



Food and Agriculture Organization
of the United Nations

TRADE POLICY REVIEW IN EUROPE AND CENTRAL ASIA

QUARTERLY BULLETIN No.5



©Pexels/PhotoMIX Company

JANUARY-MARCH 2021

TRADE AGREEMENTS

UKRAINE AND THE REPUBLIC OF MOLDOVA LAUNCH NEGOTIATIONS ON AMENDMENTS TO FREE TRADE AGREEMENT

On 28 January 2021, the first round of talks on amendments to the Free Trade Agreement between Ukraine and the Republic of Moldova took place.

The parties began drafting a protocol between the Cabinet of Ministers of Ukraine and the Government of the Republic of Moldova on amendments to the Free Trade Agreement and agreed on a number of its provisions. Negotiations have begun with the aim of applying the provisions of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin in trade relations between Ukraine and the Republic of Moldova. A regional convention is an instrument that establishes identical rules of origin for goods used in free trade agreements concluded between its contracting parties. Ukraine participated in the Regional Convention on 1 February 2018.

The parties also discussed topical issues of bilateral trade and economic cooperation.

28 January 2021: Gov.ua

UZBEKISTAN AND THE EUROPEAN UNION TALK TRADE AS PART OF THE EPCA

Uzbekistan and the European Union held the seventh round of negotiations on the trade aspects of the Enhanced Partnership and Cooperation Agreement (EPCA).

The EPCA will replace the Partnership and Cooperation Agreement, which has been in force since 1999.

Negotiations on a new document began in February 2019, and the sixth round will be held in September 2020.

The parties discussed the sections of the draft of the Agreement, which is devoted to trade issues.

8 February 2021: Menafn.com

THE EUROPEAN UNION-UKRAINE ASSOCIATION COUNCIL

On 11 February 2021, the European Union and Ukraine held the 7th meeting of the Association Council, in Brussels. The meeting was co-chaired by the High Representative of the European Union for Foreign Affairs and the Prime Minister of Ukraine for Security Policy.

The meeting discussed the implementation of the EU-Ukraine Association Agreement, with a focus on political reforms, rule of law, economic cooperation and trade.

11 February 2021: Consilium.europa.eu

INTERNATIONAL COOPERATION

NEW COUNTRY PROGRAMMING FRAMEWORK FOR 2021- 2025 SIGNED BY FAO AND UZBEKISTAN

During the official visit of the delegation of the Ministry of Agriculture of Uzbekistan to Budapest on the occasion of the Uzbek - Hungarian Intergovernmental Commission on Economic Cooperation, the Minister of Agriculture of Uzbekistan held a meeting with the FAO Assistant Director-General and the Sub-Regional Coordinator for Central Asia and FAO Representative in Uzbekistan.

Both sides expressed a mutual desire to continue to strengthen cooperation and discussed priority areas of cooperation. Building on their long-standing cooperation, FAO and Uzbekistan signed the Country Programming Framework (CPF) for 2021-2025, which gives impetus and further guidance to the partnership.

In line with Sustainable Development Goals (SDGs) and national priorities, FAO's activities under this CPF will support the Uzbek Government in its efforts to implement the 2030 Agenda to help Uzbekistan achieve a sustainable food system along the entire agri-food value chain. This includes the production, collection, processing, distribution, consumption and disposal of food products originating from agriculture, forestry and fisheries, taking into consideration parts of the wider economic, social and natural environment. The total resource budget for implementation of the CPF is expected to be approximately USD 17 million.

Along with this, new project agreements in the following areas were signed between the Ministry of Agriculture of Uzbekistan and FAO:

- recovery and development of the potato sector in response to COVID-19;
- strengthening sustainable food systems through geographical indications;
- rice crop production and management support; and
- support in implementation of inclusive agricultural policies.

New projects with a total budget of more than one-half USD million are planned to be implemented for the next two years.

18 February 2021: Uzdaily.uz

INTERNATIONAL COOPERATION

RESEARCHERS FROM THE REPUBLIC OF MOLDOVA AND TURKEY EXCHANGE EXPERIENCES IN AGRICULTURE

Best results from scientific projects and possibilities to strengthen cooperation in agriculture were examined 2 March 2021 by scientific researchers from the Republic of Moldova and Turkey in an information and experience sharing session.

This bilateral relationship of cooperation in agriculture, agricultural education, regional development and environmental protection has been strengthened and aims to continue to ensure sustainability.

The March meeting was a communication platform that will facilitate closer collaboration among academics in the Republic of Moldova and Turkey. Capacity building in the field remains a priority on the agenda and it relies on the possibility for extended collaboration, on the Turkish side, to implement rural development projects in the field of animal husbandry, forestry and hunting. Participants are also counting on the support of Turkish partners in creating joint Moldovan-Turkish enterprises for the production of vegetables.

3 March 2021: Moldpres

TRADE POLICY MEASURES

RUSSIAN FEDERATION IMPOSES TEMPORARY EXPORT DUTY ON SOYBEANS FROM FEBRUARY 2021

From 1 February 2021, the Russian Federation introduced a temporary export duty on soybeans. The relevant resolution of the Government of the Russian Federation of 31 December 2020 N°2397 was published on 4 January 2021 on the official portal of legal information of the Russian Federation. According to the document, the amount of this duty is set at 30 percent, but not less than 165 euros/ton. The duty is in effect from February 1 to 30 June 2021.

7 January 2021: Tridge

NEW MEASURES TO SUPPORT EXPORTERS IN UZBEKISTAN

The Government of Uzbekistan has approved new measures to support exporters. The new scheme provides compensation for:

- introduction of standards and obtainment of certificates of conformity – 100 percent, subject to no more than USD 20 000 for one standard and one certificate;
- presentations and advertising campaigns to promote local products and brands to foreign markets – 100 percent, subject to no more than USD 20 000 per year per exporter;
- participation in international tenders and competitions – 100 percent;
- registration of domestic products and trade marks in foreign authorized bodies – 100 percent;
- organization of business seminars, trade missions and business forums in the territory of Uzbekistan – 100 percent;
- participation in business trainings, trade missions and business forums in foreign countries – 100 percent; and
- participation in exhibitions and fairs – 100 percent.

8 January 2021: lce.it

TRADE POLICY MEASURES

EUROPEAN COMMISSION BANS THE IMPORT OF CITRUS FRUITS FROM ARGENTINA

The European Commission has banned the import of citrus fruits from Argentina until May 2021. The ban is justified by the need to protect European citrus producers from the possible spread of the fungal disease Citrus Black Spot (CBS). In mid-July 2020, Argentina decided to voluntarily stop exporting lemons to the European Union due to the discovery of CBS in shipments. At that time, Argentina's lemon harvesting and exporting season was nearing its end, and the restriction led to an early end to the supply season. The current ban on the import of Argentine citrus fruits to European Union countries came at the peak of the export season when the country's producers have yet to collect about 50 percent of the normally exported volume of fruit. The Government of Argentina expects to negotiate with the European Commission for a change in this situation.

19 January 2021: Tridge

RUSSIAN FEDERATION INCREASES IMPORT QUOTA OF TURKISH TOMATOES

On 21 January 2021 the Trade Minister of the Russian Federation announced the raising of the tomato import quota for Turkey by 50 000 tons. The 10-day approval process for the Russian Federation's decree is complete and has come into effect.

Turkey's tomatoes exports increased by 3 percent in 2020 to USD 313.4 million (TL 2 billion), while most foreign sales were made to the Russian Federation, according to the data from the Turkey Exporters Assembly (TIM). Though there was a 28 percent year-on-year decrease in exports to that country, the total value of the sales was recorded as USD 62.2 million, down from USD 82.2 million in 2019.

The Turkish exporters called for a removal of quotas on tomato sales to the Russian Federation last December as they had reached the limits of the quota by the end of November, a move they claim is supported by both Turkish exporters and Russian importers. Later the Russian Federation Agriculture Ministry proposed increasing its quota for tomato imports from Turkey by 25 percent.

22 January 2021: Hortidaily

**REPUBLIC OF BELARUS
RESTRICTS POULTRY IMPORTS
FROM SWEDEN AND
HUNGARY DUE TO AVIAN FLU**

The Republic of Belarus has restricted poultry import from Kalmar (Sweden) and Bacs-Kiskun (Hungary) due to an avian flu outbreak.

