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RISKS TO AGRICULTURAL MARKETS AND FOOD SECURITY IN THE COUNTRIES OF EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA (EECCA) REGION DUE TO THE RUSSIAN FEDERATION-UKRAINE CONFLICT

The Russian Federation and Ukraine are among the most important producers of agricultural commodities in the world. Both countries are net exporters of agricultural products, and they both play leading supply roles in global markets of foodstuffs and fertilizers, where exportable supplies are often concentrated in a handful of countries. This concentration could expose these markets to increased vulnerability to shocks and volatility. Many countries that are highly dependent on imported foodstuffs and fertilizers rely on Ukrainian and Russian food supplies to meet their consumption needs. Many of these countries, even before the conflict, had been grappling with the negative effects of high prices of imported food and fertilizer.

KEY RISKS GLOBALLY AND IN EECCA COUNTRIES

The main risks associated with the ongoing Russian Federation-Ukraine conflict are those related to trade disruptions, soaring prices on food, fertilizers and energy resources, logistics disruptions and production shortages, humanitarian risks, as well as various macroeconomic shocks, including exchange rate, debt, and growth risks¹. The immediate impact of the conflict is a disruption in supplies, with the harvesting and marketing of crops in Ukraine severely constrained. In Ukraine, the war has already led to port closures, the suspension of oilseed crushing operations, and the introduction of export licensing requirements for some products. There are also concerns that the conflict may result in damages to inland transport infrastructure and seaports, as well as storage and processing infrastructure. Ukraine is

working on redirection trade via [alternative routes](#), via Poland, Romania, etc. Some of Ukraine's cargo has shifted to smaller ports on the bank of the Danube. But those have limited capacity. Attempts to squeeze cargo onto freight trains are running into physical barriers, caused by the different gauges used in Western and former Soviet countries, which limit the tracks' capacity to move Ukrainian cargo into the EU. [Kazakh logistics companies have raised concerns](#) that since most Kazakh cargo is shipped through Russian ports, major international shipping companies have refused to accept Kazakh cargo. Due to disruptions at the Black Sea for exports of the Kazakhstan grains, there were [discussions of findings alternative routes through Caspian ports](#) that would offer the shortest access to Europe via the Caucasus that does not pass through Russian or Belarusian territory.

In addition, much uncertainty surrounds Russian export prospects as transactions will be affected by economic sanctions imposed on the country. Although early production prospects for 2022/23 winter crops were favourable for both Ukraine and the Russian Federation, in Ukraine the conflict may prevent farmers from attending to their fields and harvesting and marketing their crops, while disruptions to essential public services could also negatively affect agricultural activities. The simulation-based analysis carried out by FAO using the Aglink-Cosimo modelling system suggests that a global supply gap could raise international food and feed prices by 8 to 22 percent above their already elevated baseline levels. Moreover, the Russian ban on exports of key agrifood products to Eurasian Economic Union puts those countries under additional food security risks due to their high dependency on the Russian Federation as their major trading partner. For example, almost 100 percent of Armenia's wheat imports were received from the Russian Federation in 2021. Kyrgyzstan's wheat

¹ Adapted to the EECCA region from the global FAO Information Note "The importance of Ukraine and the Russian Federation for global agricultural markets and the risks associated with the current conflict", updated 25 March 2022. FAO Markets and Trade Division, <https://www.fao.org/3/cb9236en/cb9236en.pdf>

imports from the Russian Federation accounted for 50 percent of total imports of this commodity in 2021. From 1 April to 31 August 2022 of the Russian Federation [introduced](#) a temporary ban on the exports of sunflower seeds and rapeseeds. In addition, 1.5 million tonnes quota on sunflower oil exports and a 700 000 tonnes limit on sunflower meal exports were introduced from 15 April until the end of August 2022. Kazakhstan, another major wheat exporter to the EECCA² region, [set the quotas on grain exports](#) with preliminary dates from April 15 until June 15, equivalent to 1 million tons of wheat grain and 300 thousand tons of wheat flour. This measure could be extended or cancelled depending on the global food market situation. Given the significant and interlinked risks of high and volatile food prices, growing input costs (in particular fertilizer prices), export restrictions that can trigger disruptions in food exports, and macroeconomic uncertainty, the agricultural sector of EECCA countries is facing important challenges in the short to medium term.

As of the end of March 2022, [domestic prices of food products in EECCA](#) countries followed trends in international prices, particularly reflecting price spikes for commodities exported by the Russian Federation. For example, increases in domestic prices – which were already at high levels due to the COVID-19 pandemic and the drought in Kazakhstan – were registered for retail wheat flour prices done in March in Kyrgyzstan (56 percent, year-on-year) and wholesale prices– in Uzbekistan (46 percent, year-on-year). Similarly, the retail prices of sunflower oil were on the rise in March in Kazakhstan (23 percent higher, year-on-year) and Kyrgyzstan (18 percent). Similarly, prices were on the rise in Azerbaijan, Tajikistan and Uzbekistan. Whereas, as a response to uncertainties in food supplies, there are already some [reports](#) of panic-buying of wheat flour, sugar and sunflower oil, leading to retail price increases in Kyrgyzstan. To address the price increase, the EECCA countries introduced various ad hoc measures, including above mentioned export ban on wheat in Kazakhstan, as well as [fund allocation](#)

for purchase of food products in Kyrgyzstan, and [state sales](#) of staple food to the public at relatively low prices in Tajikistan, among others.

POLICY RECOMMENDATIONS

In order to reduce the conflict's detrimental impacts on the food and agricultural sectors in EECCA, it will be critical that every effort be made to keep international trade in food and fertilizers open to meet domestic and global demand. Supply chains will need to be kept fully operational, including by protecting standing crops, livestock, food processing infrastructure, and all logistical systems. Countries that depend on food imports from Ukraine and the Russian Federation will need to diversify import supplies for their food needs. They should also be encouraged to rely on existing food stocks and enhance the diversity of their domestic production. It will be crucial that other key regional food suppliers avoid export restrictions on staple foods, feed and fertilizer.

The food security impacts of the conflict on vulnerable groups necessitate timely monitoring and well-targeted social protection interventions to alleviate the hardship caused by the conflict and to foster a fast recovery from it. Countries may also need to take some actions to facilitate food imports.

Market transparency and policy dialogue should be strengthened, as these are crucial when agricultural commodity markets are uncertain, and disruptions need to be minimized to ensure that international markets continue to function smoothly.

² <https://www.oecd.org/env/outreach/listofeeccacountries.htm>

TRADE COSTS IN CAREC COUNTRIES

Prepared by the Trade Team of the FAO Markets and Trade Division based on data and information provided by CAREC/ADB

The Corridor Performance Measurement and Monitoring Framework (CPMM) is an empirical tool developed by the Central Asia Regional Economic Cooperation (CAREC) Program to estimate and track the time and cost of moving goods across borders along six CAREC corridors spanning 11 participating countries—Afghanistan, Azerbaijan, China, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan. This overview utilizes two of the four main CPMM indicators:

(1) Time taken to pass through a border crossing point. This indicator reflects the complexity and inefficiency of the border crossing process and is defined as the average time (in hours) spent moving cargo across borders from the point of exit from one country to the point of entry into another. Along with standard border crossing procedures, this indicator includes waiting time, time for unloading or loading, time spent changing railway gauge, and other activities.

