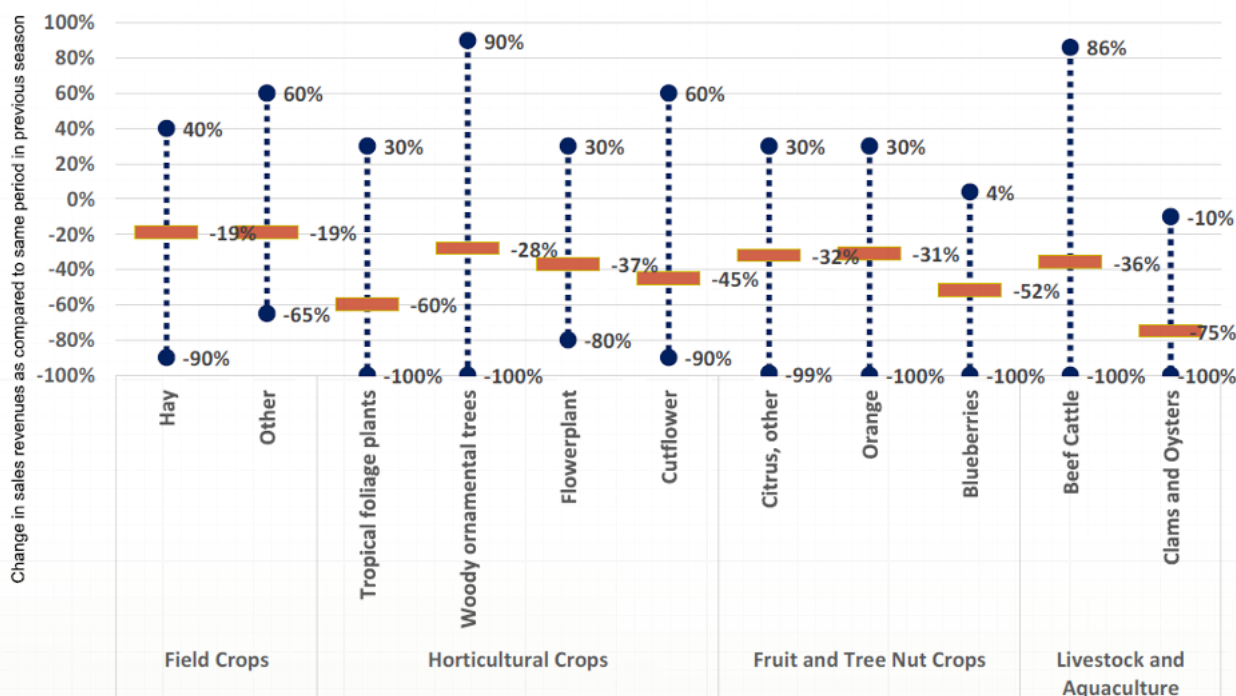
Source: Southern Hill Farms. Blueberry prices per pound.

The impact on the food service industry was particularly challenging for Florida producers: especially the tomato market. Because of the sudden and severe drop in demand in this sector, early losses in the tomato market alone are estimated to be well over US \$133 million.<sup>4</sup> Similar losses are reported in other specialty crop markets within Florida, including estimates of 50-100 percent loss in commodities like lettuce, green beans, cucumbers and more.<sup>5</sup>

Supply and demand shocks were also occurring within the retail markets, leaving some producers with nowhere to place their products. Joyner noted that some retailers cancelled orders not simply because of shifting demand, but because of a lack of storage space.

Critical for understanding the Florida market in particular is the pre-harvest cost of production. These high costs make investment recovery impossible if producers are unable to harvest. Beyond this, fruit and vegetable growers do not receive government subsidies and crop insurance is often not an option. Returning to the tomato market, the FFVA estimates that pre-harvest costs for tomatoes are US \$10,000 per acre. High costs for other crops are no different.

The Coronavirus Food Assistance Program aims to provide some remedy to U.S. agriculture, and for Florida producers, the program is in many cases producers' first experience with agricultural subsidies. However, the losses that farmers are facing go well beyond what government relief could provide. Both Joyner and Roberts cited examples of farmers with losses in the millions of dollars. "I know a first-generation farmer who has a seven-figure loan and lost US \$500,000," Joyner said, "and that was one of the lowest ones I heard. Most folks lost millions." As producers looked to apply for CFAP, many initially found that they did not qualify, either because their crops weren't initially included, or because their commodities' price drops didn't seem to meet the qualifications. This changed, however, in early July 2020 when the USDA announced that many additional specialty crop commodities would be eligible for the program, and that CARES Act funding for seven eligible commodities, including blueberries, would be expanded. Even still, the government relief will not replace the hundreds of millions of dollars of market losses. One major concern for producers was that the government relief was focused on downward turns in commodity prices, but not necessarily the changes in sales revenues. A University of Florida IFAS Extension survey of over 700 respondents showed major losses in sales revenues across all commodity groups from March to mid-May 2020, due not only to price changes but also major demand shifts (Figure 3).



