

REGIONAL UPDATES ON THE IMPACT OF COVID-19 ON THE SPICE INDUSTRY

Indonesia & Vietnam

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COVID NUMBERS IN SOUTH-EAST ASIA

Country	COVID - 19 Update as of 04 th May April					
	Infected	Recovered	Deaths	Active Cases	% Increase in Active Cases (10 Days)	Total Cases / Million
Indonesia	11,192	1,876	845	8,471	30.6%	42.0
Vietnam	271	219	-	52	0%	3.0

(Source: Indonesia & Vietnam Government figures)

- In Vietnam**, Covid-19 management has been effective, with **Zero fatalities** so far. Lockdown has been lifted & domestic flight services have also resumed
- By contrast, Indonesia and especially Java have been hard hit by coronavirus largely on account of :
 - Infrastructure constraints - the number of tests have been among the lowest of the nations impacted by Covid with Indonesian Testing (**~427 tests per Million Population**) vs **Vietnam (~ 2,681 Test per million Population)**
 - Delay in flight suspension**, implemented only from April 26th in Indonesia. In contrast, Vietnam suspended all flights from March 21st (China flights suspended in Jan 2020 itself)
 - Delay in lockdown (implemented only on April 10th)** and implemented only in Greater Jakarta region, compared to March 14th lockdown in Vietnam red zones, and nationwide lockdown from March 31st

UPDATE ON COVID-19 IN THE REGION

- How widespread is the outbreak in your region?
 - **Vietnam** has gotten ahead of the pandemic and is **slowly reopening** its domestic economy with caution.
 - Indonesia has been among the worst hit by covid-19 and is implementing strict protocols to keep it in check. In Indonesia, the **majority of cases are concentrated in Java**; other island economies have not put in lockdown. Social restrictions imposed in select provinces

- What measures is the government taking to slow the spread?
 - **Face masks mandatory** in all public places in both nations
 - **Essential services** (wholesale, retail) **allowed to reopen** with safety measures in Vietnam and most of Indonesia (except greater Jakarta)
 - **All international borders sealed.** Only essential commodities can be moved across provinces/nations. Movement of people not allowed across international border
 - Only domestic flights reopened & closely monitored in Vietnam. All Indonesian flights suspended till June 1st as of now

- Are there governmental restrictions in place?
 - In both nations, **gatherings** of more than 20 people at public places, outside of public offices, schools, and hospitals have been **banned**
 - **Restricted entry of foreign nationals**, and those allowed to enter are quarantined for 14 days

IMPACT ON SPICE INDUSTRY

- Overarching industry impact in region
 - **No major impact on commodity prices**, as the food industry is exempt from most restrictions
 - **Additional checks by authorities** at factories, warehouses, city limits and international borders
 - Significant **volatility observed in USD/IDR** exchange rates over last few weeks
 - Number of vessels allowed in port has reduced, **limiting container availability**

- Specific impacts to commodities – have certain commodities or areas been hit harder than others?
 - **Vietnam Pepper:** Vietnam harvest was completed; negligible impact
 - **Vietnam Cinnamon:** North Vietnam cassia harvest progress is normal
 - **Indonesia Pepper:** Lampung pepper season not to commence till July; negligible impact for now
 - **Indonesian Nutmeg:** Sulawesi production & sourcing affected by covid-19; very few offers from farmers & collectors
 - **Indonesian Cinnamon:** Padang & Kerinci cassia flows have reduced due to rains & slower harvesting (due to covid)

- Crop conditions
 - Surveys affected as staff cannot travel into the fields.
 - In certain areas, access to fertilizers and getting other inputs is becoming difficult
 - Number of harvests have reduced due to labor shortages

INDUSTRY AND COMPANY RESPONSE

- How are companies responding?
 - All **domestic & international travel canceled** in both nations by most companies
 - A number of companies, including Olam have created COVID Task Force to **monitor health & safety of employees**
 - Work from home on a staggered basis - case by case (depending on origin). WFH now lifted in Vietnam, still ongoing in Indonesia
 - **Extra sanitary measures** - temperature checks and entry log updates - in offices, warehouses and factories
 - Minimal visits from contractors and third party wherever possible
- What controls/assurances are companies putting in place to comply with new governmental requirements and protect the supply chain?
 - Transportation routes through Low COVID areas being suggested to suppliers in Vietnam
 - **Increase of bank transfers and online payments** to reduce physical contact in both nations
 - **Strict sanitization & checking of incoming cargo and personnel** at all locations
- Future plans/expectations
 - **Vietnam has moved back to normalcy** after lifting of lockdown, social distancing practice to continue in public
 - **Indonesia expecting business as usual from June 1st** onwards (except Greater Jakarta)