



Food and Agriculture  
Organization of the  
United Nations

# REVIEW OF AGRIFOOD TRADE POLICIES IN THE EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA COUNTRIES 2019–2020





REVIEW OF AGRIFOOD TRADE  
POLICIES IN THE EASTERN EUROPE,  
CAUCASUS AND CENTRAL ASIA  
COUNTRIES  
**2019–2020**

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# Foreword

This review is the fifth issue in the series of publications covering analysis of agricultural trade and changes in trade policies of the Eastern Europe, Caucasus and Central Asia (EECCA) countries.<sup>1</sup> Like the previous review, it has been prepared under the framework of FAO's Regional Initiative on Transforming Food Systems and Facilitating Market Access and Integration in Europe and Central Asia (formerly the Regional Initiative on Improving Agrifood Trade and Market Integration).

The Regional Initiative aims to provide support to FAO Member Nations as they improve their agricultural trade policies, to account for the specifics of small and medium-sized enterprises and to enhance the inclusivity and efficiency of agrifood systems. To achieve this goal, the Regional Initiative promotes the capacity building of Members to understand the prospects of trade agreements and to set up a mechanism for their implementation, as well as to harmonize national food safety and quality standards with international standards.

This publication has resulted from the work of the Agricultural Trade Expert Network in Europe and Central Asia established with FAO support. The Network is a neutral and independent platform for the exchange of knowledge and expertise in this field. It currently includes experts from the leading research institutions and analytical centres in all the EECCA countries and some European Union countries. The Network's mandate includes improving the awareness of the private sector and civil society about the consequences of trade policy changes and involving stakeholders in a more efficient way in the dialogue with governments on the development and improvement of such policies.

This publication seeks to study the trends in agricultural trade in the EECCA countries and monitor recent policy changes that influence their dynamics and composition. The annual review contributes to the building of the analytical base on agricultural trade and trade policy

in Europe and Central Asia. Transparent information on changes made in trade policy, in turn, fosters stronger partnerships among countries and the normalization of trade relations.

The structure of this publication is similar to previous issues. An introductory chapter summarizes key agricultural trade trends in 12 EECCA countries in 2019–2020. The current publication also includes a thematic chapter analysing the impact of the COVID-19 pandemic on agrifood trade and trade policies in the region and demonstrating how the pandemic has severely affected the socioeconomic development of the EECCA countries. Agriculture, however, has suffered less compared to other sectors since governments designated agriculture and food provision as strategic sectors which most often were not bound by national quarantine restrictions.

Active application of foreign trade policy measures during the pandemic also demonstrated the efficiency of public-private dialogue in agrifood production and trade in many countries in the region. This important institution has great potential and will require additional efforts to strengthen it. The tools such as the international Agricultural Market Information System (AMIS) and transfer of knowledge on the methods for calculation of food balances and estimation of food reserves are useful for the public-private dialogue.

Apart from the thematic chapters, the publication contains 12 country chapters highlighting in greater detail the changes in agricultural and trade policies of Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, the Republic of Moldova, the Russian Federation, Tajikistan, Turkmenistan, Uzbekistan, and Ukraine.

Each chapter reviews recent trends in the development of each country's agricultural trade policy in 2019–2020 including key measures taken in response to the COVID-19 pandemic. It covers the trade measures implemented by national governments that influence agricultural product exports and imports, the participation of the countries in multilateral, regional and bilateral trade agreements, and recent changes in domestic support to agricultural producers.

<sup>1</sup> This review covers 12 EECCA countries: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, the Republic of Moldova, the Russian Federation, Tajikistan, Turkmenistan, Uzbekistan and Ukraine (<https://www.oecd.org/env/outreach/listofeeccacountries.htm>).

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The collaborative effort of authors from 12 countries revealed a considerable transformation of the trade policies of the region's countries in 2019–2020. Overall, analysis of the changes made to the policies during the period under study showed that the COVID-19 pandemic had substantially disturbed the tendency towards foreign trade policy liberalization observed in previous years. Specifically, many countries adopted political decisions to tighten their export policies, which could have both short-term adverse implications for the importing countries in the region and a long-term negative effect on domestic producers of the agricultural products covered by the bans and restrictions.

Nevertheless, a positive aggregate balance of foreign trade in agricultural goods was maintained in the region in 2019–2020. Many countries drew conclusions from the difficulties emerging in traditional ways of carrying on foreign trade and tried to implement digital technology as much as possible at various stages of agrifood product supply chains. In particular, some countries achieved progress in digitalization of the certification process and in paperless declaration of goods crossing the border. In addition, the practice of video inspection of goods was

introduced to minimize pandemic spread risks. As a result, both an opportunity and a need to accumulate knowledge and share experience on development and implementation of new technology in agricultural production and trade emerged.

First and foremost, we express our great appreciation to the national experts and country chapter authors who provided information on recent changes in trade policies of their states and on the measures taken to overcome consequences of the pandemic. We thank Alla Saranina (Markets and Trade Division, FAO) for assistance in the technical preparation of the materials, and Odette Boya, proofreader, for editing.

The Russian version of this report has been prepared as of October 2021.

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<https://www.fao.org/3/cc0064ru/cc0064ru.pdf>.

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# Abbreviations and acronyms

<b>ACDA</b>	Agro Credit and Development Agency under the Ministry of Agriculture of the Republic of Azerbaijan
<b>AFSA</b>	Food Safety Agency of the Republic of Azerbaijan
<b>AIC</b>	Agro-industrial complex
<b>AIP</b>	Agency for Interventions and Payments
<b>AMS</b>	Aggregate Measure of Support
<b>AMIS</b>	FAO Agricultural Market Information System
<b>ASF</b>	African swine fever
<b>CCI</b>	Chamber of Commerce and Industry
<b>CCT</b>	Common Customs Tariff
<b>CIS</b>	Commonwealth of Independent States
<b>CNFA</b>	Cultivating New Frontiers in Agriculture (international organization)
<b>DANIDA</b>	Danish International Development Agency
<b>DTC</b>	Digital Trade Centre
<b>EAEU</b>	Eurasian Economic Union
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>ECA</b>	Export Credit Agency
<b>EEC</b>	Eurasian Economic Commission
<b>EECCA</b>	Eastern Europe, Caucasus and Central Asia
<b>EFTA</b>	European Free Trade Association
<b>EPCA</b>	Enhanced Partnership and Cooperation Agreement
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FEA</b>	Foreign economic activities
<b>FoA</b>	Financing of Agriculture
<b>FTA</b>	Free trade area
<b>GF</b>	Guarantee Fund
<b>GDP</b>	Gross domestic product
<b>Global G.A.P.</b>	International standard for good agricultural practices
<b>GSP+</b>	Generalized System of Preferences Plus
<b>IDC</b>	Interdepartmental Commission
<b>IFC</b>	International Finance Corporation
<b>IFOAM</b>	International Federation of Organic Agriculture Movements
<b>IMF</b>	International Monetary Fund
<b>JSC</b>	Joint-stock company
<b>KR</b>	Kyrgyz Republic
<b>MFN</b>	Most Favoured Nation
<b>NBM</b>	National Bank of Moldova
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>OJSC</b>	Open joint-stock company

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<b>pp</b>	Percentage point
<b>RA</b>	Republic of Armenia
<b>REC</b>	Russian Export Centre
<b>REX</b>	EU Registered Exporter system
<b>RF</b>	Russian Federation
<b>RK</b>	Republic of Kazakhstan
<b>RKDF</b>	Russian-Kyrgyz Development Fund
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SME</b>	Small and medium-sized enterprise
<b>SPS</b>	Sanitary and phytosanitary (measures)
<b>TARIM</b>	Integrated Customs Tariff of the Republic of Moldova
<b>UCC FEA</b>	Ukrainian Classification of Commodities for Foreign Economic Activities
<b>UNDP</b>	United Nations Development Programme
<b>UNCTAD</b>	UN Conference on Trade and Development
<b>UNICEF</b>	UN Children's Fund
<b>USAID</b>	United States Agency for International Development
<b>VAT</b>	Value-added tax
<b>WOAH</b>	World Organization for Animal Health
<b>WTO</b>	World Trade Organization



# Part 1

Key developments  
in agricultural trade in the  
Eastern Europe,  
Caucasus and Central Asia  
(EECCA) countries  
in 2019–2020

# Key developments in agricultural trade in the EECCA countries in 2019–2020

Alfinura Sharafeyeva

## Highlights

In 2020, agricultural trade and trade policy of the EECCA countries<sup>2</sup> were marked by the following changes and trends in the context of the COVID-19 pandemic:

- The region's agricultural sector suffered less than other sectors amidst the general economic downfall.
- The share of agricultural products in the aggregate imports and exports of the region's countries increased slightly in 2020 compared to 2019.
- The total foreign agricultural trade balance in the region remained positive.
- China's share in the aggregate exports from the region's countries continued to grow.
- The commodity structure of exports and imports changed marginally compared to 2019.
- Most countries in the region adopted programmes of additional support to agriculture because of COVID-19.
- Active work was carried out to digitalize foreign trade transactions.

<sup>2</sup> This review covers 12 EECCA countries: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, the Republic of Moldova, the Russian Federation, Tajikistan, Turkmenistan, Uzbekistan and Ukraine.

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## Developments of agricultural exports and imports in the region

In 2020, following steady growth in previous years, aggregate exports and imports of all commodities in the EECCA region shrank appreciably. At the same time, some increase in aggregate exports and a minor decrease in imports of the agrifood commodity group was recorded (Figure 1.1). The share of this commodity group in the total value of exports and imports across the region amounted to about 13 percent, having risen by 3 and 1 percentage points (pp) as compared to the 2019 figures, respectively. The highest share of agricultural exports in total goods exports was observed in Ukraine (45 percent), the Republic of Moldova (44 percent), Armenia (30 percent), and Georgia (28 percent), with a slight year-on-year increase in some

of these countries. The agricultural export contribution to aggregate deliveries abroad was still substantially lower in Azerbaijan (7 percent), Kazakhstan (7 percent), the Russian Federation (8 percent), and Turkmenistan (12 percent).

An increase in the share of agricultural imports in the total value of import purchases was observed in most countries of the region in 2019–2020. For example, in Tajikistan, where this indicator is the highest (26 percent), it increased by 6 pp compared to 2018 and by 3 pp compared to 2020. In 2020, a marked rise of the share of agrifood imports was recorded also in Ukraine, by 27 percent year-on-year (up to 12 percent of the total commodity imports), and in Azerbaijan, by 26 percent (up to 18 percent). The share of agricultural commodity imports in total imports reached 14 percent in Belarus, 15 percent in Georgia, 16 percent



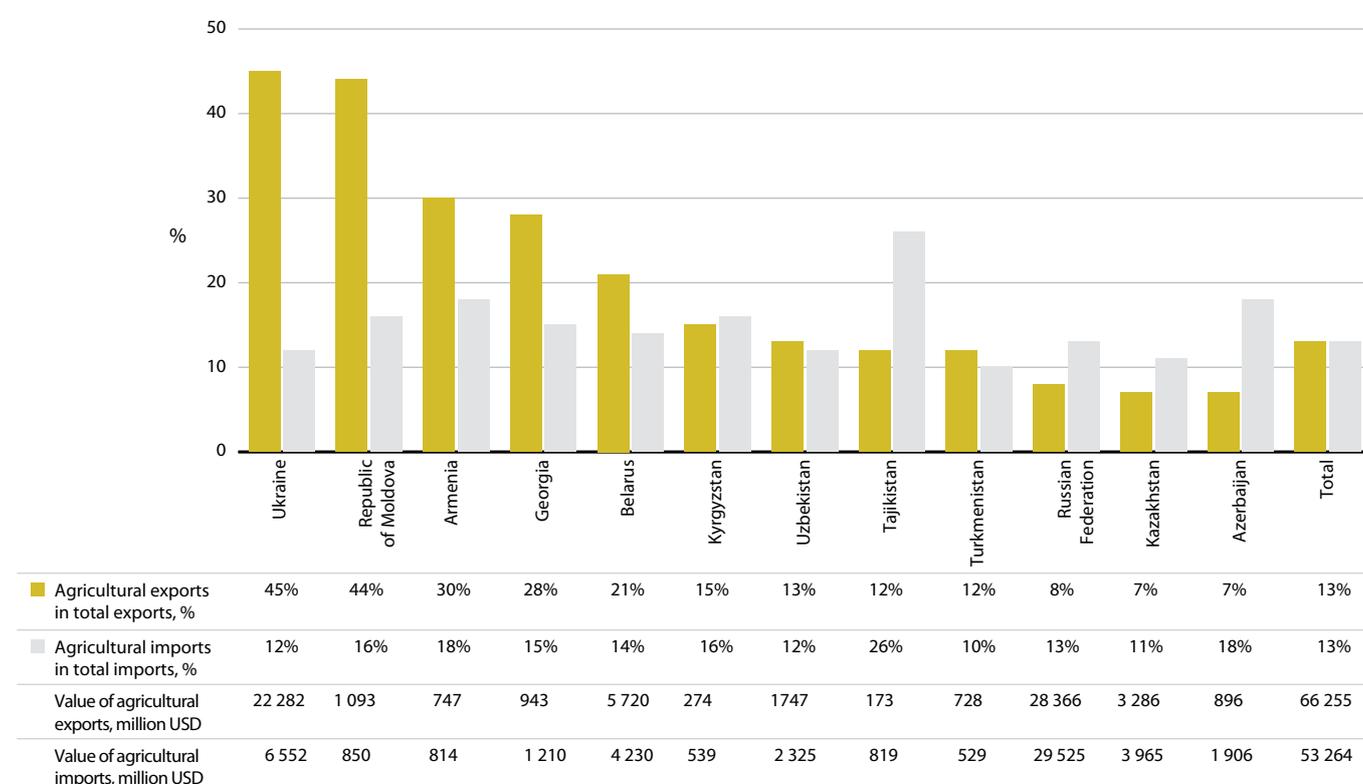
in Kyrgyzstan, 16 percent in the Republic of Moldova, and 12 percent in Uzbekistan. The share of agricultural imports in total foreign supplies increased to a lesser extent in the Russian Federation to 13 percent, in Kazakhstan to 11 percent, and in Armenia to 18 percent. In Turkmenistan, this indicator decreased by 8 percent, down to 10 percent of the aggregate commodity imports in 2020.

The aggregate agricultural exports from countries in the region continued to demonstrate a growing trend in value terms: in 2019, they were almost USD 5 billion higher than in 2018, having reached USD 63 billion, while in 2020, they increased by another USD 3 billion plus, up to USD 66.3 billion (Figure 1.2). At the same time, a minor decline in the aggregate agricultural imports to the region's countries was observed in 2020: they decreased by USD 600 million compared to the previous year (down to USD 53 billion). Overall, the positive foreign trade balance in agricultural commodities increased by almost twice during 2018–2020, amounting to USD 13 billion in 2020.

At the country level, however, the situation radically differed from the regional trend – the year of 2020 was marked by dramatic contraction of agricultural exports in value terms. In particular, while all the countries, except the Russian Federation, Georgia, Tajikistan and Turkmenistan, achieved growth in the value of agrifood exports in 2019, the next year it occurred only in the Russian Federation (14 percent increase), Georgia (6 percent), Belarus (3 percent), and Ukraine (0.3 percent). The largest drop in exports relative to 2019 was recorded in the Republic of Moldova (by 20 percent), Uzbekistan (by 10 percent), and Kyrgyzstan (by 8 percent). Noteworthy, the export decline in the Republic of Moldova was mainly caused by the consequences of drought which resulted in a steep fall of agricultural production outputs. The reduced exports in other countries were mainly due to political decisions as well as delays in trading transactions and logistical failures due to the COVID-19 pandemic.

FIGURE 1.1

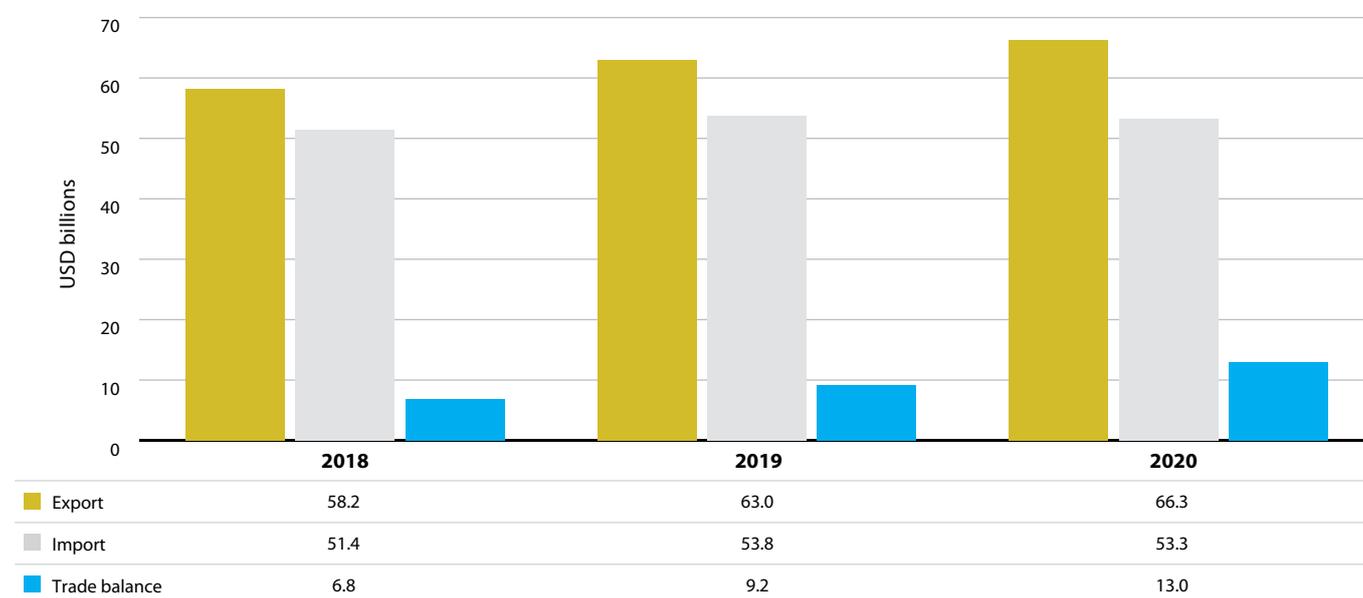
Agricultural export and import shares in total value of exports and imports of all commodities in the post-Soviet region countries, 2020



Source: calculations based on data from UN Comtrade, Trade Data Monitor and country-chapter authors.

FIGURE 1.2

Agricultural trade turnover in the EECCA region, 2018–2020, USD billions



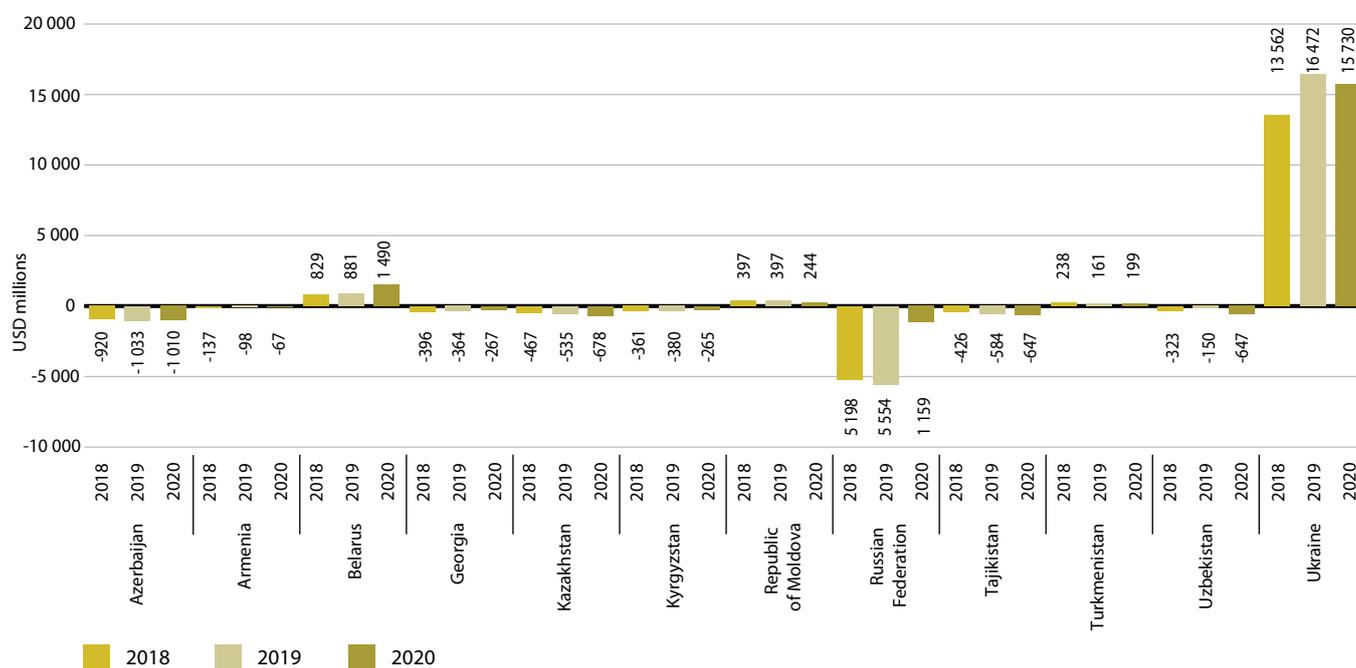
Source: calculations based on data from UN Comtrade, Trade Data Monitor and country-chapter authors.

Similarly, on the agrifood imports side: following a rise in 2019, imports decreased significantly in most countries in the region. Exceptions are Kazakhstan (1 percent increase in 2020 as compared to 2019), the Republic of Moldova (4 percent), Tajikistan (8 percent), Uzbekistan (11 percent), and Ukraine 13 percent). The largest drop of imports was recorded in Kyrgyzstan (20 percent down from 2019 levels), Belarus (9 percent), Armenia (7 percent), and Turkmenistan (7 percent). Like in the case of exports, the reduction of import deliveries in value terms and their declining dynamics were caused by the impact of the COVID-19 pandemic.