(2) Costs incurred while passing through a border crossing point. The average total cost, in US dollars, of moving cargo across a border from a point of exit in one country to a point of entry in another. Includes both official and unofficial payments. This indicator is determined on the basis of 20 tons of cargo in order to ensure comparability of average costs for different types of goods.³

TIME AT THE BORDER CROSSING POINT (BCP, HOUR)

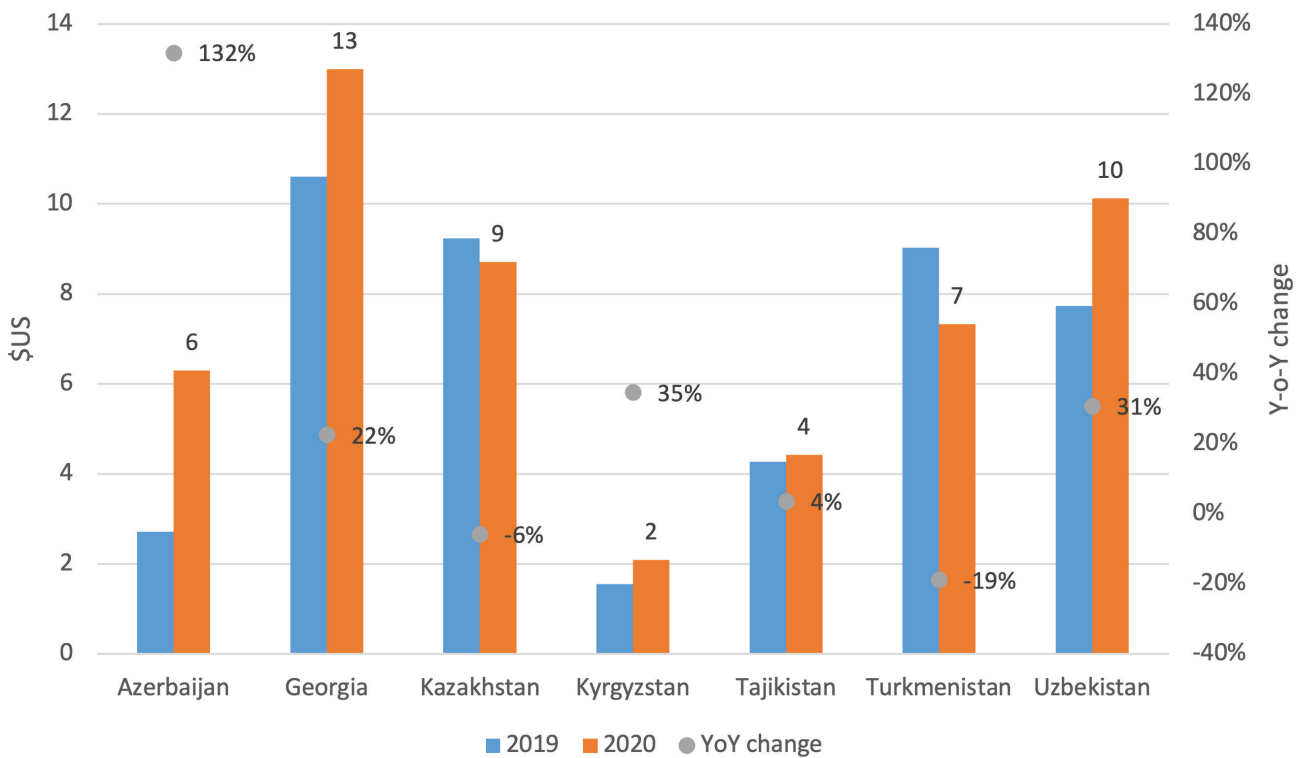
In 2020, on average it took 7 hours at the road BCP in the selected countries⁴ of the CAREC region, one hour up from the previous year, which was before the COVID-19 pandemic. The time spent on passing the rail BCP in these countries of the region increased by 3 hours, reaching 16 hours in 2020.

At the country level, the largest increase in customs clearance time at a road BCP was recorded in Azerbaijan, doubling from three to six hours between 2019 and 2020. Kyrgyzstan and Tajikistan, despite a slight increase in time, maintained the lowest border crossing time in the region, two and four hours in 2020, respectively. In contrast, Georgia and Uzbekistan recorded the longest BCP time, up by two hours in both countries to 13 and 10 hours, respectively. It should be noted that in 2020, two countries in the region saw a reduction of the road BCP time: 6 percent down (30 minutes) in Kazakhstan and 19 percent down (two hours) in Turkmenistan.

³ Detailed information and data collection methodology is presented in the Asian Development Bank (ADB) report "Measuring and Monitoring the Performance of Central Asian Regional Cooperation Corridors: A Retrospective for the Future" (2014): <https://www.adb.org/sites/default/files/publication/148731/carec-cpmm-forward-looking-retrospective.pdf>

⁴ Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Figure 1. Time taken to clear a road border crossing point in 2019 and 2020, hours and Y-o-Y %-change



Source: based on the data provided by the Asian Development Bank. *Measuring and monitoring the effectiveness of corridors of the Central Asian Regional Economic Cooperation, 2010–2020.*

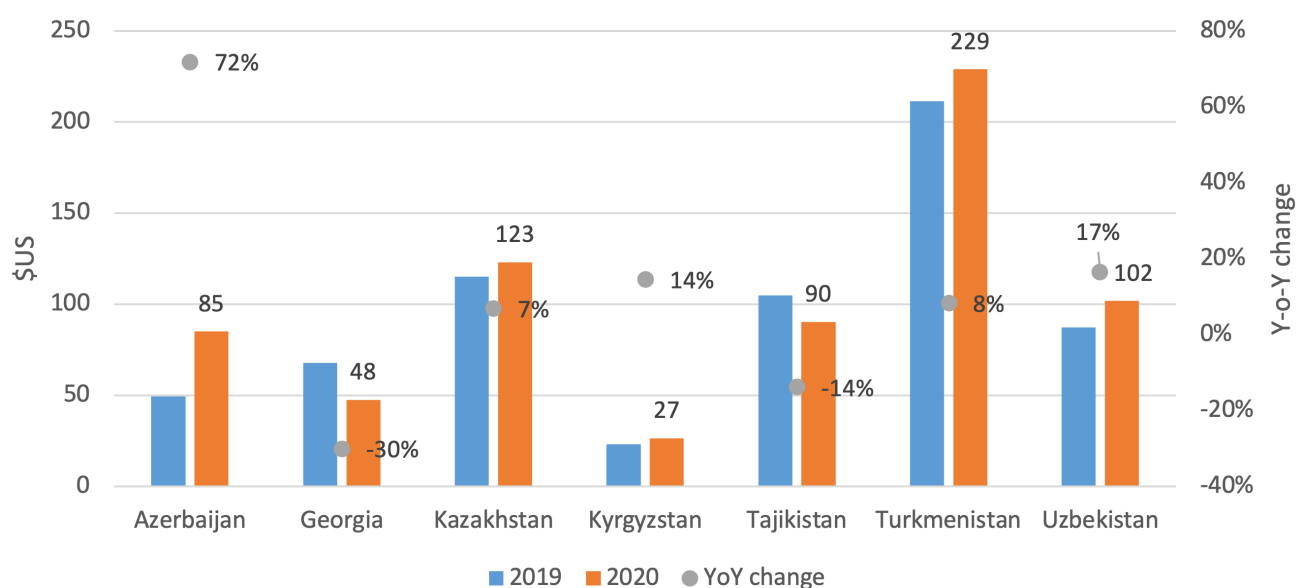
COST INCURRED AT BORDER CROSSING CLEARANCE (USD)

In 2020, the average cost at both rail and road BCPs in the selected CAREC countries was USD126, compared to USD 120 in 2019. This increase is mainly due to a increase of costs at the road BCPs in the last quarter of 2020 amid the economic crisis and the weakening of national currencies against the US dollar in many countries of the region. Prior to the COVID-19 pandemic, CAREC CPMM reported that unofficial payments at the BCPs could be at least USD 4. In general, there was a high probability of unofficial payments during sanitary and phytosanitary quarantine, customs control and vehicle inspection. It is likely that during the border closures and border crossing restrictions due to the pandemic, the frequency and size of these fees

increased.

At the country level, the largest costs at road BCPs were registered in Turkmenistan, reaching USD 230 in 2020. In Kyrgyzstan, this indicator was the lowest in the region, and remained almost unchanged in 2020 compared to the previous year, amounting to USD 27. Azerbaijan has experienced the largest increase in border crossing costs from USD 50 in 2019 to USD 85 in 2020 but remains as one of the lowest in the region. In contrast, in 2020 in Georgia and Tajikistan, compared to the previous year, there was a slight decrease in trade costs at road BCPs by 30 percent and 14 percent, respectively.

Figure 2. Cost to clear a road border crossing point in 2019 and 2020, USD and Y-o-Y %-change



Source: Asian Development Bank. 2010-2020. *Central Asia Regional Economic Cooperation Corridor Performance Measurement and Monitoring*.

The main reasons for the deterioration of times and costs spent at the BCPs in CAREC countries in 2019–2020 were:

- new or additional border control measures adopted by CAREC countries to contain the spread of the virus have resulted in inevitable delays for border crossings; and
- the response to the pandemic included border closures not only in CAREC countries, but also around the world, which had an overall impact on supply chain disruptions and reduced traffic.