The World Organization for Animal Health (OIE) reported on cases of highly pathogenic avian influenza (H5N1) in the above-mentioned areas. In response, the Republic of Belarus has introduced restrictions on the import of live birds, hatching eggs, poultry meat, egg powder, egg mixture, and other food products from processed eggs, including down and feather, hunting trophies (bird game), and other products from Kalmar (Sweden) and Bacs-Kiskun (Hungary) from 27 January 2021.

All the previously issued permits to import the above mentioned products from the above-mentioned regions are suspended.

The Agriculture and Food Ministry department provides information about the need for additional biological protection of poultry facilities of all forms of ownership.

26 January 2021: Belta.by

**THE ROSSELKHOZNADZOR
PERMITS IMPORT OF
TOMATOES AND PEPPERS
FROM THE REPUBLIC OF
KAZAKHSTAN**

The Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation (Rosselkhoznadzor) lifted restrictions on the import of tomatoes and peppers from the Aktyubinsk Oblast of the Republic of Kazakhstan to the Russian Federation starting 27 January 2021.

The decision was made on the basis of the agreements reached, as well as the results of analysis of information obtained from the State Inspection Committee in the Agro-Industrial Complex of the Ministry of Agriculture of the Republic of Kazakhstan on recent phytosanitary measures with regard to tomatoes and peppers, produced by the company, as well as measures implemented by the Authority to prevent import and export of products infested with tomato brown rugose fruit virus from the Republic of Kazakhstan.

The supplies of vegetables will be carried out under the guarantees of the State Inspection Committee in the Agro-industrial Complex of the Ministry of Agriculture of the Republic of Kazakhstan.

To date, consignments of tomatoes and peppers to the Russian Federation from two establishments located in the Aktyubinsk Oblast, one establishment in the Almaty Oblast, and the other in the Pavlodar Oblast of the Republic of Kazakhstan, are permitted.

27 January 2021: Rosselkhoznadzor

TRADE POLICY MEASURES

THE ROSSELKHOZNADZOR IMPOSES TEMPORARY RESTRICTIONS ON THE EXPORT OF LIVE POULTRY AND POULTRY PRODUCTS FROM SEVERAL EUROPEAN COUNTRIES

Due to the aggravated epidemic situation of the highly pathogenic avian influenza, the Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor) imposed temporary restrictions on the import of live poultry and poultry products from several European countries.

For instance, exports from the entire territory of Romania have been suspended since 29 January 2021.

Similar restrictions were introduced on 29 January 2021 affecting the French Department Lot-et-Garonne, and the supplies from Pyrénées-Atlantiques have been banned starting 18 January 2021.

Since 27 January 2021 similar measures have been taken against several European Union Administrative Units including, French Haute-Garonne, Swedish Kalmar län; South Bohemian Region of Czechia; and Slovak region of Dunajská Streda (Trnava region). Earlier, from 20 January 2021, restrictions were also introduced on the supply of live poultry and poultry products from the Cuxhaven district of Lower Saxony (Germany).

Imports of the following products from the specified countries and administrative units to the Russian Federation have been suspended: live poultry, hatching eggs, poultry meat, ready-to eat poultry products (except for commodities having undergone treatment ensuring AIV destruction, according to the OIE Terrestrial Code), feed and feed additives for poultry (except for feed and its additives of plant origin as well feed and its additives produced by chemical and bio-synthesis). In addition, the transit of live poultry throughout the territory of the Russian Federation has also been banned.

29 January 2021: Rosselkhoznadzor

BAN LIFTED ON POULTRY PRODUCTS AND TABLE EGG EXPORT FROM THE RUSSIAN FEDERATION TO KUWAIT

The Kuwait party has lifted restrictions on the import of Russian poultry products imposed earlier due to the highly pathogenic avian influenza (H5N1) epidemic situation since 25 January 2021 following the results of the joint Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation and Kuwait Competent Authority work.

Exports of all kinds of poultry meat (fresh, frozen, chilled meat, meat preparations and meat products) as well as table eggs were resumed from the whole territory of the Russian Federation from the abovementioned date.

Note that, for product import, Kuwait is guided by the lists of the establishments authorized for supplies by competent authorities of the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA). Therefore, only Russian establishments authorized by the UAE and KSA competent authorities and included in the list of Russian establishments subjected to veterinary and sanitary inspection for compliance with the said countries' requirements and authorized for export of their products (IS CERBERUS) may export regulated commodities. Besides, Russian exporting establishments should not be located in the territories covered by the restrictions imposed in accordance with the Russian Federation regionalization for H5N1.

The ban on poultry product export from the Russian Federation had been in force since 16 September 2020.

3 February 2021: Rosselkhoznadzor

THE ROSSELKHOZNADZOR PARTIALLY LIFTS TEMPORARY RESTRICTIONS ON EXPORT OF TOMATOES AND PEPPERS FROM THE REPUBLIC OF ARMENIA

The Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation (Rosselkhoznadzor) lifts temporary restrictions on tomato and pepper export from 13 establishments located in the Armavir Oblast, Republic of Armenia, where no specific evidence of Pepino mosaic virus presence has been detected since 5 February 2021. The decision was made based on the information about the results of quarantine phytosanitary monitoring of greenhouse establishments producing tomatoes and peppers for the said disease provided by the Food Safety Inspection Body of the Republic of Armenia.

Export of tomatoes and peppers from the Armavir Oblast of the Republic of Armenia was banned from 14 December 2020 due to detection of Pepino mosaic virus in the exported products subjected to the temporary quarantine phytosanitary restriction imposed by the Federal Service for Veterinary and Phytosanitary Surveillance.

4 February 2021: Rosselkhoznadzor

TRADE POLICY MEASURES

RUSSIAN FEDERATION SUBSIDIES FOR OILSEEDS PRODUCTION TO INCREASE 2.5 TIMES

Subsidies for the production of oilseeds in 2021 will grow 2.5 times and amount to 8.4 billion rubles. Financing is provided under the program "Export of agricultural products". In comparison, for instance, last year federal subsidies for this area of crop production amounted to 3.26 billion rubles. The funds were distributed to those who grow rapeseed and soybeans.

Not one tonne of sunflower was sold from the Russian Federation in January 2021. The Deputy Minister of Agriculture explained that such a measure as compensation for part of the cost of transporting goods to the border is in great demand. Its budget was at first 2.3 billion rubles, then it was increased to 4.1 billion, but still there is not enough money to carry out the program for exporting agricultural products. So next year 9.4 billion rubles is the planned in the budget, and in another year - 10.4 billion. In total, this program cost the federal budget 29.738 billion rubles, of which almost all were spent.

11 February 2021: Tridge

ROSSELKHOZNADZOR IMPOSES TEMPORARY RESTRICTIONS ON THE SUPPLY OF LIVE POULTRY AND POULTRY PRODUCTS TO THE RUSSIAN FEDERATION FROM COUNTRIES AND TERRITORIES FREE FROM AVIAN INFLUENZA H5N1

Due to the deterioration of the epidemic situation on highly pathogenic avian influenza (H5N1), the Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation (the Rosselkhoznadzor) imposed temporary restrictions on the import of live poultry and poultry products from Finland to the Russian Federation starting 12 February 2021.

A similar ban applies to the Uckermark region (Mecklenburg – Vorpommern Federal State) in Germany from 12 February 2021. In addition, the import of these regulated goods from Bulgaria has been restricted since 8 February 2021.

Import of live poultry, hatching eggs, poultry meat, ready-to-eat poultry products (with the exception of products subject to processing that ensures the destruction of avian influenza viruses, according to the provisions of the OIE Terrestrial Animal Health Code), feed and feed additives for poultry (with the exception of feed and feed additives of plant origin, produced by chemical and microbiological synthesis) is temporarily prohibited from these countries and administrative territories. In addition, the transit of live poultry is restricted throughout the territory of the Russian Federation.

12 February 2021: Rosselkhoznadzor

**TEMPORARY RESTRICTIONS
ON PORK AND PIG
PRODUCTS TRANSITED AND
IMPORTED TO THE REPUBLIC
OF KAZAKHSTAN FROM
FOUR RUSSIAN FEDERATION
REGIONS TO BE LIFTED**

As a result of the negotiations between the Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation and the competent authority of the Republic of Kazakhstan, as well as the activities carried out by the Russian and Kazakh parties, temporary restrictions on pork and pig products imported to the Republic of Kazakhstan and transited through the territory of this country from the Republic of Altai, the Kurgan and Novosibirsk Oblasts, and the Altai Krai were lifted. The ban has been in effect since December 2020 and was imposed due to the ASF unfavourable epidemic situation in the Russian Federation.