*Foreign trade balance.* The international trade balance in agricultural products in 2020 demonstrated mixed trends: a considerable (almost five times) decrease in its negative value occurred in the Russian Federation, whereas a negative balance in Uzbekistan increased almost fourfold compared to the previous year level (Figure 1.3). Besides, there was an increase in the positive balance in Belarus in 2020 (14 percent up as compared to 2019) and its decline in Ukraine (11 percent down) and the Republic of Moldova (18 percent). Armenia, Azerbaijan, Georgia and Kyrgyzstan had a decrease in the negative agrifood trade balance – by 1, 4, 8 and 21 percent, respectively, in 2020 compared to the previous year. Meanwhile, it increased by 4 percent year-on-year in Kazakhstan and by 8 percent in Tajikistan in 2020.

FIGURE 1.3

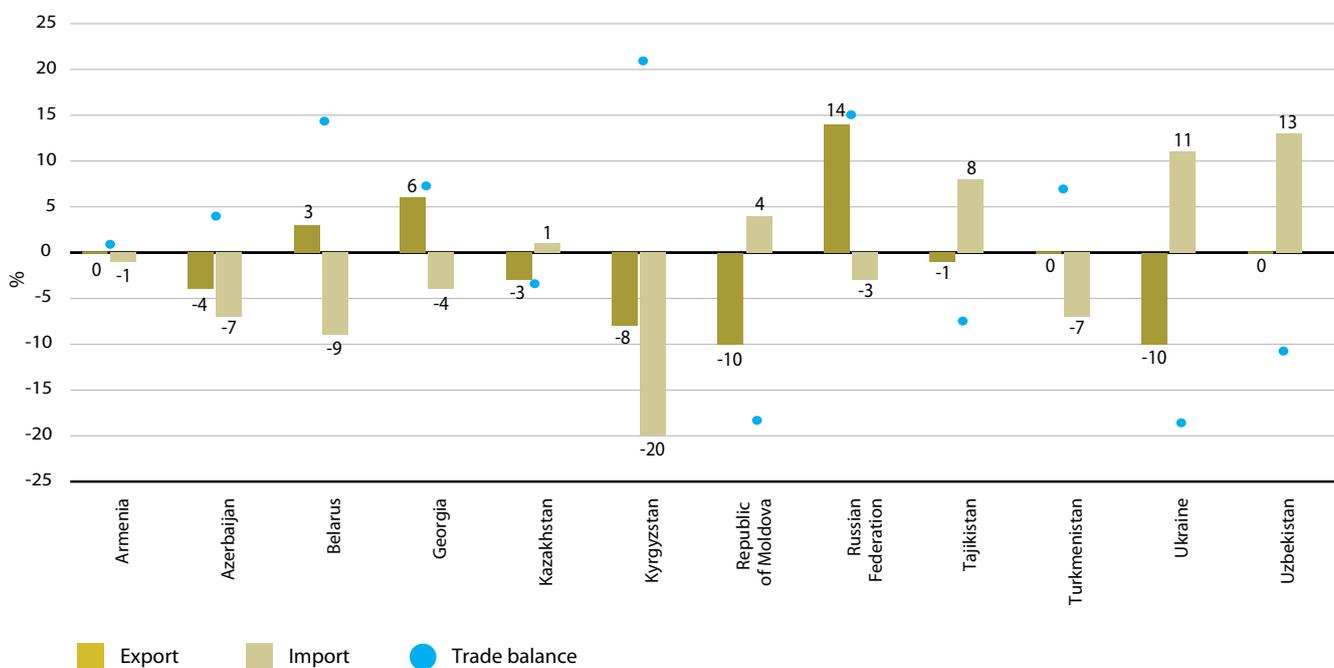
Agricultural trade balance in the EECCA region countries, 2018–2020, USD millions



Source: calculations based on data from UN Comtrade, Trade Data Monitor and country-chapter authors.

FIGURE 1.4

Trends of agricultural trade, 2020 to 2019, percentage change



Source: calculations based on data from UN Comtrade, Trade Data Monitor and country-chapter authors.

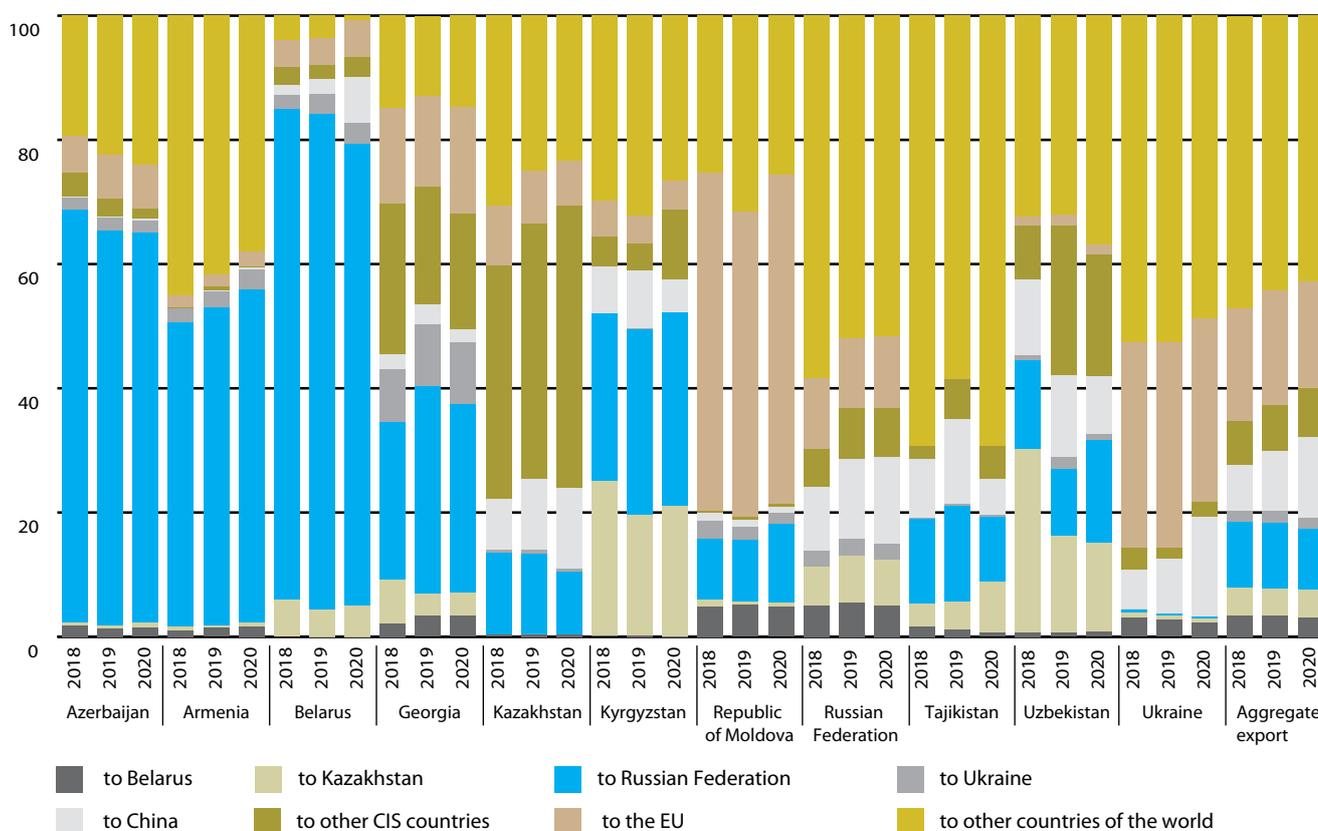
*Geographical structure of exports.* Despite some decline in trade volumes in several countries of the region, there was a continuing tendency towards diversification of the geographical structure of agricultural commodity supplies to foreign markets in 2019–2020. China's share in the region's aggregate agrifood exports retained its growth and increased by 3 to 4 pp reaching 15 percent in 2020 (Figure 1.5). At the same time, a reduction of some exports to traditional destinations within the region was recorded, namely to Belarus, Kazakhstan, the Russian Federation, and Ukraine. Nevertheless, like in previous years, the intra-regional exports accounted for almost one-third of the delivery volume. The region's aggregate exports to the European Union countries dropped by USD 321 million in 2020 compared to the previous year, however its share remained substantial at 18 percent.

At the country level, redistribution of export flows to the Russian Federation was observed in the region. The 2018–2020 period saw an emerging decrease in exports to this destination from Azerbaijan, Belarus, Georgia and Kazakhstan while the volumes of exports from Armenia, Kyrgyzstan and Uzbekistan, on the contrary, increased. Meanwhile, a growth of exports to China from countries such as Belarus, Kazakhstan and Ukraine was recorded. In contrast, the share of exports to China from Kyrgyzstan, Tajikistan and Uzbekistan in 2020 shrank amid the pandemic.

Despite some reduction in most countries in the region, agrifood exports to the European Union countries continued to make up a substantial share of exports in 2020 from the Republic of Moldova, Ukraine, Georgia, and the Russian Federation – 53, 30, 17 and 11 percent, respectively (Figure 1.5).

FIGURE 1.5

Main destinations of agricultural exports from EECCA countries, 2018–2020, percentage share



Source: calculations based on data from UN Comtrade, Trade Data Monitor, and country-chapter authors.

**Geographical structure of imports.** One-third of the aggregate agricultural imports in 2019–2020 accounted for mutual trade within the region. Imports from Belarus amounted to nearly 10 percent of total regional imports, less than 5 percent imported from Kazakhstan, 15 percent from the Russian Federation, 3 percent from Ukraine, and 5 percent from other CIS countries (Figure 1.6). The European Union continued to be the largest supplier of agricultural products to the EECCA countries, with its share in the region’s aggregate imports still growing. The volume of imports from the European Union increased by 7 percent, or USD 819 million in absolute terms, between 2018 and 2020. In 2020, however, the growth of imports from the European Union slowed down to only 1 percent, or USD 144 million, year-on-year.

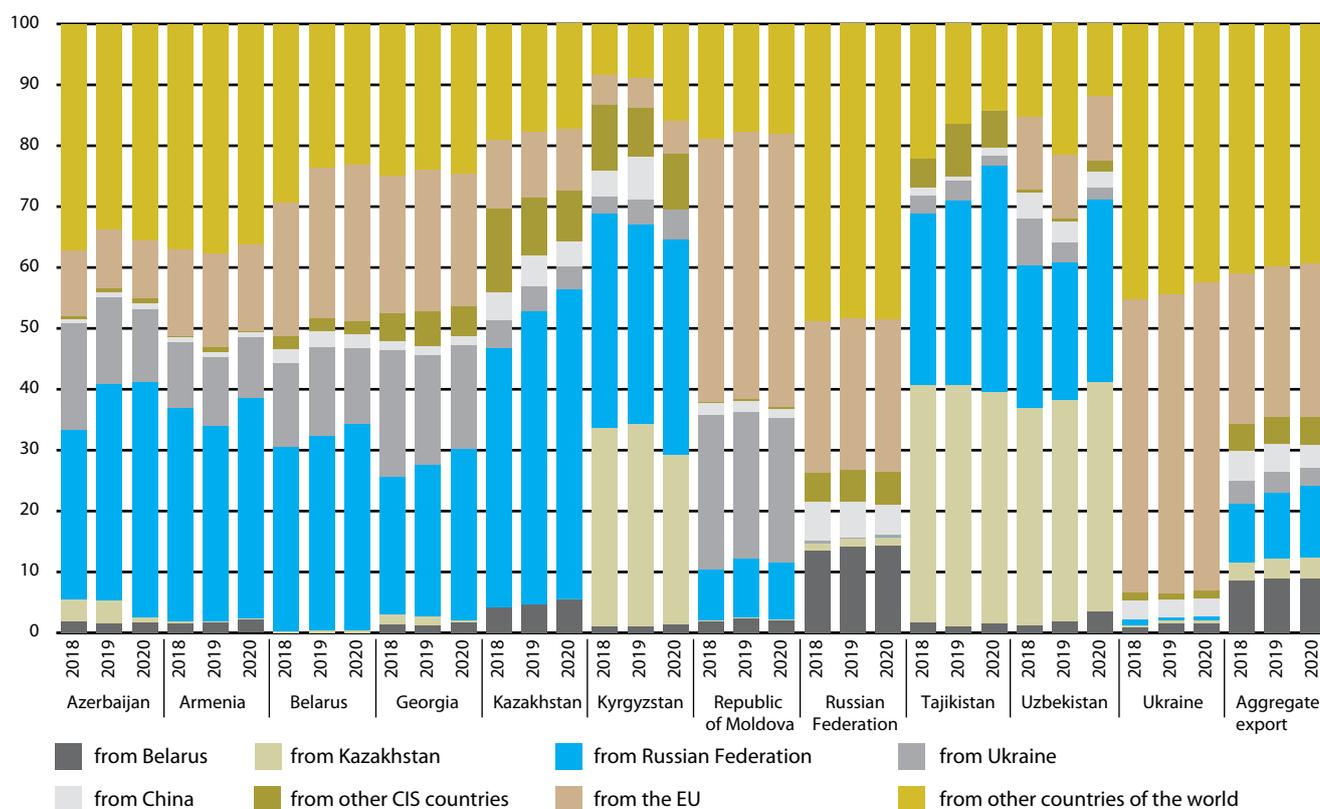
Amid the pandemic in 2020, a decline in aggregate imports from China was recorded, with a 2 pp, or 416 million, decrease relative to the previous year. In particular, Tajikistan imposed a ban on deliveries of agricultural commodities from China (apples, pears, ginger, mandarins, and partially walnuts, glass-grown

tomatoes and cucumbers) for an indefinite period because of the COVID-19 pandemic. In 2020, a reduction of imports from the traditional agrifood suppliers – Kazakhstan and Ukraine – was recorded both in the region’s aggregate imports and in the purchase structure of some countries in the region. Due to the measures implemented because of the pandemic, a drastic decline in imports from Kazakhstan occurred in Azerbaijan, Georgia, Kyrgyzstan and Tajikistan. In contrast, minor growth of imports from this country was observed in Armenia, with deliveries from other CIS countries having decreased.

Growth of imports from the Russian Federation was observed in every country in the region, except for the Republic of Moldova and Ukraine. The most tangible increase was recorded in the Russian deliveries to Azerbaijan and Uzbekistan: they grew by almost 10 pp in 2020 versus 2018 and amounted to about 30 percent of the overall agrifood imports in these countries. As a remarkable event in Kyrgyzstan, it had almost no imports from China in 2020 despite growth of import deliveries in previous years.

FIGURE 1.6

Geographical structure of agricultural imports to the EECCA countries, 2018–2020, percentage share



Source: calculations based on data from UN Comtrade, Trade Data Monitor and country-chapter authors.

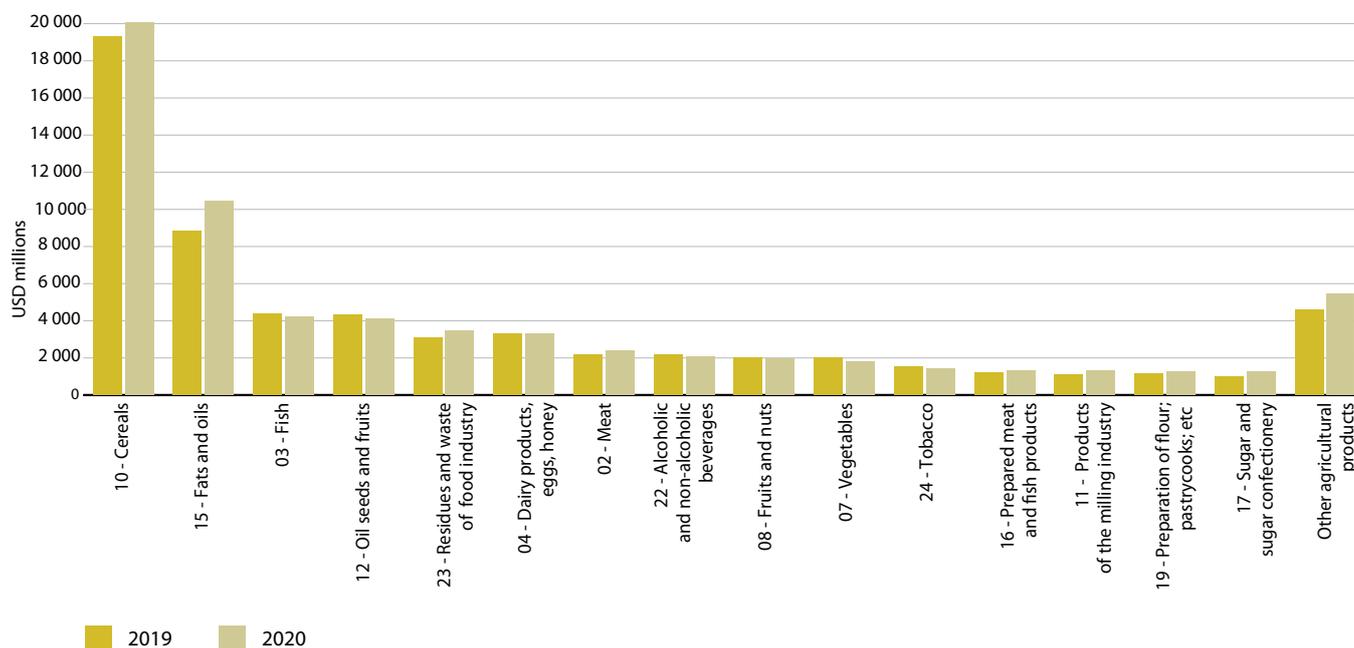
Overall, reduction of imports from China was registered in almost all countries of the region.

The European Union remained an important supplier of agrifood products to Ukraine (it accounted for 50 percent of the total agrifood imports to that country in 2020) as well as to the Republic of Moldova (40 percent), Belarus and the Russian Federation (about 25 percent in each).

*Export structure by product.* The commodity structure of agricultural exports changed insignificantly in 2020. There was some increase in exports of cereals (by 6 percent, to USD 20.4 billion), sugar and confectionery (by 26 percent, to USD 1.3 billion), fats and oils (by 18 percent, to USD 10.5 billion) relative to 2019 (Figure 1.7). Whereas there was a decrease in exports of such commodity groups as vegetables (by 11 percent relative to 2019) and excisable products – alcoholic beverages and tobacco (by 4 and 8 percent, respectively).

FIGURE 1.7

Product structure of agricultural exports of the EECCA countries (aggregate), 2019–2020, value in USD millions



Source: calculations based on data from UN Comtrade, Trade Data Monitor and country-chapter authors.

*Import structure by product.* Some contraction of aggregate imports of almost every key commodity group was observed in the region in 2020. The most substantial decline was recorded in imports of meat (by 10 percent) and vegetables (by 16 percent) (Figure 1.8). Like in previous years, fruit and nuts had the largest share in the aggregate agricultural imports: this commodity group accounted for 14 percent of all imports in the region's countries in 2020.

*EAEU.* Agricultural trade among the Eurasian Economic Union (EAEU) member countries continued to grow in 2019–2020. Belarus remained the largest supplier of agricultural products within the EAEU: it accounted for nearly 48 percent of the intra-Union exports (with a minor decrease versus the previous year, by 2 pp). Exports to the EAEU countries amounted to 82 percent in Belarus' total

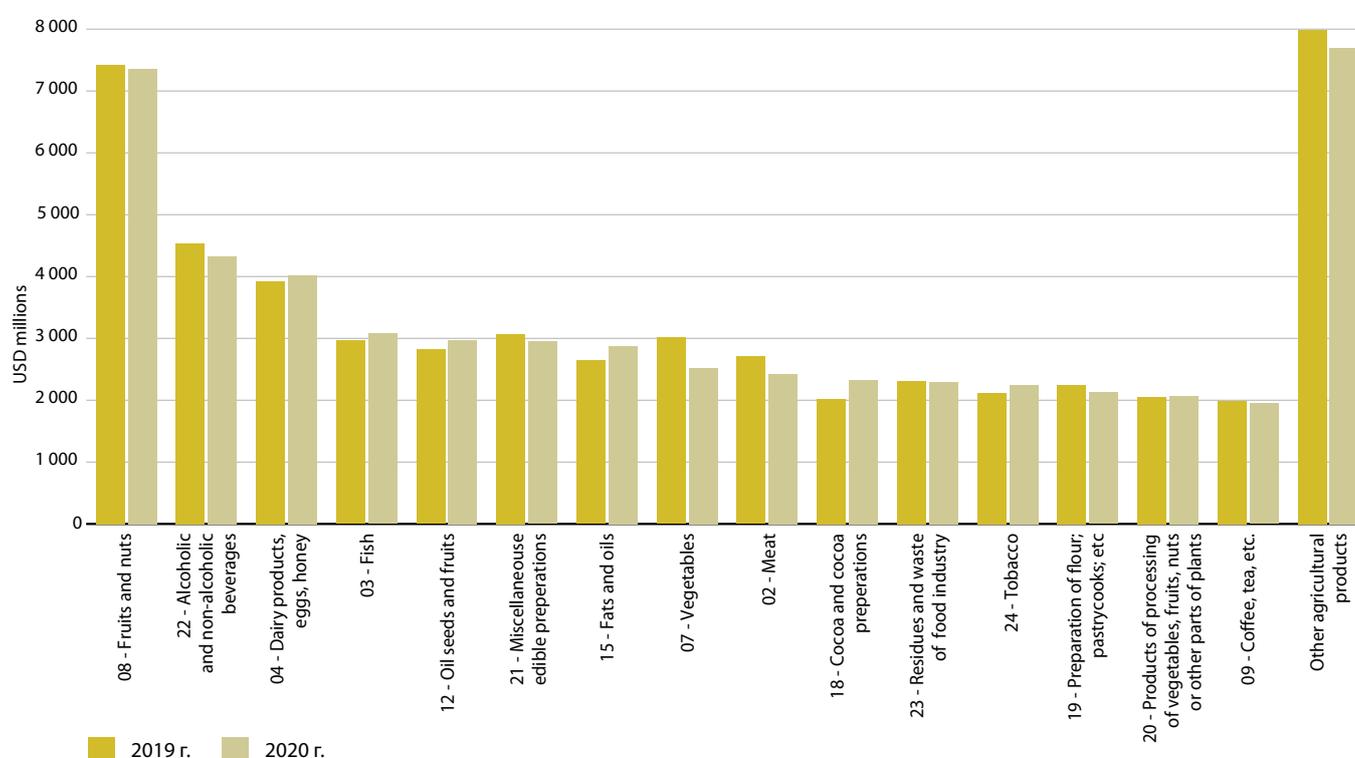
exports in 2020, somewhat less than in 2019 (85 percent). Almost 85 percent of the Belarussian exports during the period under review went to the Russian Federation.