**Figure 3: Changes in Sales Revenue by Commodity Group**  
 Source: University of Florida-IFAS.<sup>6</sup>



*R.C. Hatton donated 100,500 servings of sweet corn, 50,000 servings of green beans, and 40,000 pounds of cabbage.*

Photo credit: Florida Fruit and Vegetable Association

Despite the major economic loss, the bright spots in the crisis are the generosity and quick thinking of producers, the public’s greater awareness and appreciation of farmers, and the resilience of the American farmer. As of mid-July, Joyner notes that the restaurant side is seemingly coming back, although with many restaurants shuttering their doors, some growers are still scrambling to place their products. Roberts notes that the crisis revealed that transportation seemed to not have been as much of an issue as previously thought, but that vulnerabilities in the entire food supply chain emerged because of the lack of storage capacity for perishable foods.

The sudden loss of food service markets, in addition to cancellations and changes to retail market orders, led to supply surpluses in perishable fresh produce. Joyner cited the example of a grower who had picked and packed strawberries waiting in the cooler to be shipped to a retailer when the retailer suddenly cancelled the approximately US \$500,000 contract. With nowhere else to turn, the producer then shipped

9 semi-truck loads of strawberries to Feeding Tampa Bay in a two-week period. After those two weeks, remaining product from this supplier had to be turned away due to a lack of cooler space.

The necessity of food, and the crisis effect on American consumers led many to begin buying directly from farmers either more often or for the first time. The U-Pick operation at Southern Hill Farms quickly pivoted to a drive through pick up operation. “It didn’t cover our loss,” Hill said, “but it was way better than we thought it would be. It gave people something to do. People wanted to see the farm, meet the farmer. So that part – the drive-through business – will probably become part of our spring business from now on.”



*Southern Hill Farms converted their U-Pick operation into a drive-through.*

Photo credit: Farm Foundation

As the crisis continues, the importance of the agricultural supply chain has demonstrated the resilience of the American farmer. As Roberts put it, “You’ve got the politics of the situation, the economics, and you’ve got the unbelievable pressure of increased international trade that’s just exacerbating the whole damage. But God bless the American farmer, particularly the Florida farmer. They are so resilient; they will try to come up with additional options. As to what is permanent versus what is of a year or two consequence, I don’t think we know right now. Thank goodness for the faith of the Florida farmer and farmers around the country have – they’re out there planting, getting new customers.” Even still, “There’s been an unbelievable, undocumented amount of pain.”

## ENDNOTES

- <sup>1</sup> Hodges, A. W., Rahmani, M., & Court, C. D. (2015). *Economic contributions of agriculture, natural resources, and food industries in Florida in 2015*. University of Florida IFAS Extension. <https://perma.cc/K57U-JVYC>
- <sup>2</sup> Florida Department of Agriculture and Consumer Services. (2020). *Florida seasonal crop COVID-19 impact assessment, April 15, 2020*. <https://perma.cc/YD82-LGVZ>
- <sup>3</sup> Court, C., Lai, J., Ropicki, A., & Saha, B. (2020). *Economic losses for Florida’s agriculture and marine industries resulting from COVID-19*. Economic Impact Analysis Program, University of Florida-IFAS, Food & Resource Economics Department.
- <sup>4</sup> Florida Department of Agriculture and Consumer Services. (2020). *Florida seasonal crop COVID-19 impact assessment, April 15, 2020*. <https://perma.cc/YD82-LGVZ>
- <sup>5</sup> Florida Department of Agriculture and Consumer Services. (2020). *Florida seasonal crop COVID-19 impact assessment, April 15, 2020*. <https://perma.cc/YD82-LGVZ>
- <sup>6</sup> Court, C., Lai, J., Ropicki, A., & Saha, B. (2020). *Economic losses for Florida’s agriculture and marine industries resulting from COVID-19*. Economic Impact Analysis Program, University of Florida-IFAS, Food & Resource Economics Department.