At the same time, the positive trend, i.e. reduction in time and cost spent at border crossings, in some countries may be due to a significant level of funding from programs adopted in response to the COVID-19 pandemic. In addition, in 2020, the countries of the region began to introduce customs video inspections, which could have also helped reduce border crossing time. Similarly, implementation of the Single Window platforms to facilitate exports and imports in some countries in the region may also have contributed to lower trade costs despite the deterioration of international trade transactions amid the spread of the pandemic.

AGRIFOOD TRADE IN CENTRAL ASIA AND THE SOUTH CAUCASUS DURING THE FIRST YEAR OF THE COVID-19 PANDEMIC

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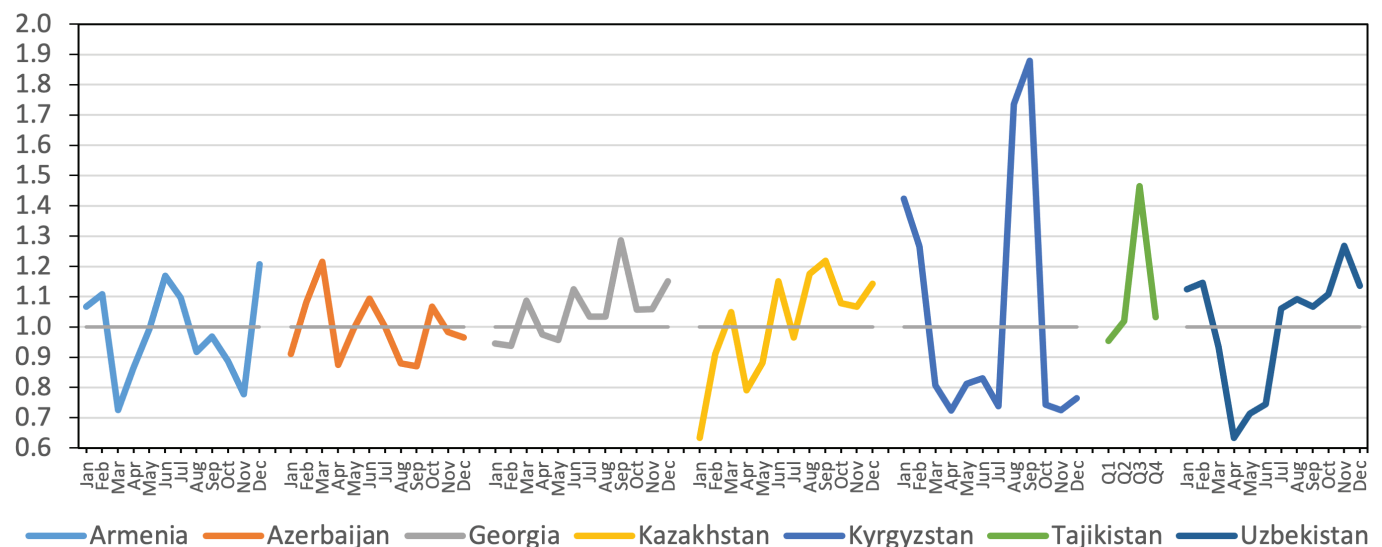
INTRODUCTION

Except for resource-rich countries such as Azerbaijan and Kazakhstan, agrifood exports or imports represent an essential part of foreign trade for almost all other countries in Central Asia and the Caucasus (CAC). Short-lived trade restrictions and disruptions in logistics fuelled fears of larger trade shocks related to the COVID-19 pandemic. In this contribution, we provide a detailed overview of the development of the agrifood trade in the CAC countries during the first year of the pandemic. We present the monthly export and import values for six commodity groups in 2020 relative to 2019. More specifically, the commodity groups and respective

trade flows are exports of vegetables (HS07) and fruits (HS08) as well as imports of cereals (HS10) and animal products (HA01, HS02 and HS04). The analysis is based on secondary data from the national statistical agencies of Kyrgyzstan, Tajikistan and Georgia, as well as on the TradeMap database for Kazakhstan and the UN Comtrade database for Armenia, Azerbaijan, and Uzbekistan.

All CAC countries were net importers of food in 2019 – 2020. In Tajikistan, agrifood imports exceed agrifood exports by 30 times (Khakimov, 2021). In absolute terms, Tajikistan and the two oil-exporting economies, Azerbaijan and Kazakhstan, had the largest negative net trade balance in agrifood commodities in 2019 – 2020. The food export values of the CAC countries fluctuated substantially during 2020 relative to the corresponding months of 2019 (Figure 1).

Figure 1. Year-on-year agrifood export indices for 2020/2019



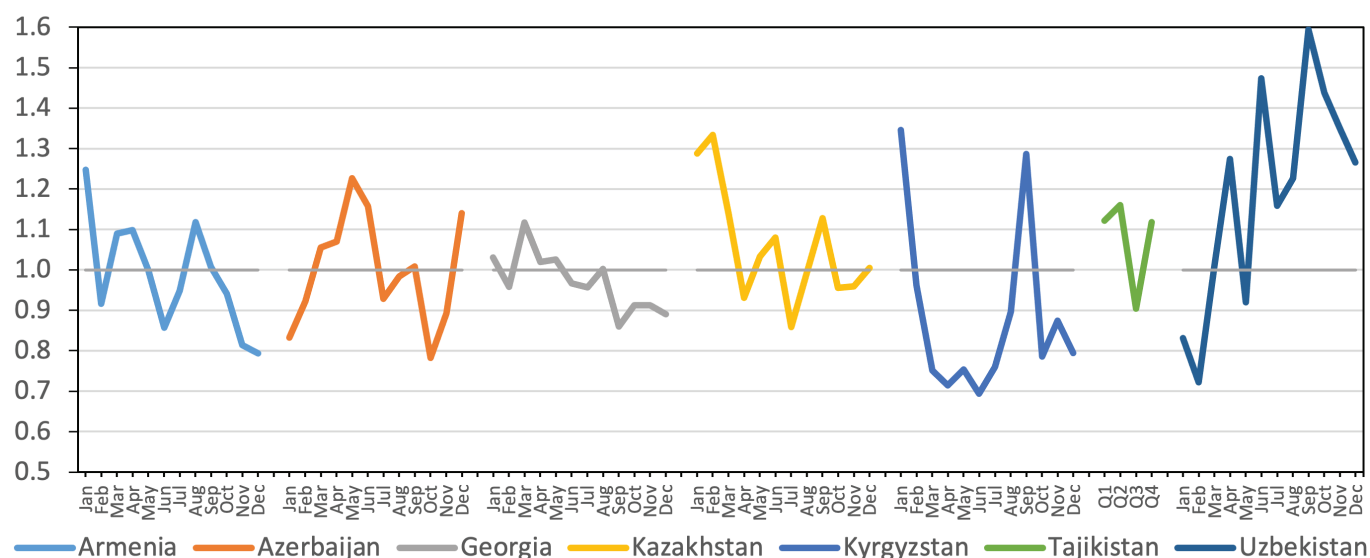
Source: Authors' calculations based on national statistical agencies of Kyrgyzstan, Tajikistan and Georgia, as well as on the TradeMap database for Kazakhstan and the UN Comtrade database for Armenia, Azerbaijan, and Uzbekistan.

In Q1 2020, the export values of Kazakhstan declined by 15 percent compared to Q1 2019. Following the introduction of a food export ban/quota from late March to June, Kazakhstan's food exports were pushed below their 2019 levels. When the quota was lifted, the exports from Kazakhstan started to improve (from June onwards) and exceeded the values of September 2019 by 20 percent. In March, the export values of Armenia and Kyrgyzstan were one-quarter below the previous year. The export values of Tajikistan and Uzbekistan went down by 21 percent and 30 percent, respectively, in Q2 2020 compared to the same period in 2019. A recovery over mid-2020 did not compensate fully. Thus, total export values in 2020 were below the values of 2019 for all countries except Georgia and Tajikistan, where the export value in 2020 increased by 6 percent and 8 percent, respectively. In contrast to these countries, Azerbaijan's year-on-year food export value grew by 21 percent in March 2020 but contracted to 13 percent below its 2019 level in April and stayed below the 2019 monthly level for the rest of the year except for June and October. Notably, in June–September, exporters of fruit and vegetables improved their export values. For instance, the export value of Tajikistan climbed up to 46 percent above the 2019 level in Q3 2020.