A minor decrease in exports to the EAEU countries occurred in Kazakhstan: the volume of deliveries in 2020 decreased by USD 144 million, or 1 pp, compared to 2019.

Meanwhile, deliveries to the EAEU countries from the Russian Federation continued to grow, with country's share in the intra-EAEU exports having reached almost 41 percent. In country-specific terms, exports from the Russian Federation amounted to nearly 99 percent of the Union's entire exports to Belarus, 91 percent of exports to Armenia, and 85 percent of exports to Kazakhstan. In Kyrgyzstan, there was an increase in the share of supply

FIGURE 1.8

Product structure of agricultural imports in the EECCA region countries (aggregate), 2019–2020, value in USD millions



Source: calculations based on data from UN Comtrade, Trade Data Monitor and country-chapter authors.

from the Russian Federation in the total imports from the EAEU countries to this country from 50 percent in 2018 to 60 percent in 2020.

Besides, slight growth was recorded in Armenia's mutual trade with its EAEU partners. In particular, the share of deliveries to the EAEU market in Armenia's total exports increased from 51 to 56 percent during 2018–2020, with their volume in 2020 being USD 747 million. Nevertheless, the share of Armenia's supplies in the aggregate EAEU imports remained low, at 2 percent. In country-specific terms, a gradual rise of Armenian commodity deliveries to Belarus was recorded: they grew in 2020 almost twice compared to 2018. Similarly, imports to Armenia from Belarus were growing, though, at a smaller rate. Deliveries to Kyrgyzstan are carried out mainly from the Russian Federation (almost 60 percent of total imports from the EAEU) and Kazakhstan (45 percent). Bilateral trade in

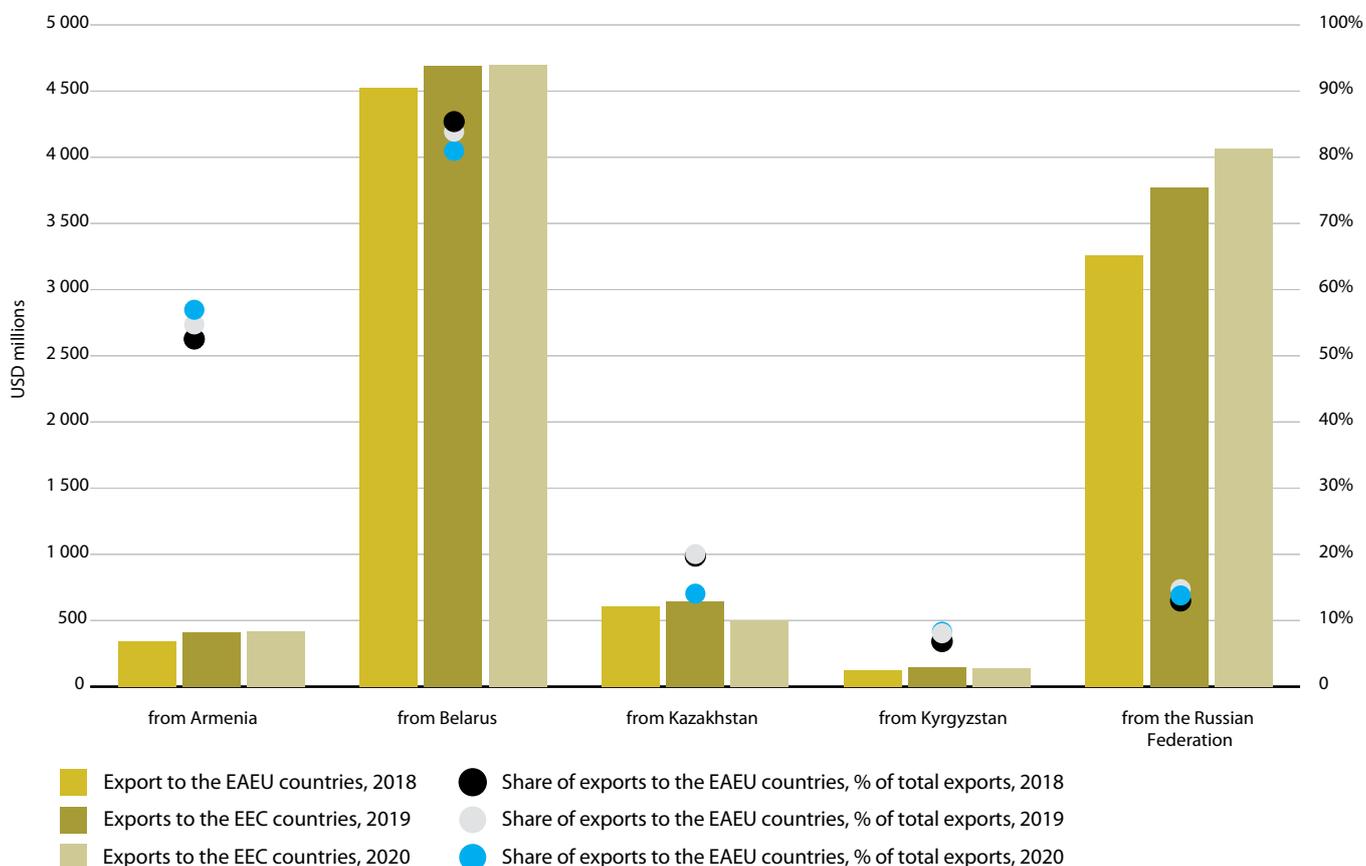
agrifood products between Armenia and Kyrgyzstan is still almost absent.

Generally, one of the most important COVID-19 pandemic implications for agricultural trade were temporary bans or restrictions on export of wheat and other agricultural products by the region's leading exporters – Belarus, Kazakhstan, and the Russian Federation. The restrictions were introduced both by individual countries and within the EAEU trade policy framework. They adversely affected the markets of traditional trade partners such as Tajikistan: demand for flour and wheat soared in the country, thereby leading to growth of domestic prices and limited access to these goods. In some instances (e.g. in Kyrgyzstan), export bans were imposed on the commodity groups traditionally imported by the country. According to expert estimates, it rather reflects the government's psychological response to the acute external shock and is not related to any real risks of outflow of those products from the domestic market.

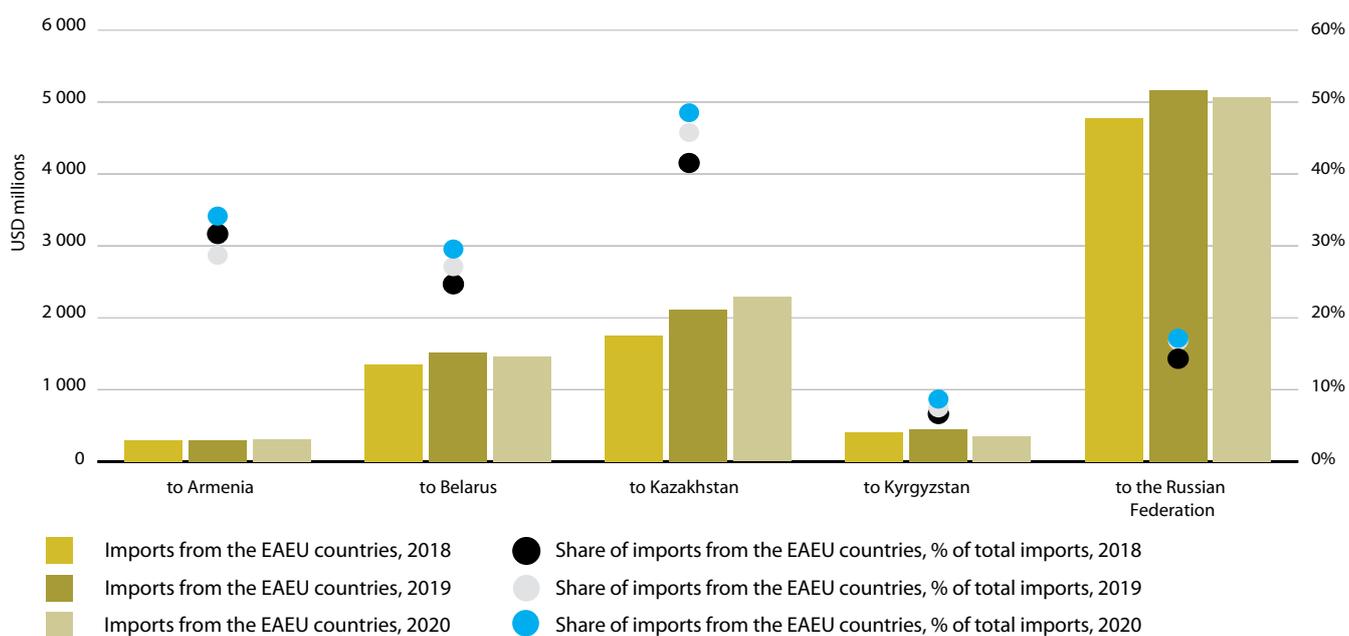
FIGURE 1.9

Intra-EAEU agricultural exports and imports, 2018–2020, value in USD millions, percentage share

a) Exports



b) Imports

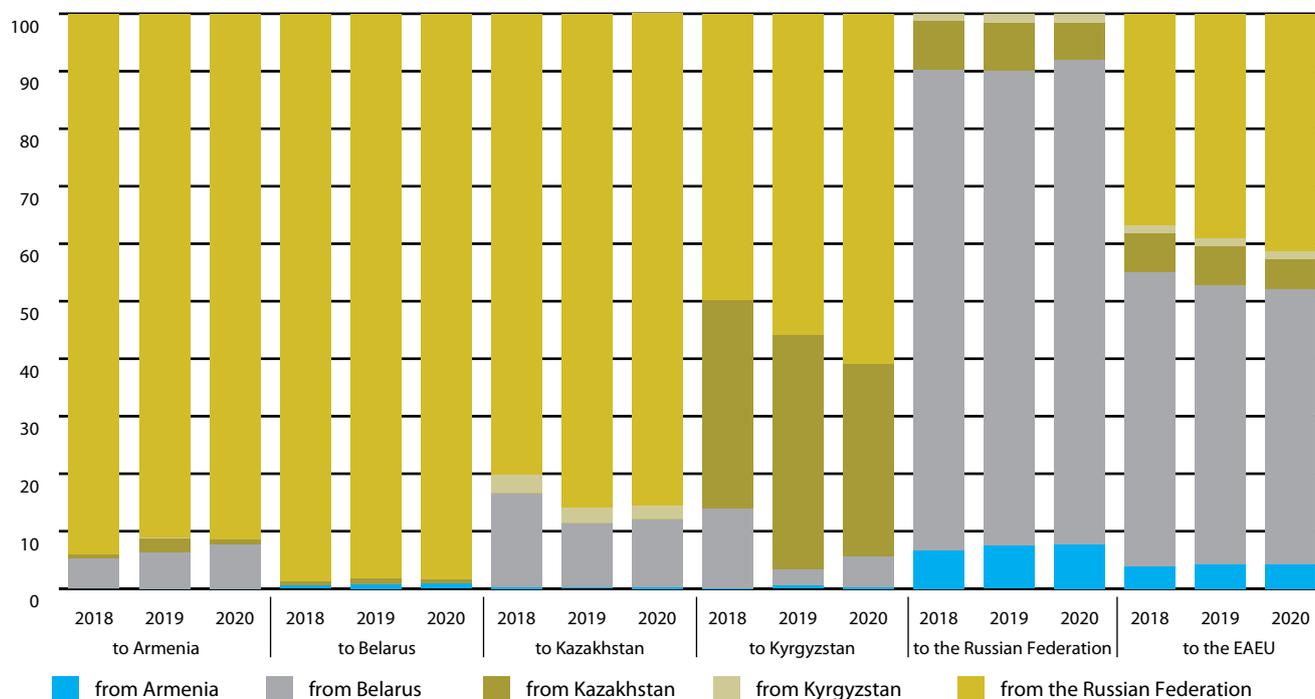


Source: calculations based on data from UN Comtrade, Trade Data Monitor and country-chapter authors; the author's calculations.

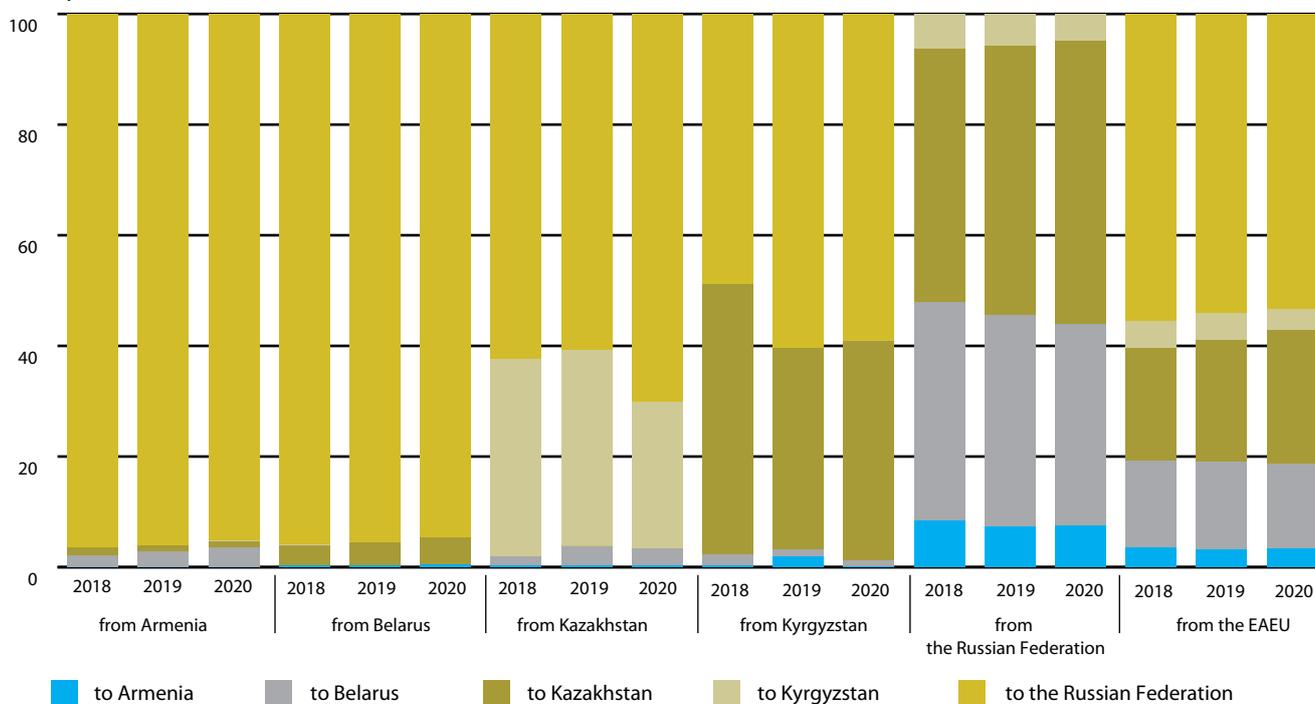
FIGURE 1.10.

Geographical structure of intra-EAEU agricultural exports and imports, 2018–2020, percentage share

a) Export



b) Import



Source: calculations based on data from UN Comtrade, Trade Data Monitor and country-chapter authors; the author's calculations.

## Agricultural trade policies

### Import policy

A number of changes occurred in the import policies of the EECCA region countries in 2019–2020. A large-scale revision of import duties on agricultural goods in Uzbekistan was the most remarkable event. The duties were zeroed agricultural inputs to promote development of domestic industries such as fats and oils, production of liquorice and other medicinal plants, production of honey, silk farming, and fruit and vegetable farming. At the same time, a 20 percent excise tax was imposed on white sugar and on some imported tobacco product types. As the COVID-19 pandemic broke out, however, import duties and excise taxes on some goods were zeroed to prevent any increases of food product prices in the domestic market.

As part of its commitments to the WTO, the Russian Federation abolished the tariff quota on imports of pork meat and replaced it by a 25 percent flat rate import duty instead of the two-level tariff applied earlier (0 percent on in-quota deliveries and 65 percent on deliveries above the quota). Besides, the country expanded the list of food products subject to a reduced Value-added tax (VAT) rate in 2019–2020: in particular, some types of domestic and imported fruit and berries as well as dairy products were added to it. Since the beginning of 2019, zero-rate import duties have been set for some goods (mainly vegetable and fruit) supplied to the Russian Federation from the Republic of Moldova, which were later extended to 31 March 2021. This measure allowed for a substantial increase in the exports of Moldavian-made products to the Russian market.

Ukraine continued to maintain the removal of zero-rate import duty preferences for imports of goods originating from the Russian Federation, as a mirror measure in response to the Russian Federation's suspension of the Agreement on the CIS Free Trade Area in relation to Ukraine.

Armenia continued to harmonize its import tariffs with the rates of the EAEU Common Customs Tariff (CCT), which resulted in higher import duties on most agricultural goods. The average applied Most Favoured Nation rate for agricultural goods in 2019 was 9 percent whereas it was at 7 percent in 2013, prior to the country's accession to the EAEU.

No major change was recorded in import duty rates in Azerbaijan, Georgia, the Republic of Moldova and Turkmenistan. In Tajikistan, a number of key imported food products, mainly sugar, vegetable oil, wheat and rice, were exempted from VAT (of 18 percent) to reduce domestic market prices in 2020. Similar steps to stabilize domestic

prices were undertaken in Azerbaijan where imports of cereals and bran were exempted from the 18 percent VAT along with introduction of zero-rate import duties on meat, fruit and vegetable.

In view of the COVID-19 spread and to ensure uninterrupted supply of food to the domestic markets of the EAEU member countries, a tariff preference was provided for some socially important food products in the form of import duties exemption in their imports from third countries.

Besides, some EECCA region countries continued to apply import tariff quotas on imports of some agricultural product categories in 2019–2020. The Republic of Moldova sets tariff quotas on imports of white sugar and sugar products annually for all countries but the CIS member states and Ukraine (provisions of the CIS Free Trade Agreement apply to the latter countries). Meanwhile, some countries in the region do not use the established quotas or do not fully use them. For example, Ukraine did not fill the tariff rate quota on imports of raw cane sugar amounting to 267.8 thousand tonnes at a 2 percent in-quota import duty rate in 2019 and 2020. This is explained by the fact that the Ukrainian manufacturers fully met the needs of domestic sugar refineries. Similarly, amid development of domestic rice production, the quota amount allocated to the Russian Federation within the framework of the Free Trade Agreement between the EAEU and Viet Nam was reduced in favour of Armenia and Belarus. Besides, according to its commitments to the WTO, the Russian Federation in 2020 proceeded with gradual abolition of the import tariff quotas on meat that were in force since 2003.

The ban on import of a large list of agricultural goods from Ukraine to the Russian Federation's customs territory, imposed by the RF Government in August 2014, continued to be in force in 2019–2020. As a response, Ukraine also banned the import of Russian-made goods according to its own list.

Since 2 July 2020, due to the implementation of a state system of electronic freight tracing, the Russian Federation has lifted the ban on transit of sanctioned agricultural goods across its territory by road and by rail.

Like in previous years, most countries in the region imposed temporary bans on the import of some agricultural products based on the SPS requirements and technical regulations. For example, Azerbaijan introduced temporary bans on imports of poultry and animal products according to its risk assessment policy in 2019–2020 because of disease outbreaks in its trade partner countries. Bans were occasionally imposed also in Belarus, Kazakhstan, and the Russian Federation. Georgia

and Uzbekistan, on the contrary, did not impose any bans based on the SPS requirements and technical regulations in 2019–2020 (according to country-chapter authors). Some countries, for example Georgia and Tajikistan, set short-term bans on import of agrifood products from the countries where the COVID-19 sites were found.

Ukraine and the Republic of Moldova continued reforms of their national legislation on the SPS regulation to harmonize it with the European Union *acquis* as part of implementation of their Association Agreement with the EU. In view of the global epidemiological situation related to the COVID-19 spread, procedures for import of agricultural products in the EAEU countries were

simplified to ensure their uninterrupted supplies. In particular, the use of the certificates of origin issued by developing and least developed countries was simplified. It allowed using a paper or electronic copy of the certificate with subsequent provision of its original copy no later than within six months.

Besides, the Russian Federation began to integrate its plant quarantine information systems with similar systems in Belarus, Uzbekistan, Serbia, Kazakhstan and Kyrgyzstan, including for exchange of electronic phytosanitary certificates. Online video inspections methodology was designed in many countries of the region in 2020.

TABLE 1.1.