The restriction previously imposed on pig products transited through the Saratov Oblast of the Russian Federation from the disease-free territories of the third countries and EAEU member states has also been lifted. The ban was in effect due to African swine fever cases earlier reported in the RF Subject.

At the same time, temporary restrictions remain on live animals imported and transited through the Republic of Kazakhstan from the above-mentioned regions of the Russian Federation.

The ban on the supply of pork, pig products and live pigs to the Republic of Kazakhstan from the Tyumen, Chelyabinsk and Astrakhan Oblasts also remains in effect. It should be emphasized that no ASF outbreaks were registered in any of these regions for the past 36 months, and EAEU legislation, as well as international legislation, provides for lifting restrictive measures in this case.

In addition, the previously imposed temporary restrictions on import of livestock products to the Republic of Kazakhstan from some Russian regions where outbreaks of avian influenza, Newcastle disease, sheep and goat pox were registered have not been lifted, despite the fact that the Federal Service for Veterinary and Phytosanitary Surveillance reported on absence of disease outbreaks.

Due to the current situation, the dialogue with the Kazakh party continues, including at the level of the Eurasian Economic Commission, where the Federal Service for Veterinary and Phytosanitary Surveillance had addressed this issue.

A unified traceability system in the trade of livestock products on the territory of the EAEU, provided through the integration of information systems in the field of veterinary control, would help to solve emerging issues, including those connected with lifting temporary restrictions and recognition of animal disease regionalization of the member states of the Union.

The Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation and the Ministry of Agriculture and Food of the Republic of Belarus developed and agreed with the authorized bodies of the EAEU member states the plan for implementing a mechanism for recording and controlling the movement of regulated goods from the Republic of Belarus to the receiving establishments of the EAEU countries on the territory of the Russian Federation.

The planned completion of the work and the introduction of the mechanism into commercial operation by the Federal Service for Veterinary and Phytosanitary Surveillance is scheduled for the end of July 2021.

TRADE POLICY MEASURES

AZERBAIJAN SUSPENDS IMPORT OF POULTRY PRODUCTS FROM MORE COUNTRIES

Azerbaijan's Food and Safety Agency has suspended import of poultry and poultry products from some regions of the Czech Republic, Germany, United Kingdom of Great Britain and Northern Ireland and Bulgaria.

The ban is in line with the World Organization for Animal Health (OIE) warning against infectious animal diseases that may enter Azerbaijan's territory from other countries.

According to the Organization, a highly pathogenic disease 'bird flu' has been reported in the Czech Republic's Stredocesky, Germany's Brandenburg, North East England and Bulgaria's Pleven territorial units.

In this regard, the Agency has imposed temporary import restrictions on all types of live birds and poultry products from abovementioned territories.

Meanwhile, an appeal has been made to Azerbaijan's State Customs Committee to take relevant measures to strengthen control over vehicles arriving and passing through the Czech Republic, Germany, England and Bulgaria.

Earlier, the Agency imposed a temporary ban on the import of poultry from some territories of Bulgaria, Korea, Ukraine, Germany, Northern Ireland, Poland, Romania, Iran, Sweden, Vietnam, Iraq, India, Wales, France and Belgium into Azerbaijan after the World Organization for Animal Health's warning.

15 February 2021: Menafn

AZERBAIJAN EXTENDS TERM OF VAT EXEMPTION FOR GRAIN IMPORTS

The Parliament of Azerbaijan discussed amendments to the Tax Code during a meeting on 23 February 2021.

The chairman of the Parliament's committee on economic policy, industry, and entrepreneurship noted that many proposals on amendments to the Code put forward earlier by the MPs were taken into account.

The proposals put forward are: the extension of the period for exemption from VAT on the import and sale of grain, as well as the production and sale of wheat flour and bread from five to seven years (from 1 January 2017), the period for exemption from VAT on the production and sale of bran - from three to five years (from 1 March 2019).

23 February 2021: Azernews

**ROSSELKHOZNADZOR
IMPOSES TEMPORARY
RESTRICTIONS ON THE
IMPORT OF LIVE POULTRY
AND POULTRY PRODUCTS
FROM AVIAN INFLUENZA-
INFECTED EUROPEAN
COUNTRIES AND TERRITORIES
TO THE RUSSIAN FEDERATION**

Due to the deterioration of the highly pathogenic avian influenza (H5N1) situation, the Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor) imposed a temporary restriction on the import of live poultry and poultry products from Estonia to the Russian Federation from 25 February 2021.

The same ban covered the administrative territory of Sweden, Västra Götalandslän, from 20 February 2021. Furthermore, import of such regulated commodities from Markisch-Oderland and Prignitz districts, Brandenburg federal land, Germany, was also restricted from 20 February 2021.

Import of live poultry, hatching eggs, poultry meat, ready-to-eat poultry meat products (except for products subjected to avian influenza virus destruction treatment according to the World Organization for Animal Health (OIE) Terrestrial Animal Health Code), poultry feed and feed additives (except for plant feed and feed additives and feed and feed additives derived by chemical and microbiological synthesis) to the Russian Federation was temporarily banned from the above-said countries and territories. Additionally, live poultry transit through the Russian Federation territory was restricted.

25 February 2021: Rosselkhoznadzor

TRADE POLICY MEASURES

THE MINISTRY OF AGRICULTURE OF THE RUSSIAN FEDERATION PROPOSES NEW MEASURES TO SUPPORT POULTRY ENTERPRISES

The mechanisms of state support for the poultry industry developed by the Ministry of Agriculture of the Russian Federation will support the financial stability of producers and stabilize prices for poultry and eggs.

The observed increase in prices for poultry products is due to three main factors: an increase in the cost of feed, a decrease in production due to the spread of avian influenza, and a decrease in the supply of imported hatching eggs due to the complication of the epizootic situation in European Union countries. At the same time, the Government of the Russian Federation has taken a number of measures to stabilize prices, including for feed. Subsidies are also provided in 2021 for the transportation of soybeans and meal from Siberia and the Far East. These combined policies have already brought on a slow-down in the internal growth of prices for basic crops and feed. Their final stabilization is expected in the next two months. In addition, in order to support livestock enterprises and processors, the Ministry of Agriculture expanded the areas of concessional lending. In 2021, the borrowed funds can be used to purchase meal, premixes and feed.

Additionally, the Ministry has developed new support mechanisms. In particular, the department plans to increase the limit on preferential short-term loans for poultry enterprises from 1 to 1.5 billion rubles per borrower. It is also proposing to roll over preferential investment loans for up to 12 years to enterprises affected by avian influenza H5N1. To reduce the industry's dependence on imported hatching eggs, the Ministry is planning to stimulate the development of local production. Currently, a phased increase in the import customs duty rate for these products is being discussed: beginning on 1 January 2022 it will go from 0 to 5 percent, then from January 1, 2023 it will be raised further to 15 percent. The possibility of reimbursing the Capital expenditure (CAPEX) for the construction and modernization of hatching egg production facilities from 2022 is also being considered. Another support measure can be compensation for part of the costs per 1 kilogram of manufactured and sold products. This decision will be valid until 1 October 2021 of this year for poultry enterprises that do not increase their selling prices.

2 March 2021: Tridge

**RUSSIAN FEDERATION
IMPOSES A BAN ON THE
IMPORT OF POULTRY FROM
CONTAMINATED REGIONS OF
THE EUROPEAN UNION**

The Russian Federation refused to import poultry and hatching eggs from European regions affected by the avian influenza H5N1. According to the press service of the Rosselkhoz nadzor, in the period from 1 January to 18 February 2021, more than 430 outbreaks of this disease in agricultural and over 150 in wild birds were recorded in a number of countries in the European Union.

The ban, in particular, affected the import of poultry from the Italian region of Friuli-Venezia Giulia and the Swedish region of Estergötland. Earlier on Wednesday, 3 March 2021, a similar ban was imposed on the import of poultry from three regions of the Czech Republic. The Rosselkhoz nadzor clarified that temporary restrictions on the supply of poultry and eggs from contaminated regions of Europe led to a redistribution of the volume of imports of these products. As a result, the import of eggs from Turkey increased fivefold and the volumes of supplies from the territories of Germany, free from avian influenza H5N1, doubled.