The export value of Kyrgyzstan exceeded 2019 levels by 76 percent in August and by 95 percent in September.

Food imports have been affected by a reduction in demand from the catering and hospitality sector, depreciation of currencies, and the decline in prices of natural resources. Only a few countries experienced increased import values (Figure 2). Uzbekistan recorded the most substantial increase in food import values among the seven CAC countries. The 18 percent increase in food imports in 2020, compared to that of the previous year, could indicate that the country was stocking up food amid the pandemic through the adoption of favourable food tariff measures that nullified import tariffs on ten food items, including cereals, wheat flour, sugar, and vegetables, from April until December 2020 (Asfaw *et al.*, 2021). The tariff reduction was meant to facilitate imports and ensure adequate availability of domestic supplies. The fluctuation in imports of food crops in 2020 compared to 2019 is further attributed to trade measures taken by traditional trading partners and the import price in the international market due to the COVID-19 pandemic. In the Caucasus countries and Kyrgyzstan, food imports fluctuated around or were slightly below the previous year's values.

Figure 2. Year-on-year agrifood import indices for 2020/2019



Source: Authors' calculations based on national statistical agencies of Kyrgyzstan, Tajikistan and Georgia, as well as on the TradeMap database for Kazakhstan and the UN Comtrade database for Armenia, Azerbaijan, and Uzbekistan.

VEGETABLE AND FRUIT EXPORTS

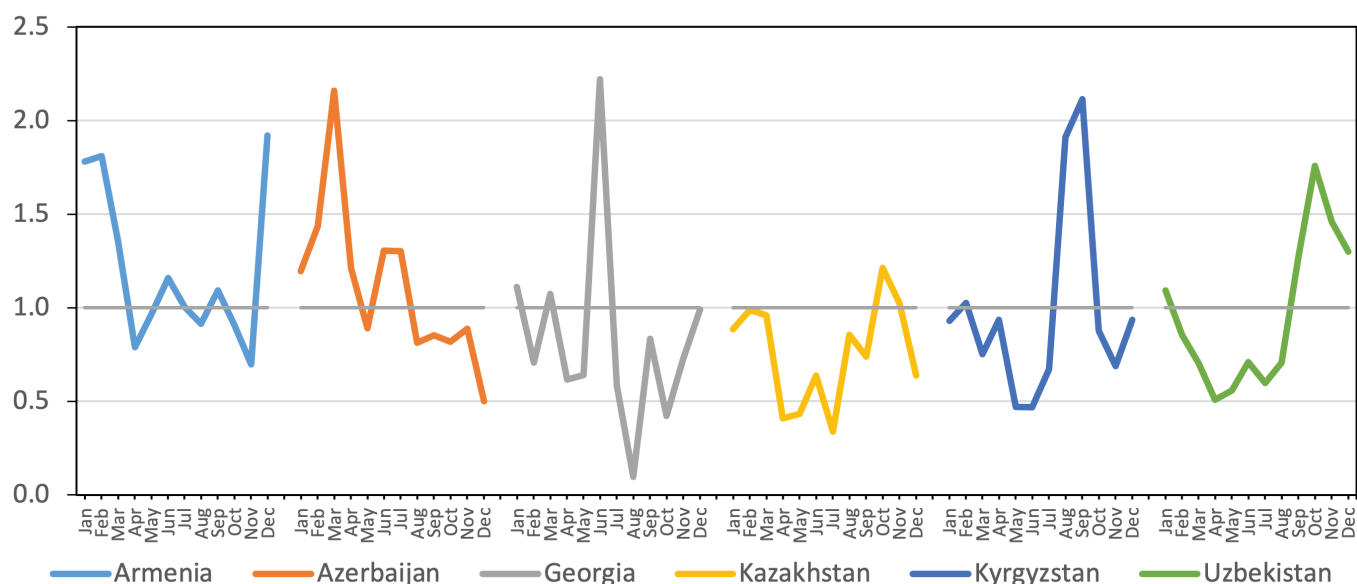
Exports of fresh fruit and vegetables were particularly vulnerable to disruptions in trade caused by the COVID-19 pandemic. Border control measures for extra checks translated into delays detrimental to quickly perishable fruit and vegetables. The export of vegetables contributes over a quarter of agrifood exports by Uzbekistan, the largest exporter of fruit and vegetables in the CAC region. In Azerbaijan and Kyrgyzstan, net exporters of vegetables, this commodity group accounts for one-third of agrifood exports. Apart from Armenia and Azerbaijan, the export of vegetables was below the 2019 values. Kazakhstan's exports of vegetables shrank by 27 percent and Uzbekistan's by 16 percent. Due to large export values in April–June 2020, Azerbaijan gained in vegetable exports despite the effect of the pandemic.

In the first half of 2020, monthly vegetable export values stagnated relative to their 2019 levels in all six countries of the region where data have been reported (Figure 3). Exports of vegetables in Kyrgyzstan and Uzbekistan amounted to only half of their 2019 export value in April–May due to the limited import contracts or requests by Kazakhstan and the Russian Federation, traditional import partner countries that were under national lockdowns and were facing economic crisis and devaluation of their currency due to the pandemic. The Uzbek government took several measures to revamp the sector, including covering 50 percent of the road transportation costs for agrifood exporters. These measures, along with a VAT exception of the Russian government on fresh fruit (January 2020) and vegetables (May 2020), improved vegetable exports. In September, vegetable exports from Uzbekistan surpassed the 2019 value and spiked in Q3 2020.

Vegetable exports from Kazakhstan were 27 percent below their 2019 level despite average vegetable production. One of the primary reasons was an export ban/quota imposed on some vegetables until 1 June 2020. Furthermore, farmers encountered issues selling their early harvest of vegetables to the Russian Federation in April 2020 (Oshakbayev, 2021) due to the border crossing restrictions imposed by the Russian authorities. In early April 2020, the export ban and reduced demand in the Russian market created a 'cabbage crisis' in southern Kazakhstan.⁵ The government procurement solved the 'cabbage crisis' for distribution among other regions of Kazakhstan. In the second half of 2020, China limited railway and road traffic crossing the Sino-Kazakh border, negatively affecting exports to China.

⁵ Farmers of the Turkestan province encountered issues selling early harvest of cabbage to the Russian Federation in April 2020. Turkestan administration estimated about 300 000 tons that were hit by the border crossing restriction due to quarantine by the Russian side. The administration assisted in distributing 50 000 tons among other regions of Kazakhstan. Negotiations between the two governments took place to resolve the logistics issue.

Figure 3. Year-on-year export indices of vegetables (HS 07) for 2020/2019



Note: Data on export of vegetables from Tajikistan is missing.

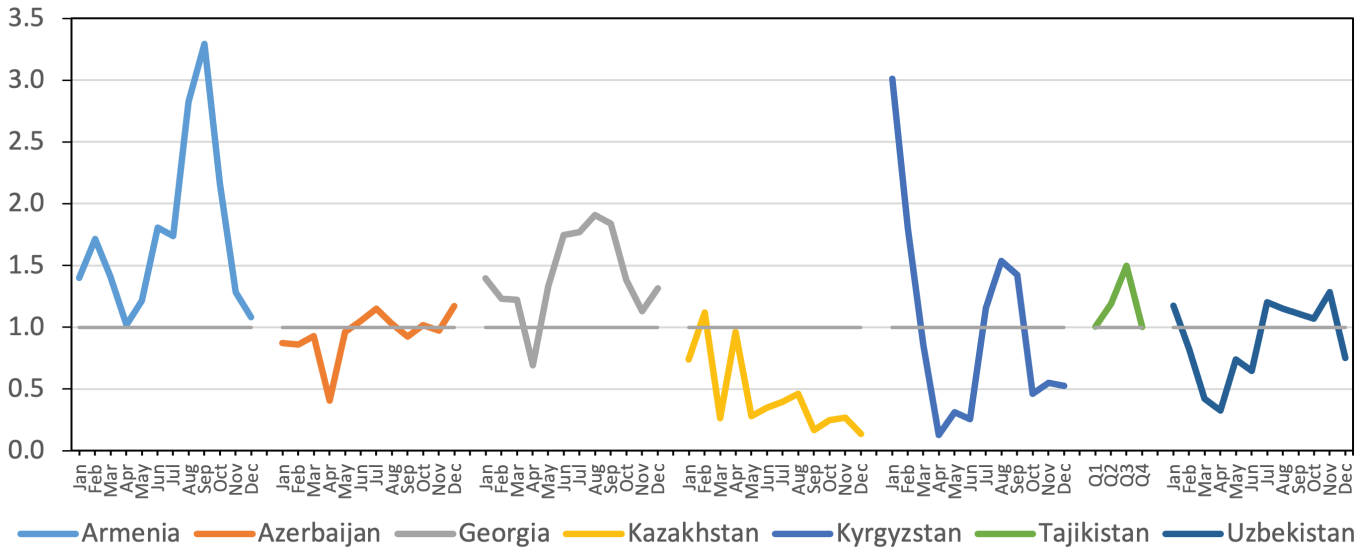
Source: Authors' calculations based on national statistical agencies of Kyrgyzstan, Tajikistan and Georgia, as well as on the TradeMap database for Kazakhstan and the UN Comtrade database for Armenia, Azerbaijan, and Uzbekistan.

