



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



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 agri-food 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 AGRIFOOD 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 tariffs 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/>