5 March 2021: Tridge

**RUSSIAN FEDERATION
EXEMPT FROM EXPORT
DUTIES GOODS RECEIVED AS
A RESULT OF PROCESSING
IN THE EAEU**

The Russian Federation government issued a government decree exempting goods processed in the territory of the Eurasian Economic Union (EAEU) from export customs duties.

“To establish that in respect of goods received as a result of processing operations in the customs territory of the Eurasian Economic Union and placed under the re-export procedure, customs fees for customs operations related to the release of goods are not levied,” the text of the resolution says.

The resolution comes into force 30 days from the date of publication.

The EAEU includes the Russian Federation, the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan and the Kyrgyz Republic.

16 March 2021: Foreignaffairs

**THE EUROPEAN UNION
RESUMES POULTRY MEAT
IMPORT FROM UKRAINE**

The European Union accepted regional zoning in Ukraine connected with avian influenza H5N1.

As reported by the State Service of Ukraine on Food Safety and Consumer Protection (SSUFSCP), Ukraine has been authorized to ship poultry products from infection-free zones to the EU countries from 20 March 2021.

The recognition of the zoning will allow Ukraine to resume trade in poultry products with the European Union, while quarantine restrictions will remain in place for zones where cases of the disease have been registered.

17 March 2021: Latifundist

TRADE POLICY MEASURES

PRESIDENT OF UKRAINE SIGNS LAW ON REDUCING VAT ON IMPORTS OF CERTAIN AGRICULTURAL PRODUCTS

The President of Ukraine has signed a law reducing the VAT rate for certain types of agricultural products.

The law is aimed at providing support for agricultural production in Ukraine, attracting investment in the sector and increasing the competitiveness of domestic agriculture.

The law provides for a reduction in the VAT rate from 20 percent to 14 percent on transactions for the domestic sales and import into Ukraine of certain types of agricultural products, including cattle, pigs, whole milk, wheat and rye, barley, oats, corn, soybeans, sugar beets, flax seeds, colza or rapeseed, sunflower and other oilseeds.

The Verkhovna Rada adopted the Law "On amending the Tax Code of Ukraine on the value added tax rate on transactions for the supply of certain types of agricultural products" on 17 December 2020.

29 March 2021: Ukrinform

RUSSIAN FEDERATION CONFIRMS SUNFLOWER OIL EXPORT DUTY FROM SEPTEMBER 2021

Russian Federation government officials have confirmed that the country will introduce an export duty on sunflower oil and ramp up the duty paid on sunflower seed exports in a statement issued by its Ministry of Economic Development.

Beginning in September, the Russian Federation's sunflower oil exports will be taxed at 70 percent of the difference between a floating reference price that will be based on pricing data from newswire Reuters, and a floor price that will be set at 1 000 dollars per tonne.

The export duty will be in place for the entire duration of the 2021-2022 marketing year, which ends in August 2022.

This decision is aimed at maintaining the required volume of relevant products in the domestic market, protecting citizens from price surges in the international market and stabilizing retail prices for sunflower oil in the Russian Federation.

The effect of the floating duty on sunflower oil will increase the predictability of the market and maintain stable prices for sunflower oil for the population.

At the same time, export duties on sunflower seeds will be increased to 50 percent with a floor price of no less than USD 320 per tonne from the start of July until 1 September 2022, compared to the current 30 percent duty and a floor price of 165 dollars tonne.

Furthermore, current export duties on rapeseed, which stand at 30 percent and no less than USD 165 per tonne, will be extended over the same period to the start of September next year.

The Russian Federation has capped retail prices of sunflower oil in the domestic market since the start of the year after the government brokered price agreements between crushers and retailers in a bid to fend off mounting price inflation.

The government has also indicated that it will likely extend those measures through to the end of August 2022.

29 March 2021: Agricensus

**RUSSIAN FEDERATION
EXTENDS DURATION
OF VALIDITY FOR PRICE
AGREEMENTS ON SUGAR AND
SUNFLOWER OIL**

The Government of the Russian Federation has extended the duration of validity for the agreements on stabilizing prices for sugar and sunflower oil, the press service of the Cabinet of Ministers has said in a statement.

Specifically, the press service of the Cabinet of Ministers has said that the agreement on stabilizing prices for granulated sugar has been extended until 1 June 2021, while the agreement for sunflower oil was extended until 1 October 2021. The resolution was approved by the Prime Minister.

The Ministries of Agriculture, Industry and Trade, respectively, have concluded special agreements with food industry associations, as well as with the manufacturers of goods, the suppliers, and the retail chains. These agreements have fixed the price for 1 kg of sugar not to exceed 36 rubles for wholesalers and 46 rubles for retailers, as well as for 1 liter of sunflower oil not to exceed 95 and 110 rubles, respectively.

The previously concluded agreements are set to expire on 1 April 2021, and could lead to an increase in prices for the products.

The decision has been taken as part of the set of measures to reduce food prices, as drafted and developed by the Government, as designated by the President of the Russian Federation. As part of the work, customs duties on a number of agricultural products have been adjusted, instruments have been created to support millers and bakers, and the price monitoring system has been improved. Moreover, an interdepartmental working group was also formed under the leadership of the First Deputy Prime Minister in order to respond promptly to the situation.

As previously reported, agreements on fixing prices for sugar and sunflower oil were signed on 16 December 2020, between the Agriculture and Industry and Trade ministries, respectively, and the suppliers and the retailers. The departments had previously said that they envisaged no further price fixing prior to the extension.

30 March 2021: Interfax

**UKRAINE BANS IMPORT OF
WHEAT, RYE, SUNFLOWER
OIL FROM THE RUSSIAN
FEDERATION**

The Ukrainian government has banned the import of wheat, rye, sunflower oil, and a number of non-food products from the Russian Federation. The related decree was published on the government's website on 29 March 2021.

The government rules to supplement the list (of goods prohibited for import from the Russian Federation) with the following items: wheat and a mixture of wheat and rye (meslin), sunflower oil, safflower or cottonseed oil and their fractions, unrefined or refined, but without changes in their chemical composition.

31 March 2021: Tass

REPORT OF THE SIXTH ANNUAL MEETING OF THE AGRICULTURAL TRADE EXPERT NETWORK IN EUROPE AND CENTRAL ASIA



OBJECTIVES

- Provide a neutral and independent platform for knowledge and experience exchange on agricultural trade issues affecting Europe and Central Asia;
- Enhance the quality and relevance of agricultural trade research and strengthen collaboration among experts for analysis, capacity development and other initiatives in the region;
- Strengthen the capacities to provide technical advice and policy recommendations to governments and the private sector;
- Improve communication and information sharing on trade policy issues with the wider community.

ACTIVITIES

Workshops, seminars, conferences, online training courses, publications, technical assistance, exchanges among researchers and experts as well as support to public-private dialogue on directions of agricultural trade policy.

The Sixth Annual Meeting of the Agricultural Trade Expert Network (ATEN) in Europe and Central Asia was held online on 27-28 October 2020.

The Agricultural Trade Expert Network (ATEN) in Europe and Central Asia was created in the framework of the Regional Initiative on Transforming food systems and facilitating market access and integration in Europe and Central Asia¹ to facilitate the formation and sharing of knowledge, as well as to make decisions necessary to develop the capacity of agricultural trade in Europe and Central Asia. The network aims to bring together experts who conduct economic research, carry out training

programs and advise governments and private sector on issues related to agricultural trade and trade policy.

ATEN experts working on agricultural trade, representatives of research institutes and analytical centres from Eastern Europe and Central Asia attended the Sixth annual meeting. Representatives of FAO, the World Trade Organization (WTO) and the Eurasian Economic Union (EAEU) also took part in the meeting.

The objectives of the Sixth ATEN meeting were: to review of trade and economic measures caused by the outbreak of COVID-19, discuss ways to overcome the negative consequences of the pandemic on the national economies of Europe and Central Asia, and on the multilateral trading system; to discuss changes in policies to agricultural support due to COVID-19 and what measures are the most effective in the crisis to support agricultural producers and consumers; to discuss the impact of multilateral and regional trade agreements on agricultural trade; to present recent research on innovative technologies in the agricultural sector and their role for trade development; to develop a plan for the preparation of the forthcoming FAO publication on agricultural trade policies in post-Soviet countries; to discuss the results achieved by the Network during 2019-2020 and the work program for 2021. The event was composed of four thematic sessions.