The export of fruit is essential for Azerbaijan, Georgia, and Uzbekistan, the three largest fruit exporters in the CAC region. The Russian Federation represents the most important export destination for all of them. In Azerbaijan, fruit accounts for almost half of agrifood exports. In Uzbekistan, their share has constantly increased, reaching 38 percent in 2020. Similar to vegetables, fruit exports from Kazakhstan, Kyrgyzstan, and Uzbekistan dropped compared to 2019 (Figure 4). Fruit exports from Kazakhstan were the most brutally hit, losing almost two-thirds of their 2019 value.

Downward pressure on the Armenian and Georgian

currencies made their agrifood exports more competitive. After a short stagnation in April – May, both countries increased their fruit exports relative to the previous year (Figure 4). Armenia increased fruit exports by almost 80 percent and Georgia by 40 percent. In addition to the higher transportation costs and longer border crossing times, the lower purchasing power of Kazakh and Russian consumers affected Uzbekistan's fruit and vegetable exports to these markets.

Figure 4. Year-on-year export indices of fruits (HS 08) for 2020/2019



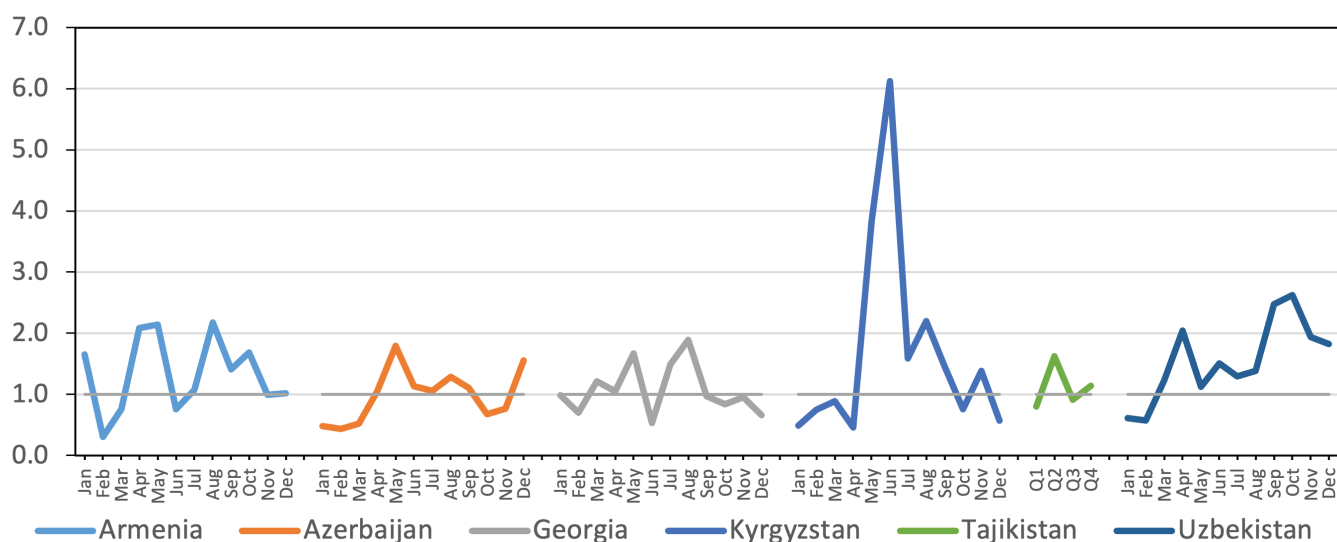
Source: Authors’ calculations based on national statistical agencies of Kyrgyzstan, Tajikistan and Georgia, as well as on the TradeMap database for Kazakhstan and the UN Comtrade database for Armenia, Azerbaijan, and Uzbekistan.

CEREAL IMPORTS

Cereals, mainly comprised of wheat, is the most essential imported commodity for the net importers of food in the region. In Tajikistan, cereals account for one-third of all agrifood imports. In Azerbaijan and Uzbekistan, it is about one-fifth of all agrifood imports. Cereal imports account for 10 percent of all agrifood imports in Georgia and Armenia, primarily from the Russian Federation. Imports of cereals in 2020 across the CAC region were volatile due to the instability of main supplies. The Russian Federation, Ukraine, and Kazakhstan have imposed temporary export restrictions on wheat (among other commodities) for April to June 2020. Despite these export restrictions in the first

half of 2020, Armenia, Georgia, Tajikistan, and Uzbekistan increased cereal imports compared to 2019. Cereal imports to Uzbekistan were below the 2019 values in January – February but then became higher than the 2019 values throughout the year after February 2020 (Figure 5). Shortly after the Kazakh government introduced the food export ban, Uzbekistan’s Ministry of Agriculture issued an official statement in April 2020 stating that mills had enough grain reserves (Asfaw et al., 2021). Overall in 2020, Uzbekistan increased cereal imports by 44 percent compared to 2019.

Figure 5. Year-on-year import indices of cereals (HS 10) for 2020/2019



Source: Authors' calculations based on national statistical agencies of Kyrgyzstan, Tajikistan and Georgia, as well as on the TradeMap database for Kazakhstan and the UN Comtrade database for Armenia, Azerbaijan, and Uzbekistan.

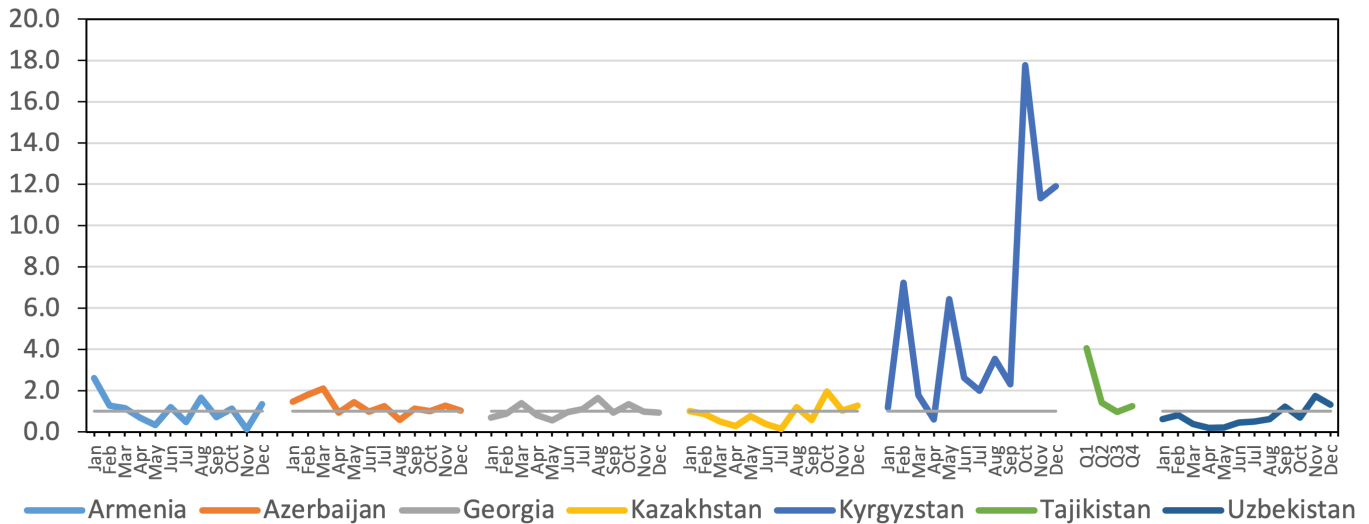
In Kyrgyzstan, during the first four months of 2020, cereal imports accounted for only 60 percent of the 2019 values. The Government of Kyrgyzstan's negotiations with Kazakhstan and the Russian Federation led to a recovery of cereal imports, which amounted to 28 percent of the annual value of cereals import in May – June. After a decline in July 2020, another consignment of 20 percent of the annual import value of cereals was imported in August – September 2020. Cereal imports to Armenia fluctuated wildly in 2020. While imports decreased by 70 percent in February compared to February 2019, cereal imports were twice as high in April – May as in the respective period in 2019. The next peak in cereal imports was in August 2020, which recorded USD 18 700 000, the highest cereal import value during the past two years. A similar trend was observed in Georgia, where cereal imports dropped in June but recovered over the following months.