Applied and bound MFN import duty rates on agricultural products, 2018–2020, percentage

Countries	Average applied MFN rate			Average bound rate
	2018	2019	2020	2019
Azerbaijan	n/a	14.5	n/a	n/a
Armenia	9.2	9.0	n/a	14.7
Belarus	11.3	11.3	n/a	n/a
Georgia	6.5	5.9	5.9	12.6
Kazakhstan	9.6	9.4	n/a	10.0
Kyrgyzstan	9.1	9.2	8.9	13.1
Republic of Moldova	11.2	11.1	11.7	14.0
Russian Federation	11.2	10.5	9.7	10.9
Tajikistan	n/a	n/a	n/a	11.1
Uzbekistan	n/a	n/a	11.4	n/a
Ukraine	9.2	9.1	9.1	11.0

Note: n/a — not available; data for Azerbaijan and Uzbekistan are available in the WTO database since 2020, no data for Turkmenistan are available

Source: WTO (2021).

### Export policy

In 2019–2020, export duties on some agricultural goods were used in Azerbaijan, Belarus, Kazakhstan, the Russian Federation, Tajikistan, Turkmenistan, Uzbekistan, and Ukraine. In particular, they were applied to such products as wheat, oil seeds, live animals, cotton fibre, raw hides and tanned leather (Table 1.2). In 2020, because of the COVID-19 pandemic outbreak, some countries introduced short-term bans or restrictions on export of cereals and oil crops as well as some other agricultural goods (see Table 2.1 in Part 2 below).

To support agrifood exports, some countries, for example Azerbaijan, the Russian Federation, Turkmenistan and Uzbekistan, applied transport subsidies in 2019–2020. In Turkmenistan, for example, internal preferential transport tariffs were in force even during the period when rail traffic was suspended and freight turnover declined amid the pandemic.

Uzbekistan, in turn, created a strong system of support for exporters and manufacturers of agricultural products in 2019–2020. In particular, some part of transport costs for export of lemons (up to 25 percent), fruit and vegetable

TABLE 1.2

Export duties applied in some countries of the EECCA region

Country	Product	Export duty rate	Validity period
Azerbaijan	Potatoes Onions and cabbage	1 USD/kg 2 USD/kg	6 – 30 April 2019
Belarus	Rape or colza seeds Raw hides and skins Tanned leather	100 EUR/t 500 EUR/t 10%, but at least 90 EUR/t	Remained in force in 2019–2020
Kazakhstan	Raw hides and skins Wool	0% 10%, but at least 50 EUR/t	Until 21 December 2021 Remained in force in 2019–2020
Russian Federation	Tuna Wheat Rape seeds Sunflower seeds	5% 0% 6.5%, but at least 11.4 EUR/t 6.5%, but at least 9.75 EUR/t	Remained in force in 2019–2020
Tajikistan	Cotton fibre Raw skins and hides Silk-worm cocoons	10% 300 EUR/t 20%, but at least 100 EUR/t	Since March 2020
Uzbekistan	Tanned leather	5%	In 2019 and 2020
Ukraine	Flax, sunflower and false flax seeds Live animals Hides and skins	10% 10% 20%	In 2019 and 2020

Source: country-chapter authors.

products, eggs and poultry meat, natural grape wines and cognac distillate (up to 50 percent) has been covered by subsidies since 2020.

As part of export promotion activities, a special state institute of support for export of non-primary commodities (including agrifood products) is functioning in the Russian Federation – the Russian Export Centre JSC (REC) which recovers costs of various export activities including costs of the food product transportation. The marginal transport cost compensation coefficient is 1/3 of the transported product value, the compensation rate being 25 percent of the transportation costs but within the established limit.

In Ukraine, amendments were made to the Tax Code in 2020 to support agricultural production, according to which the value-added tax rate was reduced from 20 to 14 percent for export, import and domestic sales of some agricultural product categories including cattle, wheat and corn.

The practice of signing memoranda between the line ministry and grain exporters to ensure effective interaction among the grain market actors, commenced in 2011, continued in 2019–2020. In particular, a memorandum of understanding to agree upon the grain market balance indicators in 2019/20 marketing year was signed in 2019 to ensure food security and avoid application of export restrictions. In 2020, the Ministry for Development of Economy, Trade and Agriculture signed an annex to the memorandum with the grain market stakeholders in which the parties agreed upon the maximum indicative volume of grain exports for 2020/21 marketing year at 17.5 million tonnes of wheat and 1 000 tonnes of rye.

During the years under review, all countries in the region continued, in varying degrees, to develop and apply export promotion programmes, inter alia focused on encouraging agricultural exports. The greatest attention was paid to digitalization of trade procedures, and to marketing and information support to export (Box 1.1).

## BOX 1.1.

## Examples of digitalization of procedures in agrifood trade in the EECCA region countries

- **Azerbaijan** has created trade facilitation infrastructure, including the Digital Trade Centre (DTC). DTC is a multifunctional portal of online trade and e-commerce created with governmental involvement and with the governmental guarantees. It operates according to the “all services in one space” principle. Along with numerous transborder electronic services for facilitation of trade transactions, the portal offers services for customs clearance, online registration of companies, opening of bank accounts in the online mode, etc. Application of generally accepted methods of identification and electronic signatures as well as their international recognition is of fundamental importance to the DTC operation.
- In **Belarus**, 5 811 Belarusian and 533 foreign enterprises have been registered and information about 20 990 goods (including agricultural) and services has been provided at Export.by portal during 2020. The Belarusian Universal Commodity Exchange OJSC’s electronic trading platform (<https://www.butb.by>) is actively developing. In 2020, 7.5 percent of the country’s total agricultural product exports was sold via the Exchange’s Agricultural Products section. The Belarusian public association of farmers created the information resource <http://market.farmer1.by>, with the development of inter-farmer connections and establishment of a trading platform being its key purpose.
- In **Kazakhstan**, a “single window” for exporters was created on the basis of the QazTrade Centre for Trade Policy Development JSC in 2019. The company is the single centre of support to exporters, and acts as an agent between exporters and public authorities. Within the Acceleration programme framework, exporters are provided support by granting them a premium status on Alibaba.com international Internet platform where agrifood products are also sold. This tool was particularly relevant during the pandemic and quarantine measures, allowing suppliers of goods to participate at the online international exhibitions.
- In **Tajikistan**, the tajtrade.tj information trade portal and a “single window” for formalization of export, import and transit transactions were officially launched in 2019. The portal contains information on procedures for 53 export and import and transit commodities (including 20 export products, 30 import products, and 3 transit products; 1 500 commodity items in total), including a number of agrifood products.
- In the **Russian Federation**, ECert additional module within the VetIS Federal State Information System was put into operation in 2020. The module is intended for veterinary certification of freights supervised by the State Veterinary Supervision Authority which are exported to foreign countries. It allowed reducing the time necessary to draw up veterinary supporting documents due to automatization of the process and ensuring the establishment of a single centralized database with information about every batch of goods being exported.

Source: Information provided by country-chapter authors.

## Trade agreements

The 2019–2020 period was marked by a more active process for the accession of some countries of the region to the World Trade Organization (WTO). For example, after a nearly 15-year-long pause, Uzbekistan in 2020 resumed meetings of the working party, after which the country sent the updated Memorandum on the Foreign Trade Regime to the WTO within the framework of negotiations for examination of its accession application. An Interagency Commission under the Government of Uzbekistan for Work with the WTO was established. In 2020, a meeting of the WTO General Council granted Turkmenistan observer status. The country’s president tasked the government with

preparing and carrying out further necessary measures and work for accession to the WTO and acquisition of full membership in the organization.

Negotiations of Working Parties for the accession to the WTO continued also in Azerbaijan and Belarus in 2019, but less actively. In 2020, no commission meetings were held due to the COVID-19 pandemic. In Belarus, the work for final endorsement of the country’s commitments to the WTO was postponed until 2021.

Deepening of integration was taking place within the EAEU trade policy framework, mainly with countries in the Asian region. Implementation of free trade agreements with Viet

Nam, Singapore and Serbia continued during 2019 and 2020. Negotiations on the establishment of a free trade area (FTA) with Iran (Islamic Republic of) and on conclusion of free trade agreements with Egypt, Israel and India began. Active cooperation with China was taking place, including as part of the One Belt One Road initiative. Uzbekistan was granted EAEU observer status in December 2020.

Trade policy in the Republic of Moldova focuses on the development of strong trade relations with the European Union countries within the Deep and Comprehensive Free Trade Area (DCFTA) framework. In 2020, tariff quotas on exports of some goods to the European Union countries were revised upwards.

In 2020, the first five-year period since the entry into force of the economic part of the EU-Ukraine Association Agreement expired, laying the ground for its review over the next five years.

Ukraine and the Republic of Moldova signed the Political, Free Trade and Strategic Partnership Agreement with the United Kingdom of Great Britain and Northern Ireland in 2020. The Agreement is based on Association Agreements between these two countries and the European Union, and will replace them in bilateral relations. Similarly, Georgia and the United Kingdom of Great Britain and Northern Ireland signed the Strategic Partnership and Cooperation Agreement in 2020.

In early 2021, Armenia ratified the Comprehensive and Enhanced Partnership Agreement with the European Union that envisages deeper cooperation in six areas: a better investment climate; a more empowered civil society; cooperation in anti-crime activities; more transparent procurement procedures; amendments to the legislation on food security and consumer protection; and adoption of European Union environmental standards.

### **Changes in food and agricultural support**

In 2020, contraction of state support to agriculture compared to two previous years was observed in almost all countries in the region. Exceptions where growth versus 2019 was recorded was observed in the Republic of Moldova (30 percent increase in the support in USD equivalent), Kazakhstan (+23 percent), Turkmenistan (+6 percent), Uzbekistan (+2 percent) and Ukraine (+2 percent) (Table 1.3).

In the Republic of Moldova, financing of the agricultural sector amounted to USD 109 million in 2020. Additional USD 17 million was allocated to compensate for damage caused by drought in 2020. There were no programmes intended to mitigate negative consequences of the

COVID-19 pandemic in the agrifood sector. At the same time, agricultural producers could benefit from a number of measures covering the entire economy. Besides, the Russian Federation allocated 60 million Moldavian lei to the Republic of Moldova in 2020 for partial compensation for the damage caused to sown corn from drought in 2020 as well as to prepare the soil for the 2021 harvest.

State support to agriculture in Kazakhstan increased almost eightfold in 2020 compared to 2018, which is with the country's commitments to the WTO. In 2020 USD 600 million was disbursed for these purposes as compared to USD 486 million in 2019 and only USD 80 million in 2018. In 2020, additional USD 134 million was disbursed to fund support programmes in the agricultural sector due to the COVID-19 pandemic. In the same year, certain changes occurred in the domestic policy of state support to agriculture, aiming to reduce inefficient subsidies and improve the efficiency of some agricultural support instruments. Following the reform, the share of subsidies in plant growing was 67.3 percent; whereas, the share of animal husbandry was 32.7 percent.

Slight increases in state support to agriculture were observed also in Turkmenistan, Uzbekistan and Ukraine. An important development in Turkmenistan, a special agricultural land fund was established for the manufacture of agricultural products included in the government order. Land plots from this fund are granted to agricultural producers for use for up to 99 years, which is believed to strengthen farmers' interest in production ramp-up. In 2019–2020, state purchase prices of wheat, wheat flour and cotton remained in force.

Uzbekistan has been gradually eliminating the practice of crop production based on government orders since the 2020 harvest. The practice of setting purchase prices of raw cotton has been abolished since the 2020 harvest, whereas raw cotton producers are granted the right to free variety placement of the released cotton plant. In 2020, the rates of water resource use tax for the water volumes used for irrigation were reduced to mitigate the adverse effects of the pandemic. Besides, agricultural land tax deferral was granted for the pandemic period: the tax due date was postponed from 1 September to 1 December 2020.

Ukraine made amendments to its legislation in 2020 which confirm the priority of state support to small farms, including family farms, owning or using up to 100 hectares of agricultural land. Other prioritized areas include animal husbandry (including niche branches such as sheep raising, goat raising, and aquaculture); support to organic production, horticulture, vegetable growing and berry production; and irrigation and restoration of drainage systems. No specific measures of support to the agricultural

sector due to the COVID-19 pandemic were implemented in 2020. At the same time, agricultural producers could access a number of government-adopted measures aimed at supporting the economy as a whole.

The largest reduction of budget financing for the agricultural sector in 2020 occurred in Tajikistan, where it decreased by 39 percent compared to the 2019 level. A small amount, USD 2 million, was disbursed for support to the agricultural sector because of the COVID-19 pandemic.

In Georgia, state support for agriculture decreased by 30 percent in 2020 compared to the previous year (in USD equivalent), to USD 69 million. This cutback, however, was

balanced by considerable financing under the programmes adopted in response to COVID-19, amounting to USD 45 million. Georgia did not apply any amber box measures of support to agriculture in 2019–2020.

The level of budget financing for agriculture in Belarus decreased by 10 percent in 2020. Non-product-specific support measures made up 90 percent of the amber box measures. A package of legislative acts was adopted in 2019–2020, which provide for measures of financial rehabilitation, management efficiency improvement for insolvent agricultural organizations, and regional development.

TABLE 1.3.

The volumes of budget financing for agriculture in the countries of the region, 2018–2020, million monetary units

Country	Currency	2018	2019	2020	COVID-19 (2020)
Azerbaijan*	national currency	1 018	1 141	1 164	
	USD	599	671	685	
Armenia*	national currency	25 955	27 717	27 547	69 300
	USD	54	58	56	142
Belarus*	national currency	1 484	2 075	1 892	120
	USD	729	988	770	50
Georgia*	national currency	150	196	151	139
	USD	59	69	48	45
Kazakhstan*	national currency	27 700	185 930	247 712	55 400
	USD	80	486	600	134
Kyrgyzstan***	national currency	5 858	5 423	5 052	
	USD	85	78	65	
Republic of Moldova*	national currency	1 457	1 483	1 882	300
	USD	87	84	109	17
Russian Federation**	national currency	440 248	481 670	474 018	16 520
	USD	7 010	7 445	6 574	229
Tajikistan*	national currency	576	930	618	20
	USD	63	98	60	2
Turkmenistan*	national currency	15 291	16 792	17 788	
	USD	4 369	4 798	5 082	
Uzbekistan*	national currency	3 600	4 643	5 395	
	USD	446	525	536	
Ukraine (2018*) 2019–2020***	national currency	10 431	12 233	12 516	
	USD	369	433	443	

Notes: \*actual financing; \*\*actual financing from federal and regional budgets; \*\*\*planned financing.

Source: data by country-chapter authors.

Agriculture support in Kyrgyzstan decreased by 17 percent in 2020 due to state budget cutbacks amid the pandemic. The largest reduction took place in the programmes of subsidization of the loans provided to agricultural producers. The state support for the sector declined by USD 20 million as compared to support levels in 2018, amounting to USD 65 million in 2020.

In the Russian Federation, two new subsidy schemes began to operate in 2020 via the “compensating” and “stimulating” subsidies which replaced payments of uniform subsidies. The compensating subsidies include per hectare subsidies, subsidies to milk producers, partial compensation for the costs of procurement of pedigree livestock and elite seeds, support for traditional subsectors, and subsidies for agricultural insurance. The stimulating subsidies assume support for priority subsectors to be chosen by regional authorities from a state-defined list that includes grain and leguminous crops, oil crops, flax and hemp, field-grown vegetables, fruit and berries, grapes, milk, single-purpose cattle, and sheep meat. A new state programme was developed in 2019, focusing not on agriculture but on development of rural infrastructure and improvement of the quality of the rural population’s life.

The total actual support to agriculture in Armenia (green and amber box measures) was USD 56 million in 2020, which is 2.4 percent lower than the 2019 level, according to the country-chapter author’s calculations. Of that amount, 67 percent was allocated for support to irrigation activities. The country has taken a series of measures to overcome adverse economic effects of the pandemic, including in the agricultural sector: co-financing of targeted loans/leasing, provision of loans to food and processing industry enterprises depending on their commodity turnover, and employment support.

### **Conclusion**

The analysis of the changes occurring in the EECCA region in 2019–2020 showed that the COVID-19 pandemic had

substantially disturbed the tendency towards foreign trade policy liberalization observed in previous years. In particular, many countries adopted political decisions to tighten their export policies, which entailed both short-term adverse implications for the importing countries in the region and a long-term negative effect on domestic manufacturers of the products covered by the bans and restrictions. Maintenance or renewal of such bans and restrictions can lead to the loss of incentives for production and export of agrifood commodities.

Nevertheless, a positive aggregate balance of foreign agricultural product trade was maintained in the region in 2019–2020. Many countries drew conclusions from the difficulties emerging in traditional ways of carrying on international trade and attempted to implement digital technology as much as possible at various stages of agrifood product supply chains. In particular, some countries achieved progress in digitalization of the certification process and in paperless declaration of goods crossing the border; in addition, the practice of video inspection of goods was introduced to minimize pandemic spread risks. In view of that, both an opportunity and a need to accumulate knowledge and share experience on development and implementation of new technology in agricultural production and trade emerged.

Alongside the pandemic, the agricultural sector in some countries was seriously affected by natural events such as drought in 2020. In the Republic of Moldova, in particular, the consequences of the drought were stronger in their negative effect than the COVID-19 pandemic impact: the country’s agricultural production output contracted by nearly 30 percent compared to the previous year.

Overall, agriculture and agricultural trade in the EECCA space countries suffered less than other economic sectors amid a serious economic downfall. Moreover, the countries in the region continued to build new trade relations actively and re-activated integration processes despite the crisis.



## **PART 2**

Impact of the COVID-19  
pandemic on the agrifood  
trade and trade policy  
in the Eastern Europe,  
Caucasus  
and Central Asia (EECCA)  
countries

# Impact of the COVID-19 pandemic on the agrifood trade and trade policy in the EECCA countries

Roman Mogilevskii

## Impact of the pandemic on the socioeconomic development of the Eastern Europe, Caucasus and Central Asia countries

The EECCA countries were severely hit by the COVID-19 pandemic. Many of them are among the countries which suffered the heaviest damage in terms of registered COVID-19 incidence and deaths per 1 million population as well as excess mortality.<sup>3</sup> Economic losses turned out to be severe as well. According to official data from national

statistical agencies, nine of the region's 12 countries recorded negative gross domestic product (GDP) growth rates, whereas economic slowdown was observed in each and every of them (see Figure 2.1). The most extensive damage occurred in small open economies of Kyrgyzstan (with the most tangible GDP decline and growth rate decrease in 2020: -8.6 percent and -12.8 percent, respectively), Armenia, Georgia, and the Republic of Moldova. The least impacted by the pandemic was the economy of Belarus.

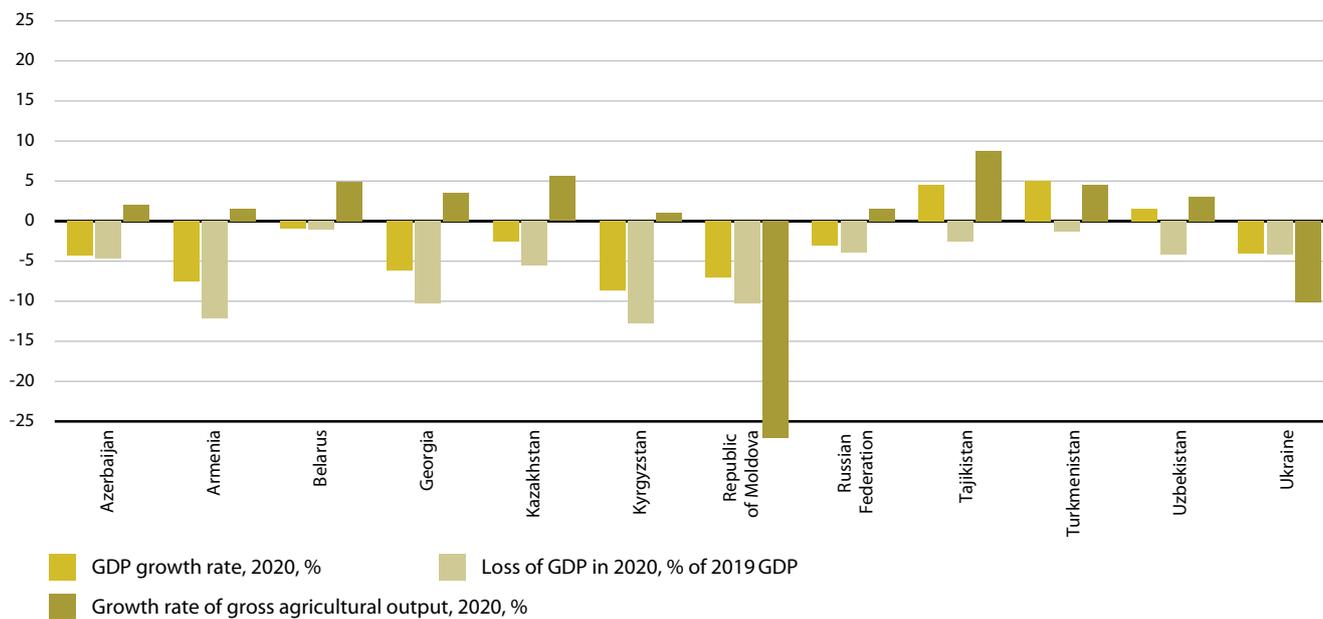
<sup>3</sup> Data and analysis of the indicators of public health damage caused by the COVID-19 pandemic can be found at: <https://ourworldindata.org/coronavirus>

©FAO



FIGURE 2.1

Impact of the COVID-19 pandemic on GDP of the EECCA region countries, 2020



Note: GDP losses were calculated as deviation of the actual GDP growth rates in countries in 2020 from their average GDP growth rates for 2015-2019. Sources: statistical agencies of the region's countries, World Development Indicators,<sup>4</sup> Asian Development Outlook 2021<sup>5</sup> (data for Turkmenistan).