During the opening part the importance of the experts' network and its potential in the provision of agri-food trade expert recommendations to policy makers and the

¹ The primary goal of *the Regional Initiative on Transforming food systems and facilitating market access and integration in Europe and Central Asia* (the previous name is the *Regional Initiative on Improving Agrifood Trade and Market Integration in Europe and Central Asia*) is to support countries in enhancing the agrifood trade policy environment for small- and medium-sized agribusinesses. A better trade policy environment for modern agrifood markets requires the development of capacity for trade agreements, domestic food safety and quality standards. The Initiative consists of three interrelated components: strengthening the capacity of countries to understand and apply WTO trade agreements, agrifood trade policies, market access and integration; increasing the national compliance with global food safety and quality standards; supporting the promotion of inclusive and efficient agrifood value chains, increasing opportunities for access to more diverse domestic and export markets. The first component foresees training of civil servants and private sector representatives on global trade issues, including market access, domestic support measures, sanitary and phytosanitary issues, technical barriers to trade, trade dispute resolution and trade facilitation.

private sector was highlighted. Another key message was related to the difference between the current pandemic that caused the global crisis and other food crises that happened in the past. In terms of scale, the crisis is the largest in the last 80 years that so harshly affected the global market food demand and its supply, at the same time. Hence, it is expected that the crisis can affect global and regional trade in unprecedented ways. The weak parts that are identified along food supply chains during the pandemic require new approaches and efforts like enhanced focus on intra-regional trade, compliance with trade regulations such as sanitary and phytosanitary (SPS) requirements, and trade facilitation for agri-food products.

IMPACT OF COVID-19 ON MARKETS AND TRADE AND COUNTRIES' POLICY RESPONSES

Experts from some major exporting countries in the region – the Republic of Belarus, the Republic of Kazakhstan and Ukraine - gave presentations on the impacts of COVID-19 on markets and trade, as well as countries' policy responses. Despite the evolution of the pandemic globally and export restrictions on certain goods, agricultural exports from the Republic of Belarus have seen an increasing trend over an eight month period in 2020. The main policy measures that were implemented by the state during the pandemic were related to the regulation of prices for certain food products of social importance. With respect to the Republic of Kazakhstan, some positive and negative trends in the agricultural sector under the current situation were brought to attention. Due to various state support instruments in the Republic of Kazakhstan, agricultural production in the country had increase between January to September in 2020. Despite the pandemic, the overall situation in the agricultural sector had remained stable. However, employment in the agricultural sector and export volume had decreased over the period in 2020, and imports and food prices had increased over the same period. Ukraine, under the pandemic conditions, increased its agricultural exports over the 9-month period in 2020 at a higher rate than its total trade in goods. One of the policy measures during the COVID-19 pandemic, was the introduction of a licensing and export quota only for buckwheat and shelled buckwheat grain. As a COVID-19 response action, the Government of Ukraine introduced regulation of prices for goods of social importance until the end of quarantine by mandating supermarkets to declare changes in retail prices. Moreover, the country's digitalization of trade processes sped up under the existing circumstances and eventually helped products to cross the borders faster.

This session was followed by the exchange of opinions on what needs to be done to maintain market stability on securing domestic food availability and developing agri-food exports amid the COVID-19 pandemic. It was widely pointed out that during the first wave of the pandemic most of major food exporting countries had introduced export restricting measures on the important agri-food products in the region as an immediate psychological response to the COVID-19 pandemic rather than based on an economic justification. The measures were introduced in order to ensure national food security as the pandemic had been declared at the end of the marketing year for main agricultural goods in this region. On the other side, food importing countries in the region faced uncertainties with respect to food stability. For example, the Kyrgyzstan, Tajikistan and Uzbekistan are the main importers of wheat and wheat flour from Kazakhstan, and any strict export ban of these products would severely affect their availability in these countries. Later after economic estimations, the temporary export bans were replaced with export quotas. According to the opinion of some participants, these quotas prevented a worsening of the market situation in the importing countries.

The importance of maintaining long term trusted relationships between trade partners and carefully considering the internal market situation in food importing countries before introducing any sudden trade restrictive measure were highlighted. Additionally, the governments in the region should also consult with trade partners, with the private sector (food exporting companies) and their opinion should be taken into account before introducing any restrictive measures on agri-food exports. This would ensure policy measures that would be less harmful for all the sides in trade. Otherwise, the achievements of food exporting countries built over decades could be ruined in a short period.

Overall, participants were informed by speakers that the major exporting countries were preparing new alternative solutions/measures for the next year that would maintain food price stability in the domestic markets, and would also consider the needs of food importing countries and be less harmful for the market.

CHANGES TO AGRICULTURAL SUPPORT POLICIES IN RESPONSE TO COVID-19

The country experts from Georgia and Uzbekistan reported on domestic support policy measures for agricultural producers and discussed what would be the most effective measures in the crisis to support agricultural producers and consumers. The Georgian agricultural sector experienced many difficulties as a result of the impact of COVID-19 according to the

speaker from Georgia. For example, decreased demand for local agricultural products due to reduction in tourism and HoReCa, less availability and increased costs of agricultural inputs due to logistical issues to import, limited access to financial resources and increased price of loans, and restrictions with labour force and movement that led to increased costs. Hence, among the policy measures that were highly appreciated by Georgian agricultural producers as the most effective during the COVID-19 pandemic were the following: the state program of subsidizing wheat imports, the program of affordable diesel fuel for farmers through consolidated tender process (not a state subsidy), the program of stimulating small-scale agricultural land owners through subsidizing the purchase of certain inputs and services, and the state program of technical assistance that supports development of quality Georgian agricultural production through co-financings.

The Uzbek expert highlighted that despite the COVID-19 pandemic situation, Uzbekistan's agricultural sector exhibited growth in agricultural production during the nine-month period in 2020, however, the agri-food export value did not see a growth for the same period. However, the volumes of agri-food exports from Uzbekistan increased over the period but export prices decreased. The policy response to COVID-19 introduced by the Uzbek government included the following measures: tax reduction for agricultural inputs, suspension of certain penalties on debts of agricultural producers, provision of agricultural land on preferential conditions for families to produce agricultural products, advance payments for agricultural producers working with exporters, short-term loans for processors and exporters of agri-food goods, and other financial support measures. It was highlighted that a share of work migrants, who returned from abroad and remained in the country due to travel limitations, could get employed and make an alternative income in the agricultural sector as a result of the allocation of additional land for agricultural production. Another significant agricultural reform in support to agricultural producers in the country that coincided with the pandemic was the reduction and subsequent elimination of the state order for grain production and its procurement prices.

Participants from different countries discussed recent reforms and policy measure changes to support the agricultural producers in their respective countries. The policy measures to support agricultural producers in Azerbaijan were implemented through a financial stimulation of local consumers of agri-food products. An expert from the Republic of Moldova shared recommendations to be considered in the short, medium- and long-run period in order to be prepared for possible similar crises in the future. Overall, based on the shared experiences of the countries it can be concluded that the countries in the region experienced economic

consequences caused by the COVID-19 pandemic at different levels, as well as enacting diverse trade policy responses and domestic support measures to overcome this crisis.

MULTILATERAL AND REGIONAL TRADE AGREEMENTS, THEIR IMPACT ON AGRI-FOOD TRADE AND CHALLENGES TO THE MULTILATERAL TRADING SYSTEM

Also during the meeting multilateral and regional trade agreements, their impact on agri-food trade and challenges to the multilateral trading system were addressed. The representative from the World Trade Organization (WTO) reported on actions taken by the organization in response to the COVID-19 crisis. At the outset of the crisis, several food export restrictions were put in place, however, gradually those restrictions began to be eased and rolled back. The organization noticed around 200 trade policy changes that had been introduced since the start of COVID-19. About half of these trade policy measures were trade liberalizing rather than trade restricting. On the positive side, many governments used the COVID era to leap into the digital age. Authorities started requiring electronic certificate, electronic customs procedures and customs checks to avoid an exchange of paper.