IMPORT OF ANIMAL PRODUCTS

Three of the seven countries that provided data are net exporters of live animals, and four of the countries are net importers. Among the regional net exporters of live animals – Georgia, Kazakhstan, and Kyrgyzstan – imports of live animals made up

about 1.5 percent of all agrifood imports. Among the major net importers of live animals in the CAC region, Azerbaijan and Uzbekistan accounted for 4 percent of total agrifood imports. In Armenia and Tajikistan, live animals accounted for less than 1 percent of the total value of agrifood imports. Restrictive trade interventions, i.e. in the form of export bans for live animals, were temporarily imposed by Kazakhstan (October 2019 to October 2020) and Kyrgyzstan (from November 2020). After the government extended the 2019 ban on cattle exports, Kazakhstan became a net importer of live animals. The import value of live animals to Kazakhstan in 2020 contracted by over 40 percent compared to 2019 (Figure 6). In Uzbekistan, the reduced import value of live animals in 2020 can be attributed to Kazakhstan's and Kyrgyzstan's ban on the export of live animals. The highest increase in live animal import value was in Kyrgyzstan – increased by 4.5 times compared to 2019 value, particularly in Q4 2020 after Kazakhstan lifted the ban on live animal exports. In Uzbekistan and Kazakhstan, the imports of live animals were two to three times lower until August – September 2020. Tajikistan, which did not introduce any restrictions on international trade, imported more live animals than in 2019 (Khakimov, 2021).

Figure 6. Year-on-year import indices of live animals (HS 01) for 2020/2019

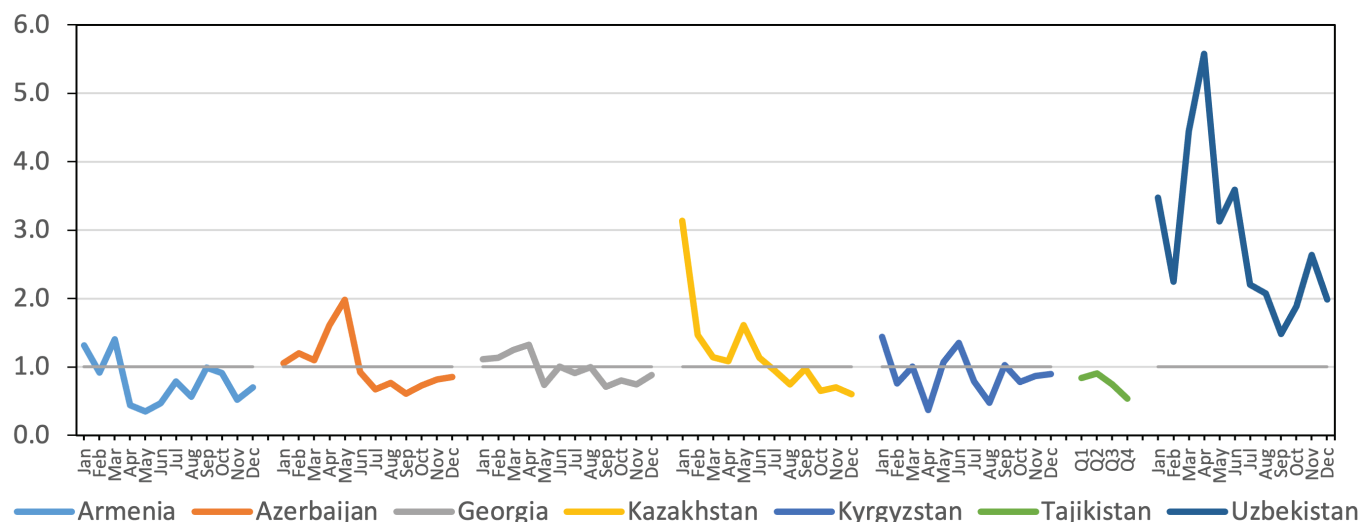


Source: Authors' calculations based on national statistical agencies of Kyrgyzstan, Tajikistan and Georgia, as well as on the TradeMap database for Kazakhstan and the UN Comtrade database for Armenia, Azerbaijan, and Uzbekistan.

All countries in the region are net importers of meat. Imports of meat comprise about 9 percent of the value of all agrifood imports in Georgia and Armenia in 2019. In other countries, the import value of meat made up about 4 to 7 percent of total agrifood imports. In absolute values, Kazakhstan remained the largest net importer of meat in the CAC region. In contrast, to live animals, meat imports went down in all countries compared to 2019, except for Uzbekistan. The import values of meat did not deviate substantially from their 2019

values in Azerbaijan, Georgia, and Kazakhstan, a decrease of up to 5 percent compared to 2019 (Figure 7). A more severe fall in import values of meat was seen in Armenia and Tajikistan – up to one-quarter compared to 2019. In Uzbekistan, where meat import has been increasing over several years, the import value of meat more than doubled in 2020. The increase partly reflects a shift from live animal imports to meat imports due to the export bans of Kazakhstan and, more recently, Kyrgyzstan.

Figure 7. Year-on-year import indices of meat (HS0 2) for 2020/2019



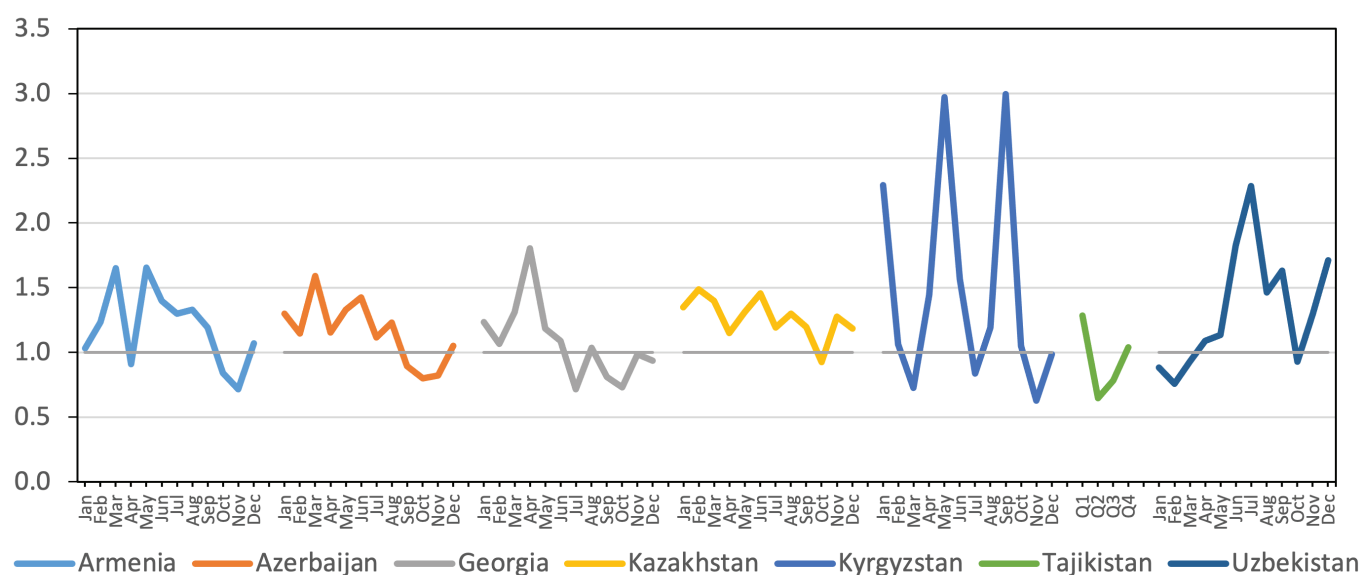
Source: Authors' calculations based on national statistical agencies of Kyrgyzstan, Tajikistan and Georgia, as well as on the TradeMap database for Kazakhstan and the UN Comtrade database for Armenia, Azerbaijan, and Uzbekistan.