<sup>4</sup> <https://databank.worldbank.org/source/world-development-indicators>

<sup>5</sup> <https://www.adb.org/publications/asian-development-outlook-2021>

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The losses were triggered by a broad range of causes. To prevent COVID-19 from spreading, all countries in the region (except Belarus and Turkmenistan) introduced rather tough quarantine measures in March-May 2020, later extending them with varying intensity. For this reason, a large number of sectors halted their operations almost completely or slowed them down substantially, particularly in consumer services, air transport, tourism, etc. Restrictions on cross-border movement of persons reduced labour mobility dramatically, which caused adverse shocks on both the demand side (temporary decrease in migrants' remittances supporting household consumption in many countries in the region) and on the supply side (shortage of labour in construction and projects of foreign investors employing international specialists). In many cases, economic losses were caused not only by the quarantine restrictions imposed inside a country but also by the measures undertaken in neighbouring countries or even in other parts of the world (see some examples of this kind below). Economic activity in the region was also adversely affected by a drop in global energy prices that occurred in the first quarter of 2020. In the longer term, the most serious economic and social losses can be connected with forced transition of schools and higher educational institutions to distance learning which the education systems in most countries were not ready for and that resulted in an obvious deterioration of quality of education.

Meanwhile, agriculture was affected by the COVID-19 pandemic relatively marginally or not at all. Gross agricultural output grew in 2020 compared to 2019 in all countries of the region except in the Republic of Moldova and Ukraine<sup>6</sup> (see Figure 2.1); agricultural output growth rates were higher than, or equal to, the average values for 2015-2019 in half of the countries under review. One of the reasons for the limited damage to the region's agriculture caused by the pandemic consists of the sector's relatively low dependence on imported production resources (seed material, fertilizers, veterinary medicines, plant protection agents, etc.) in many (though not all) EECCA countries. The resources supplied from abroad are often more effective, hence agricultural productivity under normal conditions decreases when they are not sufficiently used. In a critical situation like the pandemic, however, relying solely on domestic resources can turn into an advantage. Production sustainability in agriculture in the region's countries was also promoted by the fact that, by contrast with construction and services, migrants' labour is used infrequently in the region, and therefore restrictions on cross-border movement of persons barely affected the sector's work.

<sup>6</sup> Agriculture of these two countries was severely hit by drought; see below.

The country economies in this region were strongly affected by the behaviour of global prices of various primary commodities in 2020 and early 2021. The pandemic-related severe contraction of international air travel and other transportation led to a reduction of demand and drop in prices of oil<sup>7</sup> and other energy commodities, thus forcing most countries in the region to devalue their currencies against the US dollar. Such a development entailed a surge of consumer and especially food inflation in most EECCA countries which relied heavily on imports (see Figure 2.2). It was amplified by a significant rise in global food prices attributable to intense finance injections into the developed economies as part of their governments' response to the pandemic and of the strict quarantine measures introduced<sup>8</sup>. According to the FAO Food Price Index,<sup>9</sup> world food prices grew by 40 percent in May 2021 year-on-year; in particular, price growth was 125 percent for vegetable oil, 57 percent for sugar, 37 percent for cereals, 28 percent for dairy products, and 10 percent for meat. As a result, food inflation rates in 2020 turned out higher than or equal to 5 percent in ten of eleven countries in the region (data for Turkmenistan not available) whereas they exceeded 10 percent in the Central Asian countries. Clearly, the rise in prices of food products is quite tangible to the population, especially to its lower-income part, and calls for response from governments. Therefore, while the quarantine measures were the main pandemic-related upheaval for the EECCA economies in the first half of 2020, food inflation has started to play the role of the main shock since the second half of 2020.

In response to the pandemic-related challenges to socioeconomic development, governments of all EECCA countries undertook a package of measures aimed at preventing or mitigating the loss of revenues of individual, enterprises and the state budget. The measures included, in varying proportions, increasing the health care system spending, providing tax preferences and deferments, preferential loans and their repayment deferments to enterprises and individuals, rendering direct support to vulnerable populations in the form of cash benefits and food aid, mobilizing foreign assistance, etc. The measures are reviewed in more detail below to the extent relating to agricultural trade policy.

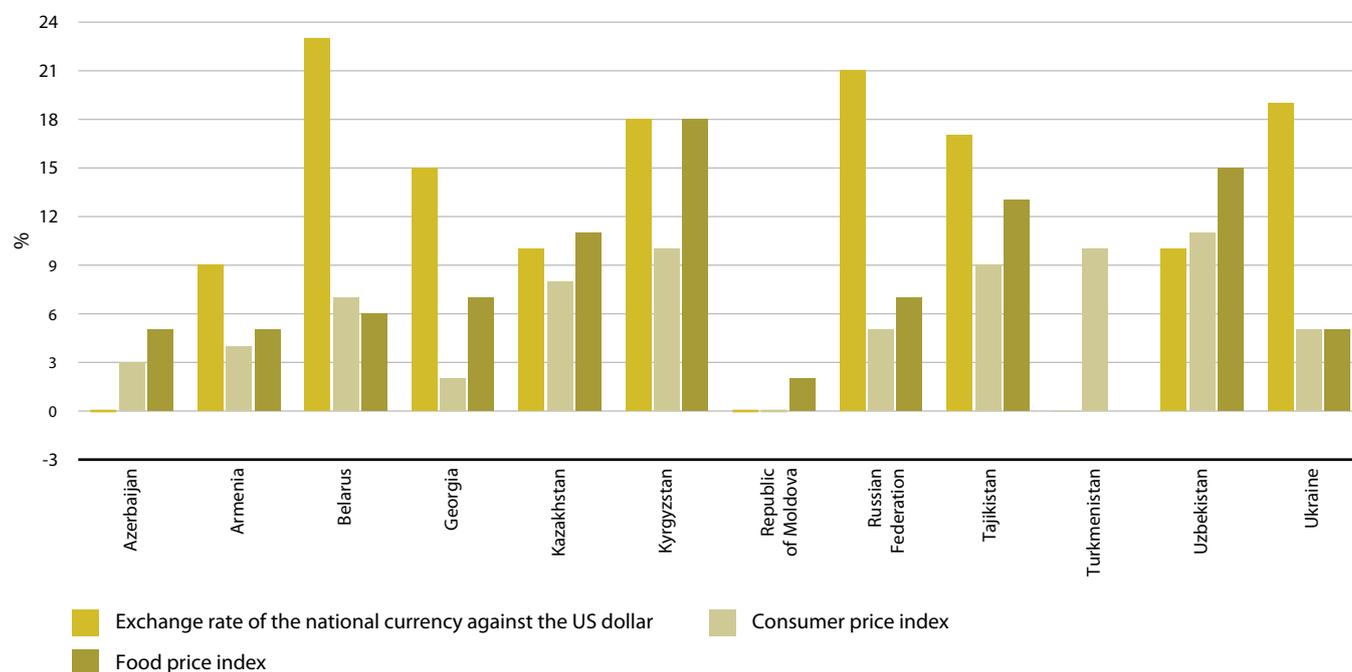
<sup>7</sup> The crude oil price index published by the IMF dropped three times in April 2020 versus December 2019 (<https://www.imf.org/en/Research/commodity-prices>).

<sup>8</sup> <https://www.fao.org/documents/card/en/c/cb4479en/>; <https://www.forbes.ru/finansy-i-investicii/432965-vozvrashchenie-v-90-e-pochemu-rost-globalnoy-inflyacii-ne-povod-dlya>

<sup>9</sup> <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

FIGURE 2.2

Dynamics of consumer prices and national currency exchange rates in the EECCA countries, December 2020 to December 2019 growth rate, percent



Sources: statistical agencies and central banks in the region's countries.

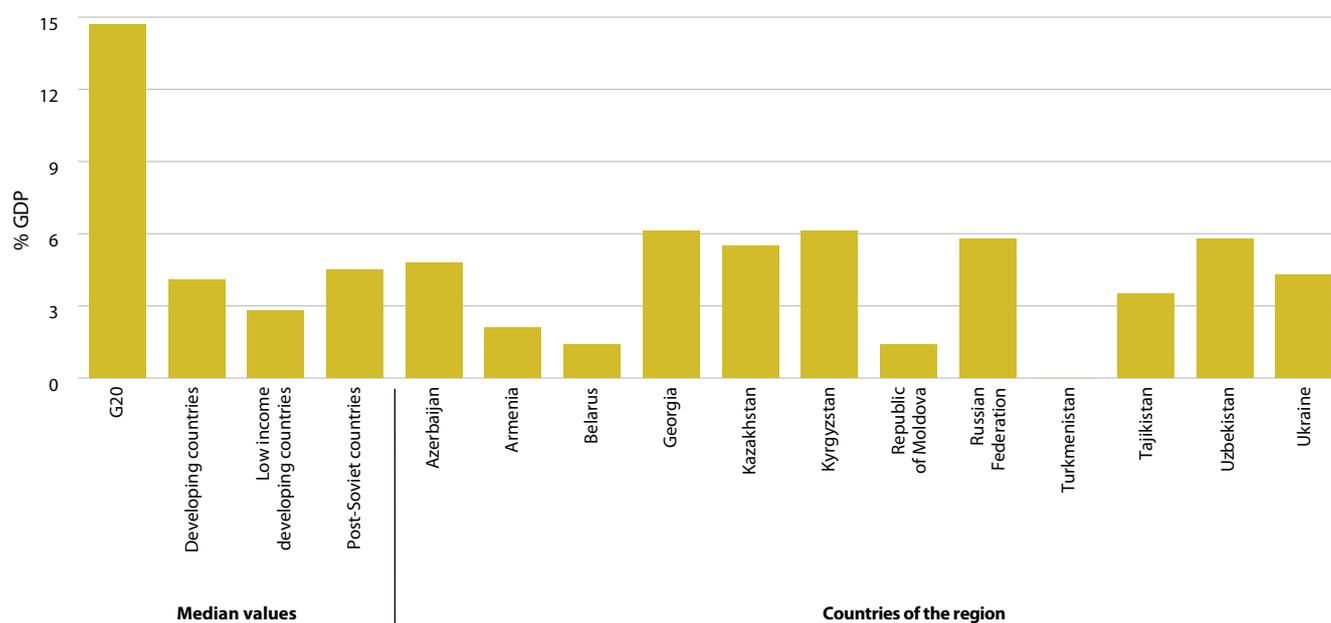
According to the database of the International Monetary Fund (IMF),<sup>10</sup> the total value of the package of state programmes aimed at mitigating consequences of the pandemic in the region's countries varies within 0-6 percent of GDP (Figure 2.3). According to the same source, the global average amount of this spending is 15.3 percent of the global GDP. If we exclude from consideration the world's most developed economies possessing huge resources to provide large-scale assistance, the median value of the total cost of the state support measures across the other 152 countries included in the above-mentioned database is 3.5 percent of GDP. Hence, anti-pandemic

expenses in the EECCA countries were at a level typical of most developed countries. Remarkably, a positive correlation between the economic development level and the volume of state support measures is observed on the global scale (see median values for different country groups in Figure 3). However, there is clearly no such correlation among the countries of the region under review (for example, Kazakhstan and the Russian Federation did not spend more resources – relative to GDP – to combat the pandemic than some countries in the region with a lower GDP (Georgia, Kyrgyzstan, Uzbekistan)).

<sup>10</sup> <https://www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-COVID-19>. According to the IMF information, these data includes various forms of state support to the economies, considering both actually incurred and planned expenses. These estimates may differ from the values operated with by governments of the region's countries.

FIGURE 2.3

State expenses for support of socioeconomic development of the region's countries during the pandemic, January 2020 – April 2021



Note: country breakdown into groups as per the data source used.

Source: IMF database of fiscal measures.

## Pandemic-related shocks which had an impact on agrifood trade

The economy-wide shocks caused by the COVID-19 pandemic embraced also agrifood trade in the EECCA countries. Two key forms of the pandemic effect on the trade can be singled out:

- shocks related to the pandemic's global effects and having led to devaluation of currencies of the region's countries and to the growth of global food prices; and
- shocks related to regional or national effects of the pandemic, including imposition of quarantine measures, decline of people's income and demand for food, and measures undertaken by the states to support their economy.

Presented below is a qualitative assessment of the impact the shocks had on various components of agrifood trade in the countries under review.

**Devaluation of national currencies.** The devaluation of national currencies against the US dollar, Euro and Chinese yuan, which took place in many countries of the region

early in the pandemic, resulted in the improvement of their products' price competitiveness outside the region. All other things being equal, that encouraged growth of agrifood exports to the above-mentioned markets. In contrast, prices of the products imported from outside the region increased as a consequence of the devaluation. The change in the total value of imports depended on price elasticity of demand for various imported products and had no unique direction: it was positive (growth versus 2019) in some countries of the region and negative in others.

A larger share of agrifood trade in the EECCA region<sup>11</sup> accounts for deliveries among countries in the region. Since devaluation against the US dollar was not taking place uniformly, some currencies could slightly strengthen against other ones (for example, the Russian ruble strengthened against the Belarusian ruble and weakened against the Uzbekistani som). Therefore, devaluation effects

<sup>11</sup> More than 50 percent of agrifood trade turnover in all the region's countries, except for the Republic of Moldova, the Russian Federation and Ukraine (data from UN Comtrade or national customs services for 2019–2020). In the above-mentioned three countries, the intra-region trade also makes up a sizable share of their trade turnover.

for the part of trade turnover that accounts for intra-region trade were much less pronounced.

**Growth of global food prices.** The above-mentioned growth of global food prices, which accelerated in the second half of 2020 and continued in 2021, related to a large part of the goods exported by the EECCA countries. Wheat and other cereals, wheat flour, sugar, oil seeds and vegetable oil – that is, the goods which have become much more expensive in the world market – account for more than 50 percent of the total agricultural exports of the group of countries under review. Accordingly, it created conditions for boosting deliveries of such goods abroad, which was made use of by the Russian Federation (according to UN Comtrade data, the Russian exports increased by 14 percent in 2020 compared to 2019). In other countries of the region which are large exporters of agrifood products (Belarus, Kazakhstan, Republic of Moldova, Ukraine), considerable growth of exports was not observed because of drought or other reasons. On the other hand, countries importing agricultural products (those of South Caucasus and Central Asia, except Kazakhstan) had to either reduce physical volumes of imports of select products, or to increase expenses for their procurement, or sometimes both.

**Quarantine measures.** The measures undertaken by governments of the region's countries and/or their neighbours to restrict international mobility of persons for the purpose of preventing/limiting the spread of SARS-CoV-2 virus mainly affected the movement of persons (labour migration, tourism, business, study and other travels) but also influenced freight transportation servicing agrifood trade. In particular, such restrictive measures were adopted by China thereby affecting trade with this country. Since November 2020,<sup>12</sup> the Chinese authorities have toughened requirements on the receipt of cargos arriving from abroad, allowing only containerized cargos to cross the border. This measure severely hit Kazakhstani exports of cereals and oil crops usually shipped in bags in covered railroad cars. The quantity of railroad cars from Kazakhstan waiting on the border, or returned to the place of their departure, numbered in the thousands. Similar measures, but for road transport (prohibited entry into the country's territory except for the exchange of truck trailers on the border) were imposed by China on the China-Kyrgyzstan border as well.

Trade in some areas of the region (for example, in Central Asia) was also complicated due to temporary closure of a great number of state border crossing points, especially those designed for road transport. Nevertheless, to date,

some crossing points remained open on each of the borders; therefore, exchange of goods among the countries was going on, though at a slower than normal pace because of the emerging queues and sophisticated border crossing procedures (checking the drivers for negative COVID-19 tests and the like). All that resulted in contraction of both exports and imports of agrifood commodities, loss of perishable products, and growing transport costs. At the same time, the damage caused by the decrease in the number of active border crossing points did not reach any substantial figure because most of them were reopened two or three months after the pandemic had begun. Foreign trade in agrifood commodities was also indirectly affected by difficulties in the transportation of freights inside countries and in their access to markets and shops during the validity period of quarantine restrictions.

**Demand for food.** The economic downturn caused by the pandemic had an impact on the demand for food. Decline in individual incomes in the region and the restrictions imposed on restaurants and other public catering enterprises reduced the demand for food products with high income elasticity. They include relatively expensive, high-quality and nutritionally valuable products (some categories of meat, fish, dairy products, fruit and vegetables, and finished food products) a considerable part of which are imported. Due to the shift of school education to distance learning mode, forced curtailment of school feeding programmes occurred. It is also worth mentioning the panic that began in the consumer market because of high uncertainty at the start of the pandemic and resulted in price growth and, in some cases, in temporary shortage of some key food products. The panic settled soon but it contributed to a general feeling of instability which influenced the choice of state regulation measures concerning agrifood trade in some countries of the region (see below).

Besides, shocks for agrifood trade, unrelated to the pandemic, happened in some countries. These include the above-mentioned drought in the Republic of Moldova and Ukraine where gross agricultural output declined by 27.1 percent and 10.1 percent, respectively, in 2020. That led to slowdown/lack of growth of total agrifood product exports from these countries despite favourable market conditions and some increase in imports.

A detailed analysis of the changes in foreign trade in agrifood products, which took place in the EECCA countries in 2020, is presented in Part 1 of this review.

<sup>12</sup> <https://kursiv.kz/news/otraslevye-temy/2021-04/vagony-s-zernom-dlya-kitaya-vozvrashchayut-v-kazakhstan>

## Measures taken in agrifood trade policies and their efficiency level

Considering the scale of challenges to food security and the pandemic-related degree of uncertainty, governments of the EECCA countries took a variety of agrifood trade policy measures aiming to ensure availability and affordability of food products in their countries. The measures were short-term and extraordinary in most cases, differing from the long-term policies that the national governments had pursued before the pandemic. All the state regulation measures implemented in the region which influenced agrifood trade can be divided into four groups:

- ensuring unhindered import of food products;
- restricting export of food to prevent its outflow from the domestic market;
- supporting domestic food producers; and
- supporting food consumers by stabilizing their income and protecting against price growth.

The main types of measures belonging to each of these groups are reviewed below. Specific examples are provided in Table 2.1 demonstrating that each country uses its own selection of regulatory instruments.

**Unhindered import.** The logic behind this measure is to facilitate an inflow of food, foraging from abroad what is necessary to fill the domestic market. Therewith, the considerations concerning the restriction of competition in the domestic market to protect domestic producers, which shaped policies in some countries of the region, were de facto deemed less important for some time. The following types/subgroups of the measures introduced in terms of import of key food products can be singled out:

- reducing or zeroing import duty rates (cereals, flour, vegetables, baby food, etc.), and introducing tariff quotas for critical import goods (sugar);
- reducing or zeroing VAT rates for import;
- subsidizing import;
- facilitating trade procedures (for example, “green corridors” on the borders); and
- alleviating regulation of import of genetically modified organisms (GMOs).

Analysing the import-related measures, consideration should also be given to the fact that domestic producers

in the countries under review were granted additional protection due to the above-mentioned devaluation of national currencies. Under such conditions, the reduction of the tariff and technical protection against imports appears quite reasonable.

**Restrictions on export.** The measures taken to restrict export of food can be broken down into:

- imposing bans on export of key food products;
- setting quantitative export quotas;
- introducing export duties with fixed and floating<sup>13</sup> rates;
- implementing an authorization-based procedure for export of some goods (in particular, sunflower seeds as per the EAEU board’s resolution); and
- decelerating structural reforms concerning export promotion.

These measures were substantiated by the need to prevent food outflow from the domestic market. They were often taken in a hurry, without regard to whether there was any real risk for availability of food products. In particular, bans on the export of such goods as wheat and vegetable oil were imposed in the countries which traditionally import these goods and do not subsidize domestic prices (Kyrgyzstan, Tajikistan), therefore risks of undesired export actually did not exist. The governments of the countries exporting these products (Belarus, Kazakhstan, the Russian Federation) were also introducing short-term export restrictions regardless of whether or not there were any reserve depletion risks or whether export restrictions were economically expedient. Thus, most measures taken were psychological rather than dictated by rational considerations, and had no direct implications for trade flows in the region.

Some measures (export duties) not so much limited export as represented tax instruments for partial withdrawal of the excess profits earned by exporters not due to their effective activities but owing to external factors (global price growth, devaluation of national currencies). Introduction of export

<sup>13</sup> In case of a floating rate, its value is set weekly (or at other intervals) depending on current export delivery prices. In particular, such a mechanism was introduced in the Russian Federation for export of cereals (see the Resolution of the Russian Federation Government No. 117 of 6 February 2021). It can be seen that the export duty rate calculation mechanism laid out in the Resolution uses dollar prices. It means that the rate will change automatically as prices in global markets vary. To use a floating rate and mitigate devaluation shocks, prices nominated in national currency can be used in the mechanism.

duties under such circumstances appears justified. In some cases, the considerations of combatting consequences of the pandemic (rise in food prices) were used to substantiate the export restrictions prompted by entirely different factors (see, for example, the discussion of the ban on export of live animals in the chapter on Kyrgyzstan).

Interestingly, export restriction measures have undergone certain evolution in some countries (for example, in Kazakhstan and the Russian Federation). Initially, the above-mentioned export bans were introduced. However, these were followed by responses from producers, exporters and governments of importing countries explaining the redundancy and uselessness of such measures as well as the importance of maintaining the reputation of exporting countries as reliable food suppliers. Fortunately, their opinions were heard, and the export bans were replaced with reasonable rates of quantitative export quotas quickly, in seven to ten days. The quotas are not an ideal instrument, too, but still much less distorting than the bans. Subsequent steps were then taken for gradual replacement of the quotas with export duties, which seems to be the most relevant instrument in the current situation. It can be noted in this regard that in Ukraine a mechanism of consultations and alignment of interests between the governments and exporters had been institutionalized long before the pandemic in the form of a memorandum signed by grain exporters and public authorities. In many countries, however, disagreements and the government's insufficient regard for the private sector's interests still exist. At the same time, the pandemic experience has shown that:

- an efficient dialogue between the government and the private sector is possible in most countries of the region;
- the government is able to hear the private sector's arguments and modify its decisions in response; and
- the private sector has sufficient capacity to formulate its convincing arguments and get them across. The next step in the development of this public-private dialogue could consist of consultations with the private sector prior to, rather than after, decision-making (see Ukraine's example above) even in crisis situations when response must be quick.