Therefore, the WTO created the COVID page on its website to increase transparency in this very difficult situation, outlining all those measures. The Committee on Agriculture in the WTO does an important monitoring job of trade policy measures that are being enacted. To reduce the cost of moving food products during the pandemic, the Committee and its members had stressed that it is important that any trade policy change introduced during the COVID-19 pandemic be temporary and not trade-distorting. However, the WTO representative argued that the best way to prevent trade disruption in future crises was to strengthen the WTO rulebook. For example, the ongoing agriculture negotiations in the WTO are looking at the problem of food export restrictions; examining the possibility of strengthening existing disciplines. This and many other proposals that are currently on the negotiating table would be the best safeguard against future trade shocks.

The efforts that had been done to create the single market and the implications for agricultural trade over the last five years was presented by the representative of the Eurasian Economic Commission (EEC). Within the period of creating the single market, an agreement was reached to ensure the freedom of movement of goods including the formation of common requirements for

food safety. The Eurasian Economic Union adopted the regulation for a coordinated agrarian policy, which aims to optimize the production of competitive products, to ensure demand on the common agricultural market and to develop agricultural exports. Moreover, a system was formed, taking into account interests of partners in the Union, within which decisions were made on ensuring the balance of the common market, production of sensitive agricultural products, increasing the efficiency of a state support, ensuring fair competition, conducting a joint research and development work, and developing the export potential. Additionally, in the field of state support in agriculture, a regulatory framework was completed, including the obligations of the member-states at permitted levels. This framework aims to ensure transparency of economic activity and fair competition for agri-food producers in member-states of the EAEU.

Moreover, during the COVID-19 pandemic, prompt measures to reduce import duties on certain priority goods were implemented, conditions for quick delivery of agri-food products in the Union member-states were created, and an agreement on non-application of restrictive measures on bilateral trade within the Eurasian Economic Union was reached. The Union is also working to implement systemic measures within the framework of deep integration until 2025. There are also proposals for the development of a doctrine of sustainable development of the agricultural sector of the Union states, which will include a certain set of regulations to prevent possible negative developments in the functioning of the common agricultural market.

An analysis of changes in agri-food exports of Georgia, the Republic of Moldova and Ukraine to the European Union that occurred between 2013 and 2018 was presented by the expert from Ukraine (i.e. before and after the launch of the DCFTAs). The analysis showed that the first years of the DCFTAs' implementation had confirmed the positive impact of the agreements on agri-food exports. In all three countries, there was a significant increase in exports of agri-food products to the European Union. There was a gradual decrease in the concentration of exports, although the top ten products still occupy more than 80 percent of agri-food exports' value. The product range had been growing, although the rate of increase in the assortment is quite different. The observed changes are primarily linked to the liberalization of import tariff for access to the European Union market under the DCFTAs.

Participants in this session commented and supported the key points of the speakers, highlighting the challenges facing multilateral trade systems due to the COVID-19 pandemic. One of the challenges mentioned was related to the limitation of the multilateral trade systems in influencing trade restrictions of countries. However, the existing regulations within the multilateral trade

systems helped to mitigate the introduction of massive trade restrictions by many countries in time of COVID-19 pandemic. Moreover, the transparency of trade policies remains an important element in the global trade system. It was discussed that the multilateral trading systems monitored well and effectively with regular notifications of enacted trade measures across the world, nevertheless, some notifications were with some delays.

INNOVATIVE TECHNOLOGIES IN THE AGRICULTURAL SECTOR

A representative from FAO made a presentation on global trends for digital technologies in trade and food supply chains. The presentation detailed the challenges for trade and food chains, stressing that they lack efficiency, traceability and transparency, and that they experience data problems. It also discussed COVID-19 specific challenges related to many restrictions that impede trade. Consequently, to overcome such challenges, digital technologies can be applied in food chains and they can play an important role in enhancing traceability for better food quality products, in e-commerce and market access, digital agri-food trade and tokenization² of assets. The key issues in scaling up the digital technologies that were mainly related to legislative systems were brought to attention.

An example from a specific country was provided by the expert from Russian Federation, who made a presentation on the Russian vision for digitalization in agriculture and highlighted the most promising innovative segments. The barriers to innovation transformation in the Russian agricultural sector mentioned by the speaker are an imperfect legal framework with an emphasis on the bureaucratic nature of the problems, lack of dialogue between business and science, imperfect technology transfer support system. The expert from the Russian Federation spoke about a new stage of technological development «Agriculture 4.0», based on the introduction of «smart» solutions (robotics, «precision» agriculture, IoT («Internet of things»)), biotechnologies, and alternative technologies and raw materials sources. The scientific potential development and the introduction of innovative solutions are becoming critical in ensuring the competitiveness and further development of the Russian agriculture and food processing industry. Otherwise, the gap with developed countries could increase significantly in the coming decade and Russian products would lose

² Tokenization is the process of creating the digital representation of fungible and non-fungible assets, which are tradable and in the form of a token. For example, a token could represent a kilogram of wheat or the product's production and sustainability attributes.

many markets. The session continued with an active discussion of the role of innovation in agricultural trade development. In terms of a specific sector, the representative from FAO gave a very representative example of digital technologies in grain trade. Two aspects of precision agriculture technology (PAT) should be considered: environmental and post-trade execution. As the environment is going to become a big problem to trade in the future, PAT has a high potential to reduce greenhouse gas emissions in agriculture. Therefore, it was highlighted that environmental effects and benefits caused by introduction of PAT in farming will eventually translate into trade advantages for those countries that will use them. On the other hand, there has not been any innovation in grain trade, specifically related to post-trade execution. Considering the emerging consortium (with dominant market players) in global grain trade that aims to use blockchain technology in order to digitalize post-trade execution, hence having a high potential to impact future global trade, the speaker pointed out that it is important for grain producers and countries in the region to make digital technologies inclusive in order to not fall behind in the global grain market. Overall, the transition to a new technological stage is becoming critically important in ensuring competitiveness and further development of the agricultural sector of these countries.

ATEN'S ACHIEVEMENTS, PERFORMANCE ASSESSMENT AND DIRECTIONS FOR 2021

The results and the goals of the network and expected outcomes as well as conclusions and recommendations of the network evaluation report were reported and further directions of the ATEN work were considered. Moreover, the ATEN experts discussed a work plan for the development of the forthcoming joint publication on agri-food trade policy developments in the post-Soviet countries, thematic chapters for this publication and the Network achievements and its plans for 2021. Among the potential topics for thematic chapters, the participants proposed the following: the impact of COVID-19 on agri-food trade in the region, the results of quantitative monitoring of agricultural policies in eight post-Soviet countries, export support measures and tools for the development of exports introduced by the countries of the region in recent years, etc. Furthermore, the session enjoyed active participation, with experts making many proposals regarding the future work of the ATEN. For instance, some of them have shown a willingness to contribute more to ATEN bulletins based on their recent research and participate in webinars on trade-related topics.

Experts from 14 countries expressed their deep interests in continuing their participation in the ATEN's work, which facilitates more active collaboration between the agricultural trade experts in the region. Some of the new ATEN experts used the meeting opportunity to exchange their ideas and establish new contacts with experts from other countries for future collaboration. Overall, there were many questions from the event's participants to presenters-country experts with respect to their national agricultural and trade policies, and trade measures implemented during the recent years and in response to COVID-19. There was an interesting and productive dialogue.

Prepared by ATEN Secretariat.

The Concept Note and Program of The Sixth Annual Meeting of the Agricultural Trade Expert Network in Europe and Central Asia are available here:

<http://www.fao.org/economic/est/est-events-new/the-sixth-annual-meeting-of-the-agricultural-trade-expert-network-in-europe-and-central-asia/en/>

The monthly bulletin "Trade policy review in Europe and Central Asia" presents developments in agri-food trade policies in the region. It presents current trade measures, agreements, statistics and expert articles on trade issues in the countries of the region. It is circulated to the members of the Expert Network on Agricultural Trade in Europe and Central Asia, ministry officials, representatives of agribusiness. The bulletin is published in Russian every month and in English on a quarterly basis in 2021. For publication of articles in the Bulletin and regarding the work of the Expert Network, please contact: Iryna.Kobuta@fao.org and Alla.Saranina@fao.org.