Except for Kyrgyzstan, all CAC countries were net importers of dairy products and eggs in 2019 and 2020. In the Caucasus countries and Kazakhstan, imports of dairy products and eggs accounted for 5 to 8 percent of total agrifood imports. In Tajikistan and Uzbekistan, this group of commodities was less relevant, reaching 2 percent of the entire agrifood import value. In absolute terms, the largest net importers of dairy products and eggs are Azerbaijan and Kazakhstan. Apart from Tajikistan, the import of this commodity in 2020 increased in CAC countries. In Kazakhstan and Uzbekistan, the increase was above 25 percent.

In the first three quarters of 2020, dairy products' import was generally above 2019 values (Figure 8). In October-November 2020, imports by the Caucasus countries were below the previous

year's level but then recovered in December 2020. In Kazakhstan, imports of this commodity group exceeded the 2019 levels across all months except for October. In Uzbekistan, imports of dairy products and eggs fluctuated relative to 2019, climbing to 2.4 times above the 2019 level in July and going down after that. Uzbekistan's increased imports of animal protein in 2020, compared to the 2019 level, are related to taking advantage of the trade measures adopted by the government to ensure food stock reserves during the COVID-19 pandemic through a zero-tariff policy for a list of foods items, including meat, milk, fish, and egg. The most considerable fluctuations across months in 2020 in the import value of dairy products and eggs were observed in Kyrgyzstan, hitting up to three times higher than the 2019 levels in January, May, and October.

Figure 8. Year-on-year import indices of dairy products and eggs (HS 04) for 2020/2019



Source: Authors' calculations based on national statistical agencies of Kyrgyzstan, Tajikistan and Georgia, as well as on the TradeMap database for Kazakhstan and the UN Comtrade database for Armenia, Azerbaijan, and Uzbekistan.

CONCLUSIONS

In general, the COVID-19 pandemic had a modest impact on the CAC agrifood trade in 2020, which proved to be resilient to the global pandemic and quickly returned to business-as-usual mode. In 2020, the most disruptive measures were introduced in the form of short-term restrictions on Kazakh cereal exports (March–May 2020) and live animal export restrictions by Kyrgyzstan (November 2020). Further developments impacting trade were higher transportation costs and longer border crossing times, and lower purchasing power due to currencies' depreciation and the closure of the catering and hospitality sector in export destination countries for regional agrifood commodities. This includes the Russian Federation, which affected exports of fruits and vegetables from Azerbaijan and Uzbekistan. These difficulties demonstrate the challenges arising from a strong concentration of agrifood export destinations and import origins on a few countries.

Many categories of exports initially fell in response to weak external demand, as the major trading economies contracted substantially in 2020. However, over 2020, the agrifood exports from CAC countries rebounded quickly, to the point of business-as-usual. The short-term cereal export

restrictions in Kazakhstan affected prices but did not cause major shortages in the domestic market. Agrifood imports also experienced a modest decline, reflecting decreased domestic demand due to the faltering tourism sector and reduced incomes of the local population.

[This article is based on the chapter on international trade of a report by Djanibekov and Herzfeld \(2022\).](#)

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TRADE POLICY AND DOMESTIC SUPPORT MEASURES IN JANUARY – MARCH 2022

COUNTRY	MEASURE CATEGORY	PUBLICATION DATE	DESCRIPTION
Azerbaijan	Export restriction	19 March 2022	Azerbaijan has temporarily limited the export of grain products. The temporary regulation of the grain export through the customs territory of Azerbaijan is introduced until 31 December 2022, under the resolution of the Cabinet of Ministers "On measures to regulate the export from the country of a number of basic food products that are part of the minimum consumer basket and goods used in their production". The export of flour-grinding industry goods, starch, wheat gluten, oilseeds and other seeds, medicinal and industrial crops, feed, and so on through Azerbaijan's customs area would be temporarily restricted.
Belarus	Import ban	29 January 2022	Belarus extends food import ban to Serbia and Liechtenstein. From 1 January 2022 the Belarusian authorities have included Serbia and Liechtenstein in the list of countries subject to the food import ban. The goods from the EU countries, as well as from the USA, Canada, Albania, Iceland, North Macedonia, the UK, Montenegro and Switzerland fell under the ban. The list of products prohibited for import includes meat products, dairy products, fruits and nuts, confectionery, salt, and so on.
	Licensing and temporary export ban	17 February 2022	The Government of Belarus has imposed a six-month licensing requirement on exports of sugar from the country. Decree N 82 was published on 17 February 2022 on the National Legal Internet Portal. On 7 February 2022 the Council of Ministers also imposed a three-month ban on apples, onions, and cabbage exports, both imported and local. These goods can be exported from Belarus only under one-time licenses of the Ministry of Transport and Communications.
	Export ban	15 March 2022	The Belarusian government has extended the ban on the export of wheat and spelt flour for three months. In addition, a temporary ban has been imposed on the export of large ground grain, buckwheat, and their finished products. The export of these products shall be temporarily banned both for the Eurasian Economic Union (EEU) member countries, including Armenia, and for outside the EEU customs territory—and regardless of the country of their origin.
Kazakhstan	Export ban	9 January 2022	On 6 January 2022, Kazakhstan introduced a ban on the export of potatoes and carrots for three months and small cattle and cattle for six months. According to the Ministry of Agriculture of the Republic, the introduction of a ban on the export of vegetables and livestock is due to the need to stabilize prices. In addition, the measure will eliminate the occurrence of a deficit in the Kazakh market.
	Lifting export ban, introduce export quotas	24 February 2022	Kazakhstan lifted its ban on potato and carrot export, but introduced quotas. The ban on the export of potatoes and carrots from Kazakhstan has been lifted since February 2022. At the same time, the authorities set a limit on the exports of marketable and seed potatoes in the amount of 144 500 tons and 57 500 tons, respectively.
Republic of Moldova	Export ban	2 March 2022	On 28 February 2022, the Government of the Republic of Moldova introduced a ban on exports of wheat, maize and sugar with effect from 1 March until 30 April 2022. The measure was taken to curb price increases and will remain in force until the end of the 60-day state of emergency declared on 24 February 2022, following the escalation of the conflict in Ukraine and influx of Ukrainian refugees to the country.