In any case, the food export restriction measures implemented during the pandemic were in striking contradiction with the agricultural export promotion policy pursued by all EECCA governments over a long period of time. An important lesson from the pandemic for agrifood trade policy is that a careful balance is necessary between increasing agricultural producers' revenues due to export

and ensuring availability and affordability of domestic food products for consumers. The pandemic has also shown that hastily made decisions can turn out sub-optimal. It therefore appears reasonable to use regulatory measures which are able to ensure automatic stabilization in the markets, such as export duties.

**Support to producers.** A variety of measures were taken in every country of the region to support the enterprises affected by quarantine restrictions, border closure, drop in demand, devaluation, and other pandemic-related negative shocks. These measures included:

- reducing rates of, or completely exempting from internal taxes, (VAT, land tax, social tax, etc.);
- granting tax deferment for the quarantine period;
- granting loan service deferral for the quarantine period; and
- granting subsidized loans.

These measures covered enterprises in all economic sectors, particularly in the hardest-hit ones. Since, as mentioned above, the agricultural sector suffered relatively less, it was not among the key recipients of such aid. Besides, in many countries agriculture enjoys large-scale state support under regular conditions (preferential taxation and lending, etc.) regardless of any emergency circumstances. For that reason, additional direct support to agricultural enterprises was relatively small.

**Support to consumers.** Support to consumers in the EECCA countries has not become one of the key tools of response to pandemic-related shocks; rather, it complemented the core measures aimed at supporting producers. Nevertheless, a number of steps have been taken to stabilize the consumer market including:

- social protection measures (cash benefits for those having lost their job and vulnerable populations, food packages for low-income families, linking the support programmes for enterprises to maintenance of their jobs, etc.);
- subsidization of domestic food prices;
- sell-out/accumulation of food reserves to regulate food prices; and
- direct regulation of prices of key food products.

Some of these measures are standard and quite justifiable in a crisis situation (social protection or use of food

reserves). At the same time, some measures related to price regulation seem to be highly controversial. Measures of such kind are non-targeted and therefore expensive and generally inefficient. It is very easy to retail chains to meet the government's requirements on restriction of prices for basic food products (flour, vegetable oil, etc.), reducing prices for those products and increasing prices for all other products also purchased by consumers including by low-income ones. Thus, prices for the "protected" food products may well not grow (or grow more slowly than before), while consumers' total food expenses continue to increase. Besides, open markets and small shops mainly used by low-income families play a great role in retail

trade in many countries of the region, and it is virtually impossible to control prices in those outlets. Therefore, arrangements with the chains (the measure convenient to public authorities to administer) actually place them at a disadvantage compared to the non-organized retail segment. Meanwhile, low-income individuals for whom the "protected" goods hold a major share of their consumption structure, and for whom all that regulation is undertaken, cannot use such protection. In addition, price regulation shifts the burden of social support of the population from the state to the private sector, i.e. it is an indirect and distorting form of taxation - a poor choice in a market economy.

TABLE 2.1

State policy measures taken in the EECCA countries during the pandemic  
(The list of measures is not exhaustive, only some examples from countries are provided)

Measure group	Measure type	Country/Union	Specific measure	Validity
Unhindered import	Reducing/zeroing import duty rates	EAEU	Exemption of many goods (vegetables, rice, etc.) from import duties	1 April – 30 June 2020
		EAEU	Tariff quotas for import of sugar at a zero in-quota duty rate	15 May – 30 September 2021
	Zeroing VAT rates for imported products	Uzbekistan	Vegetable oil, sunflower and flax seeds, soya beans	1 May 2021 – 31 December 2021
		Tajikistan	Vegetable oil, sugar, wheat and rice for one state-owned enterprise	From 14 March 2020 indefinitely
	Subsidizing import	Georgia	Wheat, flour, pasta products, vegetable oil, sugar and other products	March-May 2020
	Measures to facilitate trade procedures	Uzbekistan	Fast-track procedure for customs clearance of imported food commodities, including by issuing authorization documents prior to arrival of the commodities to the national territory	From 1 April 2020 indefinitely
	Lightening regulation of GMO import	Russian Federation	Permission of import of soya beans and oil cakes without state registration	16 April 2020 – 31 December 2021
Export restriction	Imposing bans of export of key food products	Kazakhstan	Sugar, buckwheat, sunflower seeds etc.	2 April 2020 – 1 June 2020
		Ukraine	Buckwheat	2 April – 1 June 2020
		All EAEU countries	Onions, garlic, turnip, rye, rice, buckwheat, millet, grits, cereal grain coarse meal and pellets, hulled buckwheat grain, finished food products of buckwheat, crushed and whole soya beans, sunflower seeds	12 April – 30 June 2020
		Tajikistan	All types of cereals and leguminous crops, flour and wheat, rice, eggs, potatoes, and all types of meat	From 25 April 2020 indefinitely
	Setting quantitative export quotas	Russian Federation	Wheat and meslin, rye, barley and corn	1 April – 30 June 2020
		Kazakhstan	Wheat and flour, vegetable oil, seed potatoes	2 April – 1 June 2020
	Imposing/increasing export duties	Russian Federation	Increasing a duty on sunflower and rape seeds, introducing a floating-rate duty for cereals and sunflower oil	From 2021

Export restriction	Introducing an authorization-based export procedure	EAEU	Sunflower seeds	1 July – 31 August 2020
	Slowing structural reforms concerning export promotion	Uzbekistan	Suspending liberalization of the wheat market and redistribution of land in favour of export crops (vegetables and fruit) <sup>14</sup>	2020
Support to producers	Reducing/zeroing domestic tax rates, granting domestic tax deferment	Azerbaijan	Reducing mandatory social insurance rates for farmers	2020
		Kyrgyzstan	Deferral of insurance contribution payments for March-May 2020 for up to one year	1 April – 1 October 2020
		Republic of Moldova	Deferment of profit tax payment for the 1st quarter of 2020	Till 25 June 2020
	Granting loan service deferral	Kyrgyzstan	Recommending that banks revise loan repayment deadlines and abstain from charging fines for not meeting them	From 18 March 2020 indefinitely
	Subsidies including subsidized loans	Armenia	Interest-free loans/leasing and co-financing of loans for agricultural enterprises	2020
Kazakhstan		Seed farming, procurement of fertilizers and pesticides, development of livestock breeding, subsidized loans and insurance contributions	2020	
Support to consumers	Social protection measures	Armenia	Paying a lump-sum cash benefit to those who lost their job because of the pandemic and to some other populations	2020
		Azerbaijan	Providing temporary state-paid jobs to those who lost their job	April-May 2020
	Subsidization of domestic food prices	Russian Federation	Compensating for losses incurred by bread and flour producers because of price regulation	2021
	Sell-out/accumulation of food reserves to regulate prices	Georgia	Increasing government reserves of sugar, vegetable oil and pasta products	2020
	Direct regulation of prices for key food products	Belarus	Setting maximum profitability rates or trade mark-ups for socially important goods (bread, dairy products, meat, fish, etc.)	15 April 2020 – 29 June 2021
		Russian Federation	Agreements between federal executive authorities and economic entities on reduction and maintenance of prices for granulated sugar and sunflower oil	14 December 2020 – 1 June 2021 (sugar), 14 December 2020 – 1 October 2021 (oil)
		Tajikistan	Flour and flour-based products, sugar, vegetable oil, leguminous crops, potatoes	From 5 June 2020 indefinitely
		Ukraine	Buckwheat, sugar, flour, vermicelli, milk, eggs, etc. (price monitoring through declaration without setting any restrictions on retail prices)	18 May 2020 – 31 August 2021

<sup>14</sup> International Food Policy Research Institute (IFPRI). 2021. 2021 Global Food Policy Report: Transforming Food Systems after COVID-19. Washington, DC (<https://www.ifpri.org/publication/2021-global-food-policy-report-transforming-food-systems-after-covid-19>).

Source: National legislation of the region's countries and EAEU regulations.

## Conclusion

The pandemic had an extremely serious impact on the socioeconomic development of the EECCA countries. Agriculture suffered relatively marginally, which is partially explained by the fact that the sector was not strongly affected by quarantine measures. Besides, the sector's low reliance on imported production resources, typical of some countries in the region, played a role.

Food products became substantially more expensive in the domestic markets in nearly every country of the region in 2020-2021 under the influence of the devaluation of national currencies and growth of global food prices. It was actually the main shock in the food sector sustained by public authorities of the EECCA countries. The same factors created conditions for an increase in exports of key products supplied by the region to external markets and for a rise in the cost of imports of the agrifood product group.

Governments in the region responded to the pandemic-related shocks with a selection of diverse agrifood trade policy measures aimed at facilitating the import of food, restricting its export, and supporting domestic producers and consumers. The measures included both sound steps able to improve the food security situation and a number of psychological actions (export bans, price regulation) which could prove useful to balance food markets only amidst the worst crises (disastrous harvest failure, etc.) among which the COVID-19 pandemic (despite all its severe consequences) may not be classed.

The widely applied measures for restriction of food deliveries to external markets were in contradiction with the long-term export promotion policy pursued by the EECCA countries. Apparently, all the agrifood foreign trade actors (government, business, expert community) inside each of the countries need to determine jointly a desirable balance between increasing exports and ensuring availability and affordability of food in the market.

Since devaluation of national currencies came to be the trigger that launched – albeit with some delay – wide-scale and not always sound application of agrifood trade policy measures, it seems also necessary to carefully examine the coordination of macroeconomic and foreign trade policy measures so that devaluation – or, on the contrary, sharp appreciation of national currency or any other macroeconomic shock – do not take regulatory bodies by surprise as well as possess efficient impact instruments tailored for every specific shock. Similarly, agrifood trade policy and social policy measures should be coordinated. Foreign trade policy instruments are not a mechanism to provide targeted social assistance, and their use can lead not only to economic but also to social distortions.

Active application of foreign trade policy measures during the pandemic also demonstrated efficiency of public-private dialogue in food production and trade in many countries of the region. This institution appears to be promising and important and requires additional efforts to strengthen it. Tools such as the international Agricultural Market Information System (AMIS)<sup>15</sup> and transfer of knowledge on the method for calculation of balances and estimation of reserves can be useful for such dialogue.

<sup>15</sup> <http://www.amis-outlook.org/>

# Part 3

Country agricultural trade  
policies review

# Azerbaijan

Elchin Atabayev

## Overall context of trade policy

Amidst a sharp (26 percent) decrease in Azerbaijan's total foreign trade turnover in 2020 compared to 2019, the volume of the country's agrifood trade during the same period remained stable, with figures varying between 1 and 1.5 percent. It amounted to USD 2 698.3 million in 2019 and USD 2 663.7 in 2020, with a remaining negative trade balance of USD 1 153.9 million and USD 1 143.9 million, respectively. The geographical structure of agricultural trade was the same as in previous years. The Russian Federation, Azerbaijan's main partner in agrifood trade, accounted for 35.5 percent of imports and 73.8 percent of exports in 2019, and 38.6 percent and 73.7 percent, respectively, in 2020. About 90 to 93 percent of Azerbaijan's agricultural exports to the Russian market were vegetables (USD 245.5 million in 2020), fruit and nuts (USD 277.1 million USD in 2020). The agrifood trade with

the European Union had an also rather limited number of product lines: hazelnut deliveries accounted for 93.5 percent of exports to European Union countries in 2019 (USD 61.6 million in value terms), with 87.9 percent of that amount going to Italy and Germany.<sup>16</sup>

Among significant events during the period under review was the adoption by the Cabinet of Ministers of the decision on the establishment of the Agrarian Insurance Fund of the Republic of Azerbaijan as well as approval of its Statute according to the Decree of the Republic of Azerbaijan President No. 809

<sup>16</sup> <https://customs.gov.az/en/>

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of 19 August 2019<sup>17</sup> and the Law No. 1617-VQ of 27 June 2019 “On Agrarian Insurance”.<sup>18</sup> Due to this body of laws and institutionalization of agrarian insurance, agricultural goods of plant and animal origin are positioned as the subject matter of such insurance throughout the supply chain including import and export transactions; the notion of an institute of independent experts in agrarian insurance is introduced; a publicly accessible information system of agrarian insurance is established; and a fund through which the government subsidizes it is created.

A definitive dominant element in the 2019–2020 period, amidst which Azerbaijan was implementing its foreign trade policy, consisted of the practice of adopting digital technology as much as possible throughout the agrifood supply chain, including full digitalization of the certification process, paperless declaration of goods crossing the border, and solely cashless form of payment of charges and duties.

<sup>17</sup> Decree of the Republic of Azerbaijan President No. 809 of 19 August 2019.

<sup>18</sup> Decision of the Republic of Azerbaijan Cabinet of Ministers No. 1617-VQ of 27 June 2019.

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## Agricultural trade policies

### Import policy

#### Import duties

The level of import duties for certain product headings was revised in 2019–2020 according to resolutions of the Cabinet of Ministers<sup>19, 20, 21, 22</sup>.

The Government's Decision No. 463 of 3 December 2019 extended validity of the current import duty rates for the following product headings until 31 December 2021.<sup>23</sup>

- *Meat and edible offal of poultry and Birds' eggs, in shell; fresh, preserved or cooked* – zero import duty rate (most items under this heading);
- *Butter and other fats and oils derived from milk; dairy spreads* – 5 percent import duty rate;
- *Tomatoes fresh or chilled and Cucumbers and gherkins; fresh or chilled* – specific import duty rate of 0.8 USD/kg;
- *Onions, shallots, garlic, leeks and other alliaceous vegetables; fresh or chilled* – specific import duty rate of 0.6 USD/kg;
- *Other nuts, fresh or dried, whether or not shelled, with or without skin* – specific import duty rate of 1.5 USD/kg;
- *Apples, pears and quinces; fresh* - specific import duty rate of 0.3 USD/kg;
- *Fruit juices (including grape must) and vegetable juices, unfermented, not containing added spirit; whether or not containing added sugar or other sweetening matter* – specific import duty rate of 0.7 USD/kg; and
- *Waters, including mineral and aerated waters, containing added sugar or sweetening matter, flavoured; other non-alcoholic beverages, not including fruit or vegetable juice* – 15 percent import duty rate maintained subject to the minimum level of 0.7 USD/l.

<sup>19</sup> Decision of the Republic of Azerbaijan Cabinet of Ministers No. 291 of 9 July 2019.

<sup>20</sup> Decision of the Republic of Azerbaijan Cabinet of Ministers No. 463 of 3 December 2019.

<sup>21</sup> Decision of the Republic of Azerbaijan Cabinet of Ministers No. 44 of 17 February 2020.

<sup>22</sup> Decision of the Republic of Azerbaijan Cabinet of Ministers No. 34 of 7 February 2020.

<sup>23</sup> Decision of the Republic of Azerbaijan Cabinet of Ministers No. 463 of 3 December 2019.

#### Tariff quotas

No tariff quotas for agricultural product imports were applied in Azerbaijan in 2019–2020.

#### Quantitative restrictions on imports (including import bans)

Quantitative restrictions on agricultural product imports, including import bans, were not applied in Azerbaijan in 2019–2020.

#### Import policy measures based on SPS requirements and technical regulation

The list of products subject to mandatory veterinary, phytosanitary and sanitary control is defined by the Decision of the Cabinet of Ministers of the Republic of Azerbaijan No. 231 of 17 June 2016.<sup>24</sup> The list was not amended in 2019–2020. The national import policy based on SPS requirements and technical regulation is implemented on the basis of potential risk assessment. According to results of such an assessment, temporary bans on import of some agricultural products were imposed during 2019–2020 as suggested by the Food Safety Agency of the Republic of Azerbaijan (Table 3.1).

#### Other import policy measures

To maintain stability of domestic prices, the practice of tax regulation of prices for imported agricultural goods was applied in 2019–2020 alongside customs duties. Specifically, exemption from 18 percent VAT was granted on imports of cereals from 1 March 2019 until the end of 2020, and on imports of bran until 1 March 2021.

### Export policy

In 2020, a draft National Export Strategy developed by the Ministry of Economy was presented to the Azerbaijani public. The draft predefines export-oriented development of the national economy, including legal regulation and promotion of export.

#### Export duties

Azerbaijan applied specific export duty rates on some agricultural goods during the period under review (2019–2020). In particular, a specific customs duty on exports of potatoes at the rate of USD 1 per kg was in force from 6 through 30 April 2019. A specific customs duty rate of USD 2 per kg was in force on exports of onions and cabbage from 6 April through 31 May 2019.

<sup>24</sup> Decision of the Republic of Azerbaijan Cabinet of Ministers No. 231 of 17 June 2016.

TABLE 3.1.

Import restrictions of agricultural goods imposed due to SPS requirements or based on risk assessment

No.	Products	Country/region	Reason	Initiated on
1	Poultry and animal products	RF/Krasnodar + Khabarovsk Krai	Newcastle disease + foot-and-mouth disease	01.02.2019
2	Animal products	RF/Zabaykalsky Krai	Cattle skin disease	19.03.2019
3	Poultry products (including live birds)	RF/Stavropol Krai + Chechen Republic	Newcastle disease	26.04.2019
4	Almond seedlings	Spain	Bacterial disease	18.07.2019
5	Sheep and goats	Bulgaria	Q disease	17.06.2020
6	Poultry products	Ukraine	Avian influenza	30.01.2020

Source: <http://afsa.gov.az/>

### **Quantitative restrictions on exports (including export bans)**

Quantitative restrictions on agricultural product exports, including export bans, were not applied in Azerbaijan during the period under review.

### **Export subsidies including transport subsidies**

Promotion of agrifood product exports during 2019–2020 was in effect according to the general provisions of the Decree of the RAz President No. 811 of 1 March 2016 «On additional measures to promote export of non-oil products». The list of products for which incentives were paid, the procedure of such payments, and the list of products (including the agrifood group) to which subsidy-increasing coefficients were applied are defined in the Decision of the Republic of Azerbaijan Cabinet of Ministers No. 401 of 6 October 2016.

### **Export promotion measures**

The Food Safety Agency of the Republic of Azerbaijan (AFSA) has become the single regulatory authority for quality control and certification the functions of which include ensuring compliance of exported agrifood products with international standards and requirements of importing countries. AFSA uses the so-called “food safety barometer”, based on sixteen indicators, to monitor and evaluate the food safety situation. One such indicators is the quantity (or share in the total number of export transactions) of an importing country’s refusals to let goods enter its territory because of their incompliance with the requirements of international or regional standards. A comparative analysis of indicators for 2019 and 2020 showed a positive trend and improvement of the integral indicator of the food safety status in the country by 9.4 percent.

A set of tools and measures for export facilitation within the framework of promotion of products under the Made in Azerbaijan brand in 2019–2020 included: acquisition of a certificate, patent or registration of the trademark in a foreign country; organization of trade missions; participation in international exhibitions; placement in Duty Free areas; presence in the media space abroad; research programmes and projects; organization of purchasers’ missions in the territory of Azerbaijan.

Azerbaijan’s Trading House was opened in 2019 in the United Arab Emirates. Besides, Azerbaijan’s Wine House in Yekaterinburg (RF) and the Azerbaijan’s Gifts store chain in Moscow and Yekaterinburg started operating as part of the Made in Azerbaijan brand promotion. Azerbaijan’s trading houses abroad are predominantly a product of private-public partnership. They perform both information promotion tasks and commercial functions for sale of goods.

## **Trade agreements**

Azerbaijan has free trade agreements with ten countries of the EECCA region as of 31 December 2020. No new free trade agreements were signed during 2019–2020.

The policy of deepening trade cooperation with traditional partners continued in 2019–2020. Notably, a representative office of the Russian Federation’s Federal Customs Service in Azerbaijan started working in Baku in 2020.<sup>25</sup>

<sup>25</sup> <https://www.altar.ru/tamdoc/20pr0910/>

The State Commission for Negotiations with the WTO continued its activities in 2019. Consultations were held with twenty countries. The negotiations focus on four areas: tariffs on agricultural and manufactured goods, trade in services, bringing the national legislation into conformity with the WTO requirements, and level of support to agriculture. The Commission's most recent meeting took place in December 2019; the meetings were not held in 2020 because of the COVID-19 pandemic. Talks concerning support to agriculture were also underway with the Cairns Group countries.

In 2019, within the framework of the provisions of the Convention on the Contract for the International Carriage of Goods by Road, Azerbaijan began to discuss the e-TIR Pilot project with Iran (Islamic Republic of). In order to diversify agrifood trade, meetings of economic commissions and customs authorities under the Cooperation Council of Turkic Speaking States were held more often, as were quadrilateral meetings involving Azerbaijan, the Republic of Moldova, Romania, and Georgia within the Caspian Sea – Black Sea Trade Relations group. The One Belt One Road initiative remained to be a dominating project in terms of the volume of investments in 2019–2020.

## Changes in food and agricultural support

The Republic of Azerbaijan President's Decree No. 759 of 27 June 2019 "On establishing a new mechanism of subsidies in the agrarian sphere" was the principal document defining changes in food and agricultural support during the 2019–2020 period under review. The Decree approved new subsidization rules for production of agricultural goods: from 1 January 2020, the basic value for determination of a subsidy rate has been 200 manats (about USD 118) per hectare of land in plant growing and 100 manats (about USD 59) per calf in livestock farming.<sup>26</sup> According to the President's Decree, the Subsidy information system was created and integrated into the Electronic Agriculture information system.

The new rules introduce plastic bank cards for farmers through which 25 percent of the subsidy amount can be cashed and the rest 75 percent can be used for non-cash mutual settlement in the production process.