EXPERT OPINION



Photo Credit: © FAO/Tamara Ostashko

UKRAINE'S AGRICULTURAL TRADE DURING THE COVID-19 PANDEMIC

Tamara Ostashko,

Doctor of Sciences (Economics),
Institute for Economics and Forecasting, NAS of Ukraine,
Head of the Department of Sectoral Forecasts and Markets,
Kyiv, Ukraine.

At the very beginning of the pandemic, the development of Ukrainian agricultural trade was highly influenced by the restrictions on economic activity imposed by countries aiming to counteract the spreading of Covid-19 (Figure 1). The uncertainty in trade resulted from the risk of decline in volumes and changes in the logistics of international trade, and from the changes in the trade policy of trade partners. In addition to a decrease in production of goods and services caused by the restrictions of economic activity imposed by countries, breaches in the global food supply chains, increase in the transportation costs, sharp fall in the sphere of services, food and raw materials price growth contributed to the impact on agricultural trade. Furthermore, drought, experienced by many countries of the world in autumn 2020, influenced the level of agricultural raw materials and food supply, which facilitated the world price growth.

Based on the results of 2020, the impact of these factors on the agricultural trade of Ukraine was not strictly negative (Figure 1). Ukraine is included in the global food supply chains mainly on the lower levels, and domestic food supply chains are prevalent on the Ukrainian domestic market. As a result, Ukraine has gained from the increase in raw materials and food price growth in the world markets. Despite the drought that caused a decline in Ukraine's supply of grains and oilseeds on the world markets, favourable price trends in the world sunflower oil market provided Ukrainian exporters with a possibility to increase exports by almost a quarter (by 24.4 percent), while the physical volume of exports increased only by 12 percent (Figure 2). Due to favourable price dynamics, exports of Ukrainian wheat in 2020 declined only by 1.8 percent alongside with a decline in the physical volumes by 9.8 percent. Similar trends were observed in export of corn, which decreased

by 6.4 percent in 2020, while the physical volume decreased by 13.6 percent during the same period.

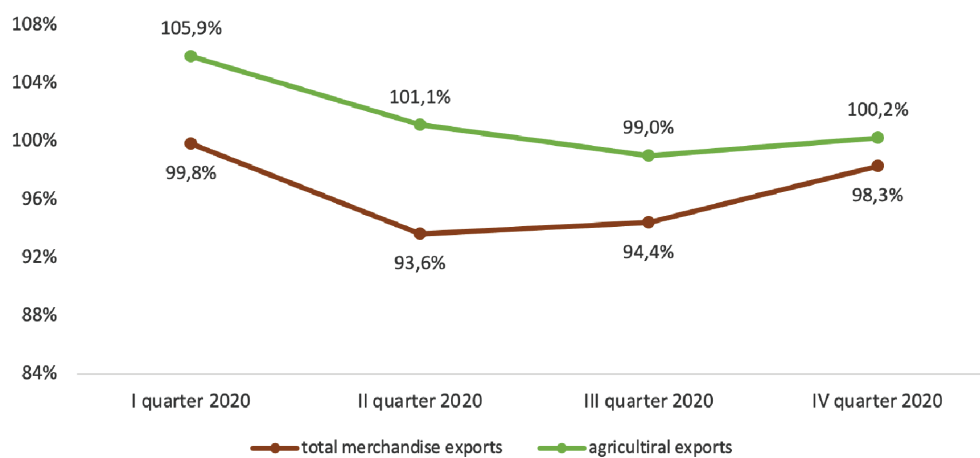
The geographical structure of agricultural exports experienced significant changes during the pandemic. Agricultural exports to EU countries declined by 10.3 percent after several years of growth, due to a decrease in demand. This decrease was compensated by an expansion of Ukrainian exports to Asian countries' markets, mainly to the Chinese market.

By the end of 2020, agricultural exports from the Ukraine increased by 25 percent, while total exports of goods decreased by 1.7 percent (Figure 1). In April-June 2020, after the start of the pandemic, the growth of Ukrainian exports slowed down, and in July-September 2020 were lower than in the same period of 2019. However, favourable trends in world markets of grains and oilseeds became the main factor of Ukrainian agricultural exports growth during October-December 2020 and, as a result, in 2020 in total. Additionally, it should be mentioned that the decline in total Ukrainian exports of goods was sharper than the decline in agricultural exports.

The "Buy local" campaign, popular in many countries of the world, was not widespread in Ukraine. As a result, a decline in purchasing power parity together with an increase in production and transportation costs caused significant increase in agricultural imports.

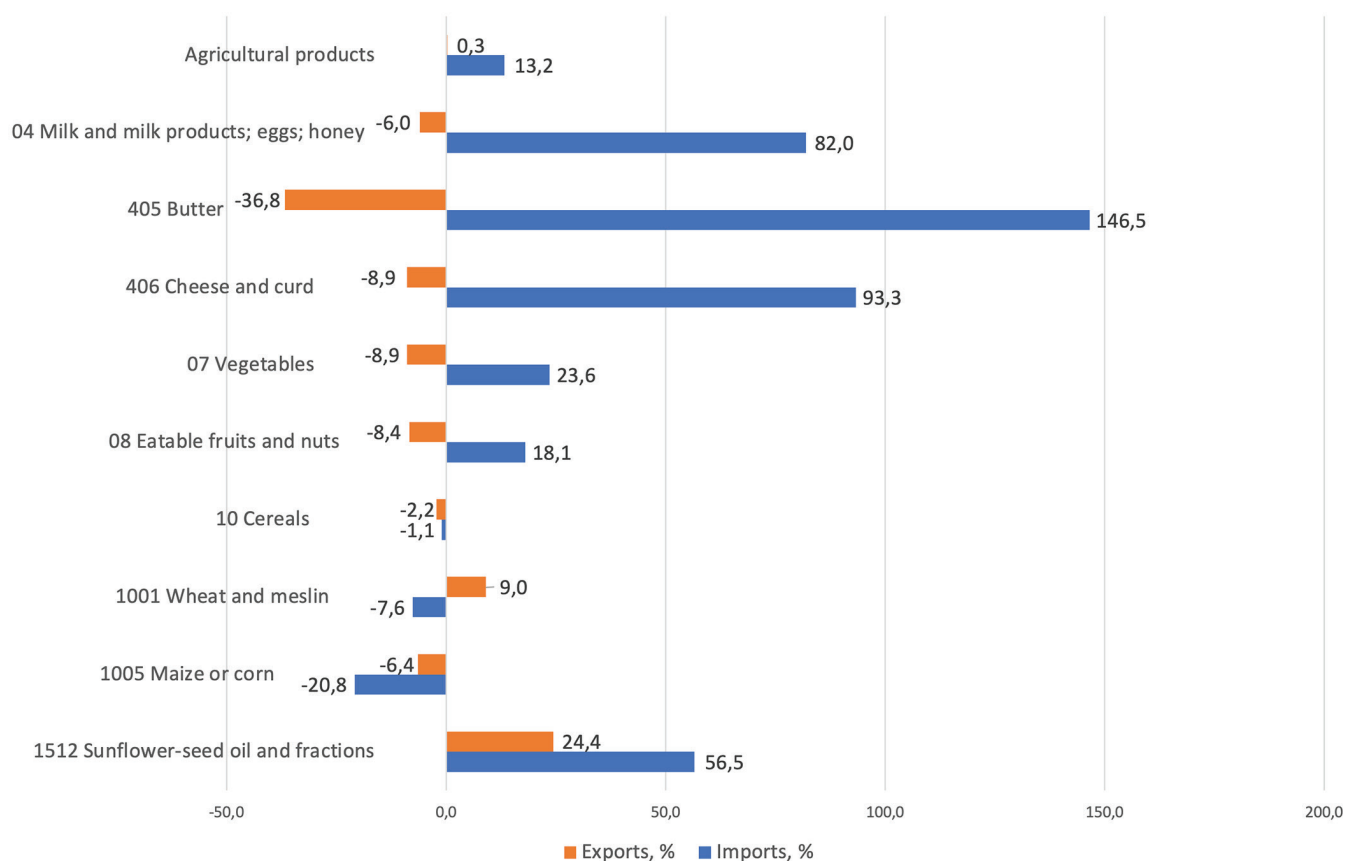
Total imports of goods to the Ukraine decreased by 11 percent in 2020, while imports of agricultural goods increased by 13.2 percent (Figure 3). Producers of milk products experienced the most significant negative impact, as imports of milk and milk products to Ukraine increased by 82 percent in 2020. In particular, imports of cheese increased by 93 percent, and imports of butter by 146.5 percent (Figure 3).