Russian Federation	Export tariff quota	10 January 2022	Prime Minister of the Russian Federation signed a decree on the application of a tariff quota for the export of wheat and meslin (a mixture of wheat and rye), barley, rye and corn on an annual basis. The quota for wheat in 2022 will amount to 8 million tons, for rye, barley and corn – 3 million tons in total.
	Export duty	10 January 2022	Since 1 February 2022, the export duty on sunflower oil in the Russian Federation will decrease from USD 280.8 per tonne acting in January to USD 251.4 per tonne. The downward correction is based on the decrease of the indicative price of the product from USD 1 401.2 per tonne to USD 1 359.2 per tonne.
	Temporary import restrictions	12 January 2022	From 12 January 2022, the Rosselkhoz nadzor introduces temporary restrictions on the import of animals and livestock products from Kazakhstan to the Russian Federation as a precautionary measure in connection with suspected FMD. The temporary ban applies to live animals susceptible to foot and mouth disease, including companion animals, as well as wild, circus and zoo animals, as well as uncooked meat, meat products, milk and dairy products. In addition, the list includes: wool, hair, bristles, trophies, intestinal raw materials, skins and leather, genetic material, feed and feed additives of animal and vegetable origin. Also, the transit from Kazakhstan across the Russian Federation of live animals susceptible to foot and mouth disease is prohibited.
	Import ban	24 January 2022	From 19 January 2022, Rosselkhoz nadzor is introducing a temporary ban on imports of animals and livestock products from Jordan. The worsening situation with regard to FMD in Jordan has triggered the decision.
	Import ban	31 January 2022	Rosselkhoz nadzor banned the import of poultry from the Republic of Moldova as from 1 February 2022. Rosselkhoz nadzor invoked the worsening of the avian influenza situation in the Republic of Moldova. The temporary ban applies to incubator eggs, live fowl, and poultry.
	Export duty	1 February 2022	The export duty of sunflower oil from the Russian Federation has been reduced to USD 251.4 per tonne since 1 February 2022 from USD 280.8 per tonne in January 2022.
	Lifting import restrictions	10 February 2022	On 3 February 2022, the Rosselkhoz nadzor allowed the import of citrus fruits from China into the Russian Federation under the guarantees of the Main Customs Administration of the People’s Republic of China. The ban on the import of citrus fruits from China was introduced by the Rosselkhoz nadzor on 6 January 2020, in connection with the discovery of contaminated supplies.
	Lifting import restrictions	5 March 2022	Rosselkhoz nadzor allowed the supply of dairy products, eggs, fruits and nuts from several countries to the Russian Federation. Fifteen enterprises of Georgia can now supply milk and dairy products to the Russian Federation, the Federal Service for Veterinary and Phytosanitary Surveillance from 5 March 2022, removes restrictions on the supply of hatching eggs to the Russian Federation from six Turkish enterprises. Dairy and meat products and feed from 19 enterprises of Belarus will be imported into the country. Supplies of pears from Bosnia and Herzegovina, stone fruits and nuts from China, stone fruits and pome fruits from the Republic of Moldova, stone fruits and pome fruits from Serbia, potatoes from Bangladesh, and apples from Azerbaijan will also resume.
	Lifting restrictions on imports	7 March 2022	The Russian Federation has allowed starting from 5 March 2022 the imports of vegetable products from nine countries, including Uzbekistan. The Rosselkhoz nadzor allowed import of: tomatoes from Armenia and Azerbaijan; tomatoes and peppers from Belarus, Kazakhstan, Kyrgyzstan, Turkey, Turkmenistan and Uzbekistan; potatoes from Egypt, zucchini and eggplant from Turkey. The import of vegetables is allowed from the entire territory of these countries, without any restrictions on any manufacturing enterprises.
	Simplifying procedure	9 March 2022	Due to the logistical difficulties that have arisen when importing controlled goods of animal and plant origin into the Russian Federation, Rosselkhoz nadzor considers it necessary to simplify the procedure for their registration in order to prevent disruption of supplies. Registration of goods controlled by the Rosselkhoz nadzor will be carried out according to copies of veterinary and phytosanitary accompanying documents with a mandatory guarantee from participants in foreign economic activity on the provision of their originals.
Export ban, export quota	31 March 2022	The Russian Federation plans to restrict exports of sunflower oil and has imposed a ban on the shipment of sunflower seeds to relieve pressure on domestic prices. A 1.5m-ton export quota will be introduced on sunflower oil from 15 April 2022, while a ban on shipping seeds out of the country comes into effect 1 April 2022.	

Uzbekistan	Exempts from import duties	14 January 2022	On 30 December 2021, the Government of Uzbekistan adopted Decree PP-73, which exempts from custom duties the imports of wheat flour, vegetable oils and other products. The exemption is valid until 31 December 2022.
	Zeroing of VAT	1 February 2022	At an extraordinary session, MPs of the Legislative Chamber of Uzbekistan approved the zeroing of VAT for meat and butter imports. The government submitted to parliament a bill to extend the validity of VAT waiver for meat, potatoes and other food products, which in particular proposed to extend the VAT reliefs on imported, produced and sold basic food products until 30 April 2022.
Ukraine	Introducing zero quotas for export	6 March 2022	The Government of Ukraine has introduced zero quotas for exports subject to licensing in 2022 of corn, oats, buckwheat, millet, sugar and salt suitable for human consumption, according to government resolution No. 207 dated 5 March 2022. According to the amendments he made to resolution No. 1424 on the list of goods whose export and import is subject to licensing, and quotas for 2022, dated 29 December 2021, zero quotas were also introduced for the export of live cattle and its frozen meat, "meat and edible meat offal, salted or in brine, dried or smoked; edible meal from meat or meat offal: bovine meat" (Ukrainian Customs Commodity Classification Codes for Foreign Trade code 021020).
	Export ban and licensing	15 March 2022	Ukraine, a major global producer of agricultural products, has banned exports of fertilisers. Ukraine has already banned exports of some agricultural commodities and introduced licenses for its key export goods - wheat, corn and sunflower oil. The cabinet of ministers is introducing a zero quota for the export of mineral fertilisers that is a de facto ban on the export of fertilisers from Ukraine.
	Elimination of export licensing	25 March 2022	The Government of Ukraine has eliminated corn and sunflower oil from the list of goods subject to export licensing.

ANNEX 1

WTO NEWS RELEVANT FOR THE REGION

Trade policy review: Georgia

The third review of the trade policies and practices of Georgia took place on 12 and 14 January 2022. The basis for the review is a report by the WTO Secretariat and a report by the Government of Georgia. Members commended Georgia for its open trade and investment policies and regulatory reforms adopted during the review period.

Report by the secretariat: [wto.org](https://www.wto.org)

Georgian government report: [wto.org](https://www.wto.org)

Concluding remarks by the Chairperson

Trade policy reviews are an exercise, mandated in the WTO agreements, in which Member Nations' trade and related policies are examined and evaluated at regular intervals. Significant developments that may have an impact on the global trading system are also monitored. All WTO members are subject to review, with the frequency of review depending on the country's size.

22 January 2022: [wto.org](https://www.wto.org)

WTO members initiate membership talks for Turkmenistan

WTO members initiate membership talks for Turkmenistan. WTO members agreed at a meeting of the General Council on 23 February 2022 to initiate negotiations on the accession of Turkmenistan to the organization. WTO members initiate membership talks for Turkmenistan. WTO members agreed at a meeting of the General Council on 23 February 2022 to initiate negotiations on the accession of Turkmenistan to the organization.

23 February 2022: [wto.org](https://www.wto.org)

ANNEX 2

REGIONAL AND BILATERAL TRADE AGREEMENTS

Agreement on a free trade area between Ukraine and Turkey is the result of three decades of cooperation and friendship between the two countries

On 3 February 2022 a Free Trade Agreement between Ukraine and Turkey was signed.

The Free Trade Agreement between the Government of Ukraine and the Government of the Republic of Turkey is designed to promote trade and economic cooperation between the two countries through the introduction of a free trade regime.

3 February 2022: gov.ua

ANNEX 3

INTERNATIONAL COOPERATION

Uzbekistan and Turkey to increase cooperation in the field of agriculture and forestry

On 7 February 2022, the 3rd meeting of the Joint Working Group in the field of agriculture was held in Tashkent, during which the parties exchanged proposals for further practical cooperation in 14 priority areas, and on 9 February 2022, the corresponding “Road Map” was signed, including specific joint initiatives and activities.

10 February 2022: uzdaily.uz

Russian Railways Logistics and UTI Transit have created a joint venture AK&M

JSC “Russian Railways Logistics” and the Uzbek logistics company LLC UTI Transit have created a joint venture - LLC RZDL Transservice Group, aimed at increasing rail freight traffic between the Russian Federation, China and the countries of Central Asia.

20 January 2022: akm.ru

Uzbekistan, EU launch new cooperation expansion program for 2021-2027

The parties discussed the implementation of projects and activities in the areas of supporting agriculture and green growth, improving the efficiency of public administration and digitalization, including judicial and transport and logistics systems, improvement of the investment climate, as well as the socio-economic development of the Aral Sea region.

10 March 2022: tashkenttimes.uz

Humanitarian response update for Ukraine

The Food and Agriculture Organization of the United Nations (FAO) is extremely concerned about the effects of the war on lives and livelihoods in Ukraine. About 10 percent of the USD 50 million requested by FAO under the Rapid Response Plan for Ukraine has been received to date. So far, funds received will enable FAO to assist 23 000 vulnerable rural men and women around Donetsk, Luhansk, Dnipropetrovsk and Zaporizhzhia.

18 March 2022: fao.org

Additional information

<http://www.fao.org/europe/regional-initiatives/iatmi/en/>

<http://www.fao.org/economic/est/international-trade/europe-and-central-asia/en>

Required citation:

FAO. 2022. *Trade policy review in the countries of Eastern Europe, Caucasus and Central Asia*. Quarterly Bulletin No. 9. Rome.

Dashed lines on maps represent approximate border lines for which there may not yet be full agreement.

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Food and Agriculture Organization of the United Nations

Rome, Italy