The total actual budget financing of agriculture in Azerbaijan in 2018, 2019 and 2020 amounted to 1 018.7 million manats, 1 141.0 million manats and 1 164.3 million manats, respectively (USD 599.2 million, USD 671.1 million and USD 684.9 million at the Republic of Azerbaijan Central Bank's exchange rate in respective years). The financing includes direct subsidies to producers, financing of irrigation works on agricultural land, and tax exemptions. The Agro Credits and Development Agency under the Ministry of Agriculture (ACDA) remained to be the key institution of support on the government part. Budget financing mechanisms in 2019 and 2020 differed: reimbursement for 50 percent of fuel costs per hectare of agricultural land and 70 percent of fertilizer and pesticide costs was the main instrument in 2019 whereas the support mechanism since 2020 has been built on a basic per-hectare support tariff.

The number of direct subsidies to agricultural producers was 319.5 million manats, or USD 187.9 million, in 2019. In particular, 59.95 million manats, or USD 35.3 million, was disbursed to subsidize their procurement of machines and process equipment.

The number of direct subsidies to agricultural producers from ACDA in 2020 was 277.8 million manats (USD 163.4 million at the Central Bank's exchange rate). The sum includes subsidies as per cultivated area, subsidies based on quantities of products delivered (tobacco, cotton, sugar beets, silk-worm cocoons), and subsidies depending on the number of highly productive calves obtained by artificial insemination and on the bee families maintained in a farm. The amount of subsidies for procurement of machines and process equipment by producers was 73.6 million manats, or USD 43.3 million.

### **Measures taken in response to the COVID-19 pandemic**

Besides, the agricultural sector received support in 2020 as part of the general measures to combat the COVID-19 pandemic consequences.

The government's anti-COVID policy was defined by two key documents: the Republic of Azerbaijan President's Decree No. 1950 of 19 March 2020 "On some measures to mitigate the adverse impact of the COVID-19 pandemic and of the resulting acute fluctuations of global energy and stock markets on the economy of the Republic

<sup>26</sup> Average weighted exchange rate of the Republic of Azerbaijan Central Bank for 2019–2020 is 1.7 manats for USD 1.

of Azerbaijan, macroeconomic stability, employment and entrepreneurship” and the Action Plan of the RAz Cabinet of Ministers dated 4 April 2020 for execution of the RAz President’s Decree No. 1950 of 19 March 2020. From the institutional perspective, these documents resulted in formation of the Operation Headquarters and establishment of the Fund for Support of Coronavirus Control to which 20 million manats was initially disbursed. The package of assistance in nationwide terms amounted to 3.5 billion manats in 2020. Although agriculture was not granted the status of the most affected sector, it was covered by such mitigating measures as a preferential rate (50 percent of the total rate) for payment for mandatory

social insurance by rural residents and introduction of differentiated payments for social insurance by farmers depending on the area of land owned.

Since almost a quarter of food in Azerbaijan is imported, the national government prioritized preservation of financial stability amid the pandemic and maintenance of the national currency rate. The pandemic showed that diversification of not only exports but also of imports is important. In the current context, preventive measures of digitalization (paperless document flow) strengthened the relevance of accelerated shift of trading processes to a digital platform.

# Armenia

Hasmik Hovhanesian

## Overall context of trade policy

Armenia, an EAEU member, is a party to all the trade and economic agreements signed between the EAEU and third countries who are not Union members.<sup>27</sup> In 2020, the Council of the Eurasian Economic Commission adopted a plan for implementation of the Principal Directions for development

of the “single window” mechanism in the foreign economic activities regulation system<sup>28</sup>.

The Generalized System of Preferences Plus (GSP+) remained in force in Armenia’s relations with the European Union in 2019–2020.<sup>29</sup> However, it remains applied mainly

<sup>27</sup> Including free trade agreements with Serbia (signed on 25 October 2019) and the Republic of Singapore (signed on 1 October 2019), the Framework Agreement on Comprehensive Economic Cooperation between the EAEU and the Republic of Singapore (signed on 1 October 2019), and the Agreement on the Exchange of Information on Goods and International Transportation Vehicles Moved across the Customs Borders of the EAEU and the People’s Republic of China (signed on 6 June 2019). [Правовой портал – Все документы \(http://www.eaeunion.org/\)](http://www.eaeunion.org/).

<sup>28</sup> The plan for the implementation of the single window mechanism in the EAEU for 2020 was approved (<http://www.eaeunion.org/>).

<sup>29</sup> GSP means partial or full removal of customs duties on two third of tariff lines for low-income and lower-middle-income countries. GSP+ means a special mechanism of incentives to pursue sustainable development and good governance, with tariff reduction to 0%. Source: [Generalised Scheme of Preferences \(GSP\) – Trade – European Commission \(https://europa.eu/\)](https://europa.eu/).

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to non-ferrous metals.<sup>30</sup> In early 2021, the Comprehensive and Enhanced Economic Partnership Agreement with the European Union was ratified.<sup>31</sup>

Export promotion mainly falls within the ambit of the Chamber of Commerce and Industry of Armenia. Besides, the Armenian Export Insurance Agency renders support to exporters by providing insurance of exporting resident companies against financial loss incurred in case a foreign buyer fails to pay for a product delivered. Almost all export promotion measures are implemented with support from the Ministry of Economy of Armenia, and include assistance in participation of domestic manufacturers in international

and regional events, provision of information about export markets, etc. The Ministry of Agriculture was attached to the Ministry of Economy in 2019 to improve efficiency of the state machinery.

Armenia's foreign trade balance in agricultural goods remained negative in 2020 despite an increase in delivery of some product types abroad. Agricultural product exports decreased by almost 3.2 percent compared to 2019, to USD 746.1 million.

The value of agricultural product imports in 2019 amounted to almost USD 870.8 million, which is 8.4 percent higher than a year before (USD 803.4 million). In 2020, the figure declined to USD 831.1 million, i.e. by 4.6 percent compared to the 2019 level.

<sup>30</sup> [Armenia and the European Union - European External Action Service \(https://europa.eu/\)](https://europa.eu/).

<sup>31</sup> [CEPA Agreement - European External Action Service \(https://europa.eu/\)](https://europa.eu/).

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As a consequence of the COVID-19 pandemic, Armenia's GDP dropped by 7.6 percent in 2020, its budget deficit grew to about 5.5 percent of GDP (with government debt having reached 63.5 percent of GDP), the poverty rate increased to 26.5 percent of the total population, and unemployment rose to 18.1 percent. In addition, remittances from abroad contracted by 28 percent.

## Agricultural trade policies

### Import policy

#### **Import duties**

The process of harmonization of the import tariffs agreed upon by Armenia at its accession to the WTO in 2003 with the rates of the EAEU Common Customs Tariff (CCT) continued in 2019–2020. It resulted in higher import duties on most agricultural goods including dairy produce, fruit and vegetable, tea, cereals, starches, vegetable oils, tobacco, gelatin, some types of meat and poultry. The average applied tariff for all goods amounted to 8.7 percent (it was 3.7 percent in 2014) in 2020, the average non-ad valorem tariff was 8 percent (it was only 0.2 percent in 2014, on the eve of accession to the EAEU), whereas the average arithmetic import duty amounted to 14.7 percent (WTO, 2020). Armenia has been negotiating with other WTO members since 2015, according to Articles XXIV and XXVIII GATT, to review 966 tariff lines including agricultural goods (142 tariff lines).

#### **Tariff quotas and quantitative restrictions on imports (including import bans)**

In 2019 and 2020, import tariff quotas were applied on some types of long-grain rice originated from Viet Nam and imported to the territory of the EAEU member states under the Free Trade Agreement between the Eurasian Economic Union and the Socialist Republic of Viet Nam. The tariff quota amount for Armenia was 250 tonnes in 2020, i.e. it remained the same as in previous years. Except that quota, no quantitative restrictions, licensing requirements or import bans were applied in Armenia unless restrictions were necessary for health care, national and consumer security, or environmental protection. It should also be noted that no floor prices for imported goods are set in Armenia.

#### **Import policy measures based on SPS requirements and technical regulation**

The legal foundation for the establishment of standards, technical regulations and conformity assessment in Armenia is provided by the Treaty on the Eurasian Economic Union and national laws. Standards and technical regulations fall under responsibility of various state institutions subordinated to the Ministry of Economy

and the Government of Armenia, including the National Institute of Standards (standardization and coordination of the work of technical committees on standardization), the National Institute of Metrology and the National Accreditation Body. Moreover, Armenia is a member of the World Organization for Animal Health (WOAH) and Codex Alimentarius as well as a signatory of the International Plant Protection Convention (IPPC).

#### **Other import policy measures**

In addition to import duties, fees for customs services and other charges are levied in Armenia. Imported goods are subject to VAT at the rate of 20 percent (unless the legislation provides for exceptions, such as temporary importation). Also, excise duties are collected for alcoholic beverages (70 drams per litre of beer, 10 percent per litre of wine, 500 drams per litre of vermouth and other wines, 600 drams per litre of ethyl alcohol, 180 drams for other fermented beverages) and tobacco products (1 500 drams per kg) regardless of whether they are imported or produced domestically. Temporary importation, including for reprocessing for subsequent export within a fixed time limit, and re-export are exempted from import duties and taxes in full or in part.<sup>32</sup>

## Export policy

Armenia's export policy is aimed at liberalization of the trade regime in the country to attract investments. Exported goods, including agricultural, are subject to zero rates of VAT and excise duties; besides, there are no restrictions (including quantitative), licensing requirements and export bans.

#### **Export duties**

Agricultural goods in Armenia are not subject to export duties. Under an agreement with the EAEU, every Union member state has the right to set its own list of goods to which export duties may be applied.

#### **Quantitative restrictions on exports (including export bans)**

Quantitative restrictions and bans on agricultural product exports were not introduced in Armenia in 2019–2020.

#### **Export subsidies, including transport subsidies**

Export subsidies, including transport subsidies, were not granted in the country in 2019–2020.

<sup>32</sup> Temporary importation of goods is an operation in which foreign-made goods may be used in the Customs Union's customs territory within a fixed time limit.

### Export promotion measures

Export promotion measures in Armenia include assistance to companies in arranging their participation in international and regional exhibitions (including booth financing, participation co-financing, etc.) and provision of information about target markets. Primary responsibility for implementation of the export promotion policy is placed on the Ministry of Economy and the Chamber of Commerce and Industry of Armenia. In particular, several Armenian enterprises received support for participation in the following exhibitions in 2019–2020: Prodexpo 2020 (Moscow, the Russian Federation); ENOEXPO 2019– 17th International Wine Trade Fair (Krakow, Poland); China International Import Expo 2019 (Shanghai, China); etc.

A number of organizations operate under the Ministry of Economy of Armenia which promote, directly or indirectly, development of the agricultural sector and export. These include:

- Armenian Export Insurance Agency;
- Vine and Wine Foundation of Armenia;
- Gyumri Selection Station;
- Seed Agency;
- Agriculture Scientific Centre;
- Scientific Centre of Cucurbits and Technical Cultivated Plants;
- Office for Implementation of Rural Economic Development Programmes;
- Agricultural Service Centre; and
- Scientific Centre for Food Safety Risk Assessment and Analysis.

### Trade agreements

As an EAEU member, Armenia participates in free trade agreements with Viet Nam, Singapore and Serbia, in the Agreement on Trade and Economic Cooperation between the EAEU and China, and in the interim agreement leading to establishment of a free trade area between the EAEU and Iran (Islamic Republic of). Besides, the CIS Treaty on a Free Trade Area with the Russian Federation, Belarus, Kazakhstan, Kyrgyzstan, the Republic of Moldova, Tajikistan and Ukraine, as well as the bilateral agreement on free trade with Georgia are in force.

In early 2021, the Comprehensive and Enhanced Economic Partnership Agreement with the European Union was ratified, which should result in certain changes in the country's political and economic life. The Agreement envisages deeper cooperation in six areas: a better investment climate; a more empowered civil society; cooperation in anti-crime activities; more transparent procurement procedures; amendments to the legislation on food security and consumer protection; adoption of the European Union environmental standards. Armenia is a beneficiary of the Generalized System of Preferences of the United States of America, the European Union (GSP+), Canada, Switzerland, Norway and Japan.

### Changes in food and agricultural support

The key directions of the country's agricultural policy are laid out in the following official documents:

- Strategy of Development of Armenia for 2014-2025;
- Strategy of Sustainable Development of Rural Areas and Agriculture for 2010-2020; and
- Strategy of Key Directions Ensuring Economic Development of Armenia's Agrarian Sector for 2020-2030.

The total actual support to agriculture (green and amber box measures) was USD 56 million in 2020, which is almost 2.4 percent less than in 2019. In that sum, USD 37 million, i.e. 67 percent of the total actual support to agriculture, was disbursed to agricultural land irrigation activities. The current level of support to agriculture via amber box programmes in 2019–2020 was not higher than the Base Total AMS and corresponds to the commitments Armenia assumed to the WTO.

In 2019–2020, Armenia has started implementation of a number of programmes financed from the state budget and other sources.<sup>33</sup> These include:

- "Subsidization of interest rates on the loans granted to agriculture";
- "Development of livestock farming in Armenia in 2019-2024";
- "Construction or reconstruction of small and medium-sized smart livestock farms";

<sup>33</sup> <https://www.mineconomy.am/en/page/1338>

- “Co-financing of implementation of modern irrigation systems”;
- “Subsidization of interest rates on the loans for implementation of anti-hail grids in the agrarian sector of the Republic of Armenia”;
- Programme of state support to creation of vineyards, intense fruit orchards and berry plantations cultivated using modern technologies;
- “Subsidization of interest rates for the loans granted to the agro-industrial complex for procurement of agricultural raw materials”;
- Programme of state support to financial leasing of agricultural machinery in the Republic of Armenia;
- Programme of state support to financial leasing of equipment for the agrifood sector in the Republic of Armenia;
- Programme of state support to sheep and goat raising in the Republic of Armenia in 2019-2024;
- Programme of state support to implementation of small and medium-sized greenhouses;
- Programme of state support to implementation of the pilot programme on introduction of an insurance system in agriculture;
- Programme of state support to promotion of winter wheat production in the Republic of Armenia; and
- Programme of state support to development of production of spring, leguminous and fodder crops in the Republic of Armenia; etc.

Development of Armenia’s agriculture is also financed within the framework of programmes implemented by international organizations. Most important of them include: the European Programme of Cooperation in Development of Agriculture and Rural Areas; the 2nd Programme of Community Management of Agricultural

Resources and Competitiveness; the Programme of Rural Economic Development – New Economic Opportunities (Centre for Agribusiness and Rural Development); the Fund for Economic Development of Rural Areas of Armenia; programmes financed by the Austrian Development Agency.

In addition, the country provides some tax preferences to agricultural producers. If an enterprise’s income level threshold was not higher than 115 million drams in the previous tax year, the enterprise has the right to get registered for payment of turnover tax.<sup>34</sup> Taxpayers engaged in agricultural production are exempt from profit tax on their income from sales of agricultural products as well as on other income from sales of other assets and property if the share of such income in the gross income is not higher than 10 percent (the agricultural product category includes cereals, fodder crops, plants and vegetables, other plant-originated foodstuffs, fruit and berries, trees and seeds, bovine animals, poultry and fish products). Imports of equipment and parts for greenhouse complexes are exempt from VAT.

#### **Measures taken in response to the COVID-19 pandemic**

The COVID-19 disease spread has adversely affected the economy of Armenia since February 2020, and in particular the situation in its key export-oriented sectors such as agriculture and tourism. Although problems emerged both for large and small and medium-sized enterprises (SMEs), the latter were hit hardest by the crisis. The government took a number of steps to overcome the negative economic consequences of the pandemic, including in the agricultural sector:

- co-financing of targeted loans/leasing and/or subsidization of the interest rate on loans/leasing;
- granting of loans depending on commodity turnover to food and processing industry enterprises and SMEs; and
- lump-sum grants in the amount of wage of every fifth employee of the companies providing between two and 100 jobs.

<sup>34</sup> Turnover tax rates are 1 percent for trade, 3.5 percent for manufacturing, and 5 percent for other activities.



# Belarus

Natalia Kireyenka

## Overall context of trade policy

Foreign trade performs an important function in the national economic system of Belarus. The share of agricultural products in the country's export commodity structure reached 19.7 percent in 2020. The foreign trade development areas were defined in the "State programme for development of agrarian business in the Republic of Belarus for 2016-2020"<sup>35</sup> and in the "National programme for export promotion and development for 2016-2020"<sup>36</sup>. The legal foundation for foreign trade regulation is provided by the provisions of the Laws "On state regulation of foreign trade activities"

<sup>35</sup> Resolution of the Council of Ministers of the Republic of Belarus No. 196 of 11 March 2016 (version No. 631 of 18 September 2019).

<sup>36</sup> Resolution of the Council of Ministers of the Republic of Belarus No. 604 of 1 August 2016.

(No. 347-3 of 25 November 2004) and "On measures for protection the economic interests of the Republic of Belarus in foreign commodity trade" (No. 346-3 of 25 November 2004; No. 397-3 as reworded on 13 July 2016). An Inter-agency Council for Foreign Trade Policy is active.<sup>37</sup>

Foreign trade of Belarus is also regulated by the Treaty on the Eurasian Economic Union,<sup>38</sup> and the customs tariff

<sup>37</sup> Resolution of the Council of Ministers of the Republic of Belarus No. 524 of 22 June 2015 (as reworded by No. 330 of 3 June 2020).

<sup>38</sup> Protocol on amending the Treaty on the Eurasian Economic Union of 29 May 2014 and on amending and terminating some international treaties, signed on 1 October 2019 // National Legal Internet Portal of the Republic of Belarus, No. 3/3788 of 16 May 2020.

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regulation is affected according to the EAEU provisions.<sup>39</sup>

Promising areas of the country's foreign trade activities are defined within the Directive of the President of the Republic of Belarus "On development of rural areas and enhancement of the agricultural sector's efficiency,"<sup>40</sup> the "Strategy for development of export of agricultural

products and foodstuffs for 2021-2025"<sup>41</sup> the "Programme of activities of the Government of the Republic of Belarus through 2025"<sup>42</sup> and the "Agrarian Business state programme for 2021-2025."<sup>43</sup> In particular, an increase in agricultural product exports to USD 7.0 billion by 2025 is envisaged.<sup>44</sup>

<sup>39</sup> Treaty on the Customs Code of the Eurasian Economic Union (in force since 1 January 2018), Protocol on amending the Treaty on the Customs Code of the Eurasian Economic Union of 11 April 2017, signed on 29 May 2019 // National Legal Internet Portal of the Republic of Belarus, No. 3/3765 of 25 December 2019.

<sup>40</sup> Directive of the President of the Republic of Belarus No. 6 of 4 March 2019.

<sup>41</sup> The document was signed by the Minister of Agriculture and Food of the Republic of Belarus on 31 August 2020.

<sup>42</sup> Resolution of the Council of Ministers of the Republic of Belarus No. 758 of 24 December 2020.

<sup>43</sup> Resolution of the Council of Ministers of the Republic of Belarus No. 59 of 1 February 2021.

<sup>44</sup> For reference: agricultural product exports reached USD 56.8 billion in 2020, which is 104.3% of the 2019 level.

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The agricultural policy of Belarus amidst COVID-19 provided for a package of measures aimed at supporting agricultural commodity producers and curbing consumer price growth. The Decree of the President of the Republic of Belarus No. 143 of 24 April 2020 “On support of the economy” covering taxation, employment relationship, leasing relations, etc. was a key document.

## Agricultural trade policies

### Import policy

#### Import duties

Tariff concessions and tariff preferences are granted by the Republic of Belarus to third countries in accordance with the Treaty on the Eurasian Economic Union. In 2019–2020, the country extended the validity period of the import customs duty rates of the EAEU Common Customs Tariff (EAEU CCT) for: 1) cocoa paste, not defatted, and cocoa butter and fat until 31 December 2022;<sup>45</sup> 2) some types of molluscs and krill meat until 31 March 2023.<sup>46</sup> Rates of the EAEU CCT import customs duties were set for: 1) durum wheat flour – at 10 percent of the customs value either in euros or in US dollars; 2) soft wheat and spelt flour – at 7.5 percent of the customs value either in euros or in US dollars;<sup>47</sup> 3) dried coconuts – at 0 percent of the customs value, until 31 December 2023.<sup>48</sup>

#### Tariff quotas

The mechanism for the application of tariff quotas is defined in Section III of Annex 6 to the Treaty on the Eurasian Economic Union. The tariff quota volumes<sup>49</sup> set for Belarus for 2020 were similar to those applied in 2019: meat of swine, fresh, chilled or frozen – 20 thousand tonnes; boned meat of fowls, fresh, chilled or frozen – 10 thousand tonnes; boned meat of turkeys, fresh, chilled or frozen – 0.9 thousand tonnes. Allocation within the republic was implemented pursuant to the Resolution of the Cabinet

of Ministers of the Republic of Belarus<sup>50</sup> and orders of the Ministry of Agriculture and Food.<sup>51</sup>

In 2020, a tariff quota for imports of long-grain rice originating from the Socialist Republic of Viet Nam and imported into the territory of the Republic of Belarus from that country amounted to 4 603.88 tonnes<sup>52</sup> (2019: 1 074.0 tonnes). The tariff quotas were filled by Belarus in full.

#### Quantitative restrictions on imports (including import bans)

Quantitative restrictions (including bans) on agricultural product imports were not applied in 2019–2020.

#### Import policy measures based on SPS requirements and technical regulation

In 2020, the Department of Veterinary and Food Supervision of the Republic of Belarus issued 79 directives on introduction of temporary restrictions on the import of agricultural products to the Republic of Belarus, 37 directives on full cancellation of previously imposed restrictions, and 32 directives on their partial cancellation. The total number of such directives grew considerably as compared to 2019. The Republic of Belarus introduced temporary restrictions, still in force, on import of the following products to its territory:<sup>53</sup>

- poultry products because of registered highly pathogenic avian influenza – from Vysocina region, the Czechia (since 23 January 2020), Hunan province, China (since 11 February 2020), etc.;
- live swine, meat of swine and its preparations because of registered cases of African swine fever – from Pirot and Bor districts, Serbia (since 23 January 2020), Pskov oblast, the Russian Federation (since 23 January 2020), etc.