Figure 1. Growth/decline rates of merchandise exports including exports of agricultural goods of Ukraine in 2020 (as a percentage of the corresponding period of 2019, cumulative total).



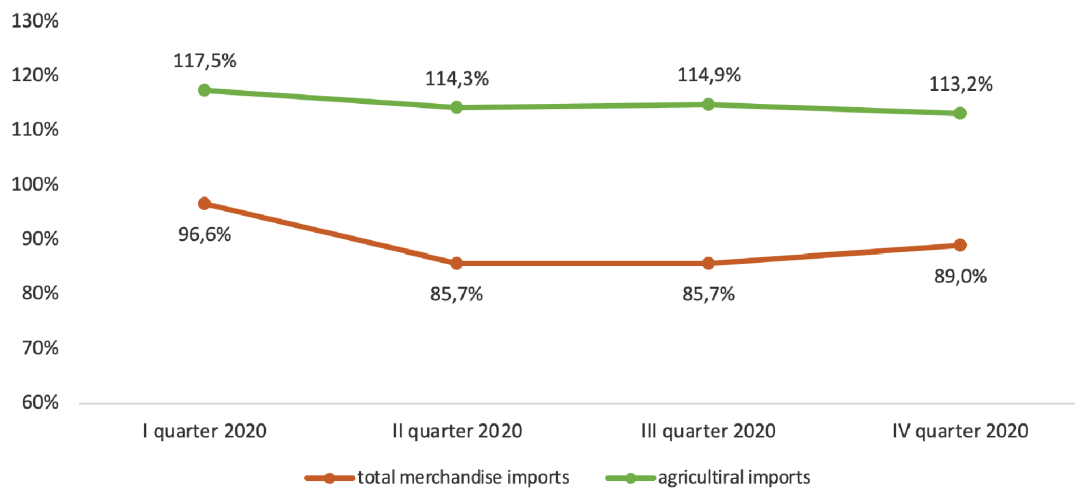
Source: Ukraine's foreign trade. Statistical collection, 2019, 2020. www.ukrstat.gov.ua.

Figure 2. Trade in select agricultural goods of Ukraine in 2020 (as a percentage of 2019).



Source: Ukraine's foreign trade. Statistical collection, 2019, 2020. www.ukrstat.gov.ua.

Figure 3. Growth/decline rates of merchandise imports including imports of agricultural goods of Ukraine in 2020 (as a percentage of the corresponding period of 2019, cumulative total).



Source: Ukraine's foreign trade. Statistical collection, 2019, 2020. www.ukrstat.gov.ua.

The expected response to the spread of COVID-19 was the application of protectionist measures by the governments of many countries. On 31 March 2020, the Directors-Generals of WTO, FAO and WHO issued a joint statement calling on governments to minimize potential impacts of border measures introduced due to COVID-19 pandemic on the food supply and on global trade.³ The joint statement said that uncertainty about food availability can spark a wave of export restrictions, creating a shortage on the global market. Such reactions can alter the balance of food supply and demand, resulting in price spikes and increased price volatility.

It should be noted that a limit on wheat exports indicated in the annual Memorandum between the Government of Ukraine and grain market participants, which was added to this Memorandum during the COVID-19 pandemic, cannot be considered as a government policy measure restricting trade. On the contrary, this Memorandum is signed annually in order to avoid export restrictions in the form of export quotas, export duties or export bans. The only export restriction measure during the quarantine was a ban on buckwheat exports imposed by the Ukrainian government, which expired on 1 July 2020.⁴ This measure had more political significance than economic significance, as the task of securing the supply of buckwheat in the domestic market and supporting consumer prices was achieved by buckwheat imports.

Another measure taken by governments, including the Ukrainian government, to prevent price hikes is enforcing price controls at some or all stages of the value chain.

On 22 April 2020, the Cabinet of Ministers of Ukraine adopted a resolution temporarily introducing state regulation of prices for goods of social significance and anti-epidemic goods by declaring changes in retail prices in case of their increase.⁵ Among the goods of social significance are buckwheat, granulated sugar, premium wheat flour, vermicelli, pasteurized milk, eggs, chicken, butter, and still mineral water. According to the analysis of the effectiveness of trade policy, it is important to note that due to these measures it was possible to restrain the growth of consumer food prices. In other words, the measures involved achieved their goal of supporting consumer purchasing power. On the other hand, the task of maintaining food prices of social significance for the population was accomplished by increasing imports of these goods.

Changes in trade and foreign trade policy determine the development of trade policy of the Ukraine, taking into account the interests of domestic consumers, producers and exporters. The spread of the tendency toward food self-sufficiency in many countries will lead to food chain shortening, reduction of import dependence of countries, increase of state support and, as a result, strengthening of competitive positions of domestic producers. Therefore, full and timely funding of state support programs for agricultural producers in Ukraine is of particular importance during the COVID-19 pandemic.

⁵ Resolution of the Cabinet of Ministers of Ukraine "On measures to stabilize prices for socially significant, anti-epidemic goods" of April 22, 2020 № 341. <https://zakon.rada.gov.ua/laws/show/341-2020-n#Text> [in Ukrainian].

³ Mitigating impacts of COVID-19 on food trade and markets. Joint Statement by QU Dongyu, Tedros Adhanom Ghebreyesus and Roberto Azevedo, Directors-General of FAO, WHO and WTO (2020, March 31). www.fao.org/news/story/ru/item/1268973/icode/.

⁴ On amendments to Annex 1 to the Resolution of the Cabinet of Ministers of Ukraine of December 24, 2019 #1109. Resolution of the Cabinet of Ministers of Ukraine of April 2 #260. <https://zakon.rada.gov.ua/laws/show/260-2020-n#Text> [in Ukrainian].

Required citation:

FAO. 2021. *Trade Policy Review in Europe and Central Asia*. Quarterly Bulletin No.5. Rome.

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations (FAO) concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by FAO in preference to others of a similar nature that are not mentioned.

The views expressed in this information product are those of the author(s) and do not necessarily reflect the views or policies of FAO.

© FAO, 2021, last updated 22/04/2021



Some rights reserved. This work is made available under the Creative Commons Attribution-NonCommercial-ShareAlike 3.0 IGO licence (CC BY-NC-SA 3.0 IGO; <https://creativecommons.org/licenses/by-nc-sa/3.0/igo/legalcode>).

Under the terms of this licence, this work may be copied, redistributed and adapted for non-commercial purposes, provided that the work is appropriately cited. In any use of this work, there should be no suggestion that FAO endorses any specific organization, products or services. The use of the FAO logo is not permitted. If the work is adapted, then it must be licensed under the same or equivalent Creative Commons licence. If a translation of this work is created, it must include the following disclaimer along with the required citation: "This translation was not created by the Food and Agriculture Organization of the United Nations (FAO). FAO is not responsible for the content or accuracy of this translation. The original [Language] edition shall be the authoritative edition.

Disputes arising under the licence that cannot be settled amicably will be resolved by mediation and arbitration as described in Article 8 of the licence except as otherwise provided herein. The applicable mediation rules will be the mediation rules of the World Intellectual Property Organization <http://www.wipo.int/amc/en/mediation/rules> and any arbitration will be in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

Third-party materials. Users wishing to reuse material from this work that is attributed to a third party, such as tables, figures or images, are responsible for determining whether permission is needed for that reuse and for obtaining permission from the copyright holder. The risk of claims resulting from infringement of any third-party-owned component in the work rests solely with the user.

Sales, rights and licensing. FAO information products are available on the FAO website (www.fao.org/publications) and can be purchased through publications-sales@fao.org. Requests for commercial use should be submitted via: www.fao.org/contact-us/licence-request. Queries regarding rights and licensing should be submitted to: copyright@fao.org.

CONTACT

For comments and to subscribe, please contact:

Agricultural Trade Expert Network in Europe and in Central Asia.
Trade and Markets Division

Trade-Markets@fao.org

www.fao.org/economic/est/international-trade/europe-and-central-asia/en

www.fao.org/europe/regional-initiatives/iatmi/en/

Food and Agriculture Organization of the United Nations
Rome, Italy