<sup>45</sup> Resolution of the Eurasian Economic Commission Board No. 139 of 6 August 2019.

<sup>46</sup> Resolution of the Eurasian Economic Commission Board No. 23 of 3 February 2020.

<sup>47</sup> Resolution of the Eurasian Economic Commission Board No. 121 of 29 September 2020.

<sup>48</sup> Resolution of the Eurasian Economic Commission Board No. 131 of 29 October 2020.

<sup>49</sup> Resolution of the Eurasian Economic Commission Board No. 127 of 31 July 2019.

<sup>50</sup> Resolution of the Council of Ministers of the Republic of Belarus No. 853 of 11 December 2019.

<sup>51</sup> Orders of the Ministry of Agriculture and Food of the Republic of Belarus No. 318 of 18 December 2019, No. 4 of 9 January 2020 as reworded by No. 243 of 15 October 2020).

<sup>52</sup> EEC Board Resolution No. 167 of 17 September 2019; Resolution of the Council of Ministers of the Republic of Belarus No. 958 of 31 December 2019.

<sup>53</sup> The full list of directives is presented at the website of the Department of Veterinary and Food Supervision of the Ministry of Agriculture and Food of the Republic of Belarus.

## Export policy

### Export duties

Export customs duty rates continued to be in force in 2019–2020 for the following goods exported from the territory of the Republic of Belarus outside the customs territory of the EAEU member states: 1) rape or colza seeds, whether or not broken,<sup>54</sup> at EUR 100 per 1 000 kg; 2) raw skins of bovine animals and other raw skins, at EUR 500 per 1 000 kg; 3) tanned skins of bovine animals and tanned skins of other animals, at 10 percent but no less than EUR 90 per 1 000 kg.<sup>55</sup>

### Quantitative restrictions on exports (including export bans)

In view of the COVID-19 pandemic, a three-month ban on exports of buckwheat, buckwheat groats, seed onions, onions and garlic was in force in the country.<sup>56</sup> Belarus participated in the imposition of a temporary ban (31 March 2020 – 30 June 2020) on exports of food products<sup>57</sup> from the EAEU countries.<sup>58</sup>

In 2019, Belarus applied temporary licensing of exports of flax fibre outside the customs territory of the EAEU<sup>59</sup> under one-time licences<sup>60</sup> which are to be issued by the Ministry of Antimonopoly Regulation and Trade as agreed upon with the Belarusian Light Industry (Bellegprom) concern.

### Export subsidies including transport subsidies

Export subsidies are not applied in Belarus.

### Export promotion measures

To stimulate exports, amendments were made<sup>61</sup> to the Decrees of the President of the Republic of Belarus “On promoting the development of export of goods (works, services)” (No. 534 of 25 August 2006) and “On establishing the open joint-stock company “Development bank of the Republic of Belarus” (No. 261 of 21 June 2011 года).<sup>62</sup> The Decree of the President of the Republic of Belarus “On export support” (No. 412 of 14 November 2019) was adopted, which envisages compensation for the costs of participation in international specialized exhibitions and assessment of conformity of products in foreign countries at the state budget expense.<sup>63</sup> In addition, partial financing is provided from the state budget funds to cover the expenses for organization of national exhibitions abroad.<sup>64</sup>

During 2019–2020, Belarusian agricultural products<sup>65</sup> were presented at 12 national exhibitions abroad. Belarus supported the EEC’s initiative for organization of exhibitions of the best goods made by the EAEU member states.<sup>66</sup>

Great attention was paid to the marketing and information support to export. During 2020, 5 811 Belarusian and 533 foreign enterprises were registered at Export.by portal, and information about 20 990 goods (including agricultural) and services was provided. The Belarusian Universal Commodity Exchange OJSC’s electronic trading platform (<https://www.butb.by>) is actively developing. In 2020, 7.5 percent of the country’s total agricultural product exports was sold via the Exchange’s Agricultural Products section. The Belarusian public association of farmers created the information resource <http://market.farmer1.by>, with development of inter-farmer connections, establishment of a trading platform, etc., being its key purpose.

<sup>54</sup> Decree of the President of the Republic of Belarus No. 272 of 21 May 2010 (as reworded by No. 380 of 28 July 2014).

<sup>55</sup> Decree of the President of the Republic of Belarus No. 40 of 1 February 2011.

<sup>56</sup> Resolution of the Republic of Belarus No. 185 of 31 March 2020.

<sup>57</sup> Onions, garlic, turnip, rye, rice, buckwheat, millet, grits, cereal grain coarse meal and pellets, hulled buckwheat grain, crushed and whole soya beans, finished food products of buckwheat.

<sup>58</sup> Resolution of the Eurasian Economic Commission Board No. 43 of 31 March 2020.

<sup>59</sup> The temporary ban does not apply to the goods exported from Belarus to the participating states of the Commonwealth of Independent States, Georgia, the Social Republic of Viet Nam, and Serbia.

<sup>60</sup> Resolutions of the Council of Ministers of the Republic of Belarus No. 766 of 24 October 2018 and No. 349 of 1 June 2019.

<sup>61</sup> Decree of the President of the Republic of Belarus No. 39 of 4 February 2021.

<sup>62</sup> Cancellation of the minimum amount of an export contract (formerly USD 200 thousand) that will allow expanding the opportunities of small and medium-sized businesses for product export sales.

<sup>63</sup> Budget spending units include line ministries, in particular the Ministry of Agriculture and Food, and other entities.

<sup>64</sup> Resolution of the Council of Ministers of the Republic of Belarus No. 384 of 23 April 2012 “On approval of the Regulations on the procedure for organization of national exhibitions (displays) in foreign states” (as reworded by No. 380 of 29 June 2020).

<sup>65</sup> Resolutions of the Council of Ministers of the Republic of Belarus No. 48 of 24 January 2019; No. 836 of 4 December 2019.

<sup>66</sup> Protocol decision on the agenda, the 23rd session of the Advisory Committee for Agro-industrial Complex, 9 April 2021.

## Trade agreements

*Belarus has observer status in the WTO since 1993.* Following intensification in 2016 of the work for the country's accession to the WTO, the negotiations have entered a final stage. The 12th meeting of the WTO Working Party on the Accession of the Republic of Belarus took place in July 2019.<sup>67</sup> However, because of deterioration of the epidemiological situation in the world, consideration of the fifth version of the draft Working Group's report and the work for final endorsement of Belarus' commitments in the WTO have been postponed to 2021. As of 1 January 2021, bilateral negotiations on market access were completed with 22 WTO members and continued with the United States of America, Ukraine, the European Union, Canada, Costa Rica and New Zealand. Consultations with the Cairns Group concerning Belarus' stand on state support to agriculture are underway.

*Bilateral cooperation.*<sup>68</sup> Cooperation between Belarus and the CIS countries in 2019–2020 was going on within the framework of the bilateral free trade area agreements signed previously. Belarus and the Russian Federation continue work to agree upon the Union State's integration roadmaps, including common industrial and agricultural policies, etc.<sup>69</sup>

Despite COVID-19, implementation of the Poland-Belarus-Ukraine and Latvia-Lithuania-Belarus transboundary cooperation programmes was underway,<sup>70</sup> and work began under the Poland-Belarus-Ukraine and Latvia-Lithuania-Belarus programmes in the new European Union financial cycle for 2021–2027. The total amount of the European Investment Bank's investments in Ukraine reached EUR 550 million. The volume of operations of the European Bank for Reconstruction and Development (EBRD) in Belarus amounted to EUR 157 million in the first half of 2020.

*The Republic of Belarus and the EAEU.* In 2020, Belarus chaired the EAEU bodies. A key question consisted of joint adoption of stabilization measures amidst the COVID-19 pandemic, in particular ensuring the food supply in the domestic market as well as rapid increase of food production in the EAEU territory.

<sup>67</sup> Information from the Ministry of Foreign Affairs of the Republic of Belarus.

<sup>68</sup> Report by the Ministry of Foreign Affairs of the Republic of Belarus "Review of foreign policy results of the Republic of Belarus and activities of the Ministry of Foreign Affairs in 2020".

<sup>69</sup> It is expected that the intergovernmental agreements specified in the roadmaps will be adopted by 1 January 2022.

<sup>70</sup> EUR 280 million was available on the competitive basis to Belarus within these programmes in 2014–2020.

Belarus took part in approving the Strategic Directions of Development of the Eurasian Economic Integration until 2025,<sup>71</sup> eliminating barriers in mutual trade (total number of barriers decreased from 19 to 11 over the year), and preventing any new obstacles. Due to the country's initiative, matters influencing the free circulation of goods in the common EAEU market (for example, regulation of food products' access to the EAEU market, etc.) were considered.

With the participation of Belarus, the EEC Board adopted the Resolution No. 129 of 6 August 2019, which envisages information interaction for using document databases for regulation of foreign and mutual trade, and the Recommendation No. 23 of 1 December 2020, which defines the list of: 1) goods for prospective export to third countries; 2) goods concerning which third-party import demand is expected; and 3) key annual international agricultural exhibitions and fairs. Joint forecasts of the agricultural sector development<sup>72</sup> and demand-supply balances for agricultural products,<sup>73</sup> food, flax fibre, raw hides, cotton fibre and wool for 2019–2020 were developed to boost mutual trade volumes.<sup>74</sup>

During 2019–2020, implementation of the free trade agreement with Viet Nam (in force since 5 October 2016) continued, and similar agreements with Singapore (since 1 October 2019) and Serbia (since 25 October 2019) were ratified. Negotiations began on the establishment of a free trade area (FTA) with Iran (Islamic Republic of) and on conclusion of FTA agreements with Egypt, Israel and India. Active cooperation with China was underway, including within the framework of the Belt and Road initiative.

## Changes in food and agricultural support

The mechanism of state support to agriculture in 2019–2020 was defined in the State Programme for Development of the Agricultural Business in the Republic of Belarus for 2016–2020<sup>75</sup> and in the Decree of the President of the

<sup>71</sup> Decision of the Higher Eurasian Economic Council No. 12 of 11 December 2020 ([https://docs.eaeunion.org/docs/ru-ru/01428320/err\\_12012021\\_12](https://docs.eaeunion.org/docs/ru-ru/01428320/err_12012021_12)).

<sup>72</sup> The list of tentative indicators includes data on areas under crops, livestock and poultry stocks, agricultural production outputs in general and on key product types in volume terms, values of exports and imports of agricultural goods, etc.

<sup>73</sup> Cereals, milk, potatoes, eggs, vegetables, melons and gourds, fruit and berries, sugar, vegetable oil.

<sup>74</sup> Resolution of the Eurasian Intergovernmental Council No. 13 of 9 August 2019.

<sup>75</sup> The Agricultural Business state programme for 2021–2015 is in force since 2021.

Republic of Belarus “On the state agricultural policy”<sup>76</sup> which was amended in terms of planning of local budget spending for the implementation of activities in the sector<sup>77</sup> and supplemented by a provision on particularities of functioning of special accounts.<sup>78</sup>

The volume of direct budgetary support totalled USD 988.0 million in 2019, or USD 117.6 per hectare of agricultural land (in 2018 – USD 728.5 million, or USD 81.9 per hectare of agricultural land). Its structure was dominated by compensation for losses of banks due to the granting of concessional loans (more than 60.0 percent in the republican budget expenditures, and about 4.0 percent in local budget expenditures). A large share of the republican budget expenditures belonged to expenses for the financing of budget-funded organizations (8.0 percent of all the republican budget expenditures for agriculture), construction of drainage and combined irrigation systems, and essential facilities of reclamation and water management systems (6.7 percent), as well as payments of insurance premiums (4.7 percent). In the local budget expenditures for agriculture (oblast level), a considerable percentage accounts for purchase price mark-ups<sup>79</sup> for the following goods: cow milk; mare milk; goat milk; sheep milk; young dairy breed bovine grown at animal farming facilities engaged in bovine breeding and fattening; meat breed and cross-breed bovine; buckwheat; long-stalked flax straw; and corn kernels for production of starch and starch products.<sup>80</sup>

Non-product-specific support measures made up about 90 percent of the amber box measures.

The largest percentage in the structure of non-trade-distorting support measures (green box measures) at the republican level belonged to expenditures for staff training (42 percent), infrastructure-related services (25 percent),

payments under environmental programmes (16 percent), and expenditures for research (8 percent).

The agriculture in Belarus currently features a growing debt of agricultural organizations<sup>81</sup> and a shortage of financial resources. To address this problem, a package of legislative acts was adopted since 2014 and during 2019–2020, which provide for measures of financial rehabilitation. The share of loss-making agricultural organizations decreased in 2020 to 7.1 percent of their total number (2019 – 11.6 percent), and the share of loss-making agricultural organizations without account of state support – to 49.9 percent (2019 – 60.4 percent). Also on a positive note, agricultural production output in all establishment categories increased by 4.9 percent in value terms (2 billion Belarusian rubles, or USD 821.4 million).

A number of regulatory legal acts was adopted in 2020, aimed at improving the work efficiency of the Belarusian AIC organizations. They mainly provided for implementation of measures for debt restructuring in agriculture. Budget funds were allocated for that purpose, and indirect support measures not requiring budget spending were taken (write-off, deferral, repayment by instalments). A considerable share of the support provided to agriculture was used to repay the accumulated debts rather than to stimulate enhancement of the sector’s efficiency.<sup>82 83 84</sup>

Amid the COVID-19 pandemic, administrative control of prices (according to which companies of any form of legal organization and ownership must not increase prices by more than 0.5 percent per month) and state regulation of prices for some socially important goods<sup>85</sup> for up to 90 days<sup>86</sup> were applied in the domestic consumer market. This measure is in force in the Republic of Belarus in 2021 as well.

<sup>76</sup> Decree of the President of the Republic of Belarus No. 262 of 9 July 2020.

<sup>77</sup> According to the amendments, 50 percent of the funds will be allocated in proportion to the respective oblast’s agricultural land area subject to the cadastral appraisal of the land; 50 percent will be allocated in proportion to agricultural product sale proceeds subject to their 10 percent increase in the respective oblast districts identified as not favourable for agricultural production.

<sup>78</sup> Special accounts are opened by banks in Belarusian rubles according to a statutory procedure, regardless of whether banks have decisions (resolutions) on suspension of transactions on accounts of organizations or resolutions (rulings) on seizure of funds on accounts of organizations made (adopted) by an authorized body (official).

<sup>79</sup> Direct payments in the form of subsidies per unit of agricultural product sold and/or sent for processing (reprocessing).

<sup>80</sup> Resolution of the Council of Ministers of the Republic of Belarus No. 19 of 11 January 2019 (as reworded by No. 702 of 15 October 2019).

<sup>81</sup> As of 1 January 2021, total debt of agriculture increased by 5.4 percent versus 2019, to 14,901.5 million Belarusian rubles.

<sup>82</sup> On development of the agro-industrial complex of Vitebsk oblast. Decree of the President of the Republic of Belarus No. 70 of 25 February 2020 / National Legal Internet Portal of the Republic of Belarus, No. 1/18875 of 26 February 2020.

<sup>83</sup> On provision of subsidies. Resolution of the Council of Ministers of the Republic of Belarus No. 341 of 15 June 2020, available at: <http://www.government.by/upload/docs/filecc10119ffed8cc3c.PDF> (last accessed on 1 July 2020).

<sup>84</sup> On the stand of government representatives. Resolution of the Cabinet of Ministers of the Republic of Belarus No. 352 of 19 June 2020 / National Legal Internet Portal of the Republic of Belarus, No. 5/48140 of 23 June 2020.

<sup>85</sup> Meat and meat products, milk and dairy products, cereals, bread, fish, etc.

<sup>86</sup> During 2020, this measure was applied three times as agreed upon with the EEC Board.

# Georgia

Shalva Pipia

## Overall context of trade policy

The main goals of Georgia's agrifood trade policy are the following: integration into the world economy; adoption of the liberal foreign trade policies; simplification of export and import policies and procedures; maximal diversification of international trade relations through facilitation of free or favourable trade agreements with a large number of trade partners; reduction in and abolition of import tariffs and minimal use of non-tariff regulations.

In recent years the Government of Georgia has implemented substantial reforms in tariff policies as well as in technical regulations sphere. As a result, nowadays Georgia has one of the most liberal foreign trade policies in the world, which implies the facilitated foreign trade regimes and customs procedures, low import tariffs and minimal non-tariff regulations.

The main body responsible for deciding upon and implementation of foreign trade policies is the Ministry of Economy and Sustainable Development. Furthermore, the Agency under this Ministry, "Enterprise Georgia" is the main organization in charge of planning Georgian export promotion and support activities for all products, including agricultural products. One exception here is wine, as there is a dedicated National Wine Agency responsible for carrying out export development activities for the wine worldwide.

The main instrument of regulating foreign trade is the Customs Code of Georgia,<sup>87</sup> as it regulates customs' policies

<sup>87</sup> All legal documents can be found at the official website of "Legislative Herald of Georgia" [www.matsne.gov.ge](http://www.matsne.gov.ge)

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and procedures, defines tariff rates on imports, including zero rates for some of the imported goods. New Customs Code was adopted in June 2019 and came into force from September of the same year. The new Code has retained all positive changes adopted in recent years, especially those related with streamlining the system of administration of taxes and custom duties, at the same time simplifying declaration forms and procedures for import and export of products to different markets.

The Georgian Law on Entrepreneurship regulates the forms of economic activities in the country, sets legal norms and ensures equal rights for all local and foreign businesses operating in the country.

The Law of Georgia on Licenses and Permits establishes the list of licenses and permits for conducting certain economic activities, including imports and exports of certain products

requiring such licensing. The rules of obtaining the permits and licenses, as well as procedures of obtaining, changing and/or revoking these permits and licenses are also defined by this law.

Georgia's Food Safety, Veterinary and Phytosanitary Code regulates economic activities connected with food products, feeds, and production of animal and plant origin products, as well as the processing of such products within Georgia. In addition, this code regulates the rules of food safety, veterinary and phytosanitary control on the borders, whether for import, export and transit purposes.

In spring 2020 COVID-19 pandemic hit Georgia together with the rest of the world. Alongside with the measures reducing the risk of spread of the disease (restrictions,

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lockdowns of the major cities and areas, restrictions on public transportation and intercity travel etc.) there were other measures introduced to counter the impact of the pandemic. Dedicated budget of GEL 139 million (USD 44.7 million) was allocated by the Ministry of Environmental Protection and Agriculture to stimulate production, reduce the increased logistical costs due to the restrictions and ensure access to short term financial resources. These activities have resulted in 13.2 percent increase in agricultural output as well as 6 percent increase in agricultural exports.

## Agricultural trade policies

### Import policies

#### *Import duties*

Georgia has one of the most liberal and competitive trade regimes across the world. In accordance with legislative changes, since 1 September 2006 tariffs on imports decreased from 16 to 3 tariff rates (0 percent, 5 percent and 12 percent). Tariffs on imports were abolished on about 85 percent of all goods. There are no seasonal tariffs applied. In addition, the value added tax at 18 percent as well as excise duties are applied to imported products. Both these taxes are applied to locally produced and imported goods at the same rates. In 2019 the simple average MFN applied tariffs in Georgia were set at 1.4 percent for all products and 5.9 percent for agricultural products respectively.

As for import tariffs on agricultural products, these remain low, with zero import tariff applied to over 50 percent of the products from the HS nomenclature; 5 percent tariff is applied to 52 products and 12 percent tariffs to the rest of products.

Majority of the trade partners of Georgia are members of the WTO, thus among the WTO member States (164 countries) trade relations are regulated on the basis of MFN principles. In addition to this, Georgia is the beneficiary of GSP regime of the United States of America, Japan and Canada. Under the GSP regime Georgia is eligible to export around 3 500 different products without any import duties. These products include different manufactured items, jewelry, chemicals and minerals, as well as some primary agricultural products and processed goods. The agricultural products include walnuts, eggplants, cucumbers, preserved vegetables, fruit juices, jellies and jams, seasonings, bay leaves, mineral and sparkling waters, non-alcoholic beverages etc.

In addition, Georgia benefits from free trade regimes with all CIS countries, Türkiye, European Union, China and the European Free Trade Association (EFTA). Zero import

tariffs apply to all agricultural products imported from the European Union and the CIS countries, and the same applies to the majority of agricultural imports from China and Türkiye as well.

#### *Tariff rate quotas*

Georgia does not exercise tariff rate quotas on the import of agricultural products.

#### *Quantitative restrictions on imports (including import bans)*

There are no quantitative restrictions on the import of agricultural products to Georgia. In January 2020, due to the COVID-19 outbreak, a temporary import ban on live animals from China was introduced. This was done to prevent possible spread of the pandemic through imported animals. The temporary ban was lifted in early June 2020.

#### *Import policy measures based on SPS requirements and technical regulation*

Georgia maintains its approach to have an open, liberal foreign trade policy, including simplification of customs rules and procedures in accordance with the best international practice and WTO rules. Adoption of the new Customs Code, which took place in 2019, is part of this liberal policy.

Georgia continues the process of approximating Georgian legislation with the European Union rules and regulations, as this is required under the DCFTA Agreement signed in 2014. The National Approximation Plan is approved and year-by-year subsequent changes are made in different legislative acts, regarding the issues of food safety, veterinary and phytosanitary control. Overall, seven regulations related to food safety, seven regulations related to veterinary control and eight regulations related to phytosanitary control have been approximated in 2019. As for 2020, nine, seven and ten regulations related to food safety, veterinary and phytosanitary control, respectively, have been approximated. Examples of some of these regulations include preventive measures for import and distribution of certain pests, rules of trade of seeding and planting materials for specific crops, rules of control of zoonotic agents (e.g. salmonella), rules of transportation, storage and temperature control of deeply frozen products, etc.

#### *Other import policy measures*

The new Customs Code has simplified re-export operations of all goods, and if in the past re-export was treated as a full export operation, now simplified processing will take place without additional paperwork requirement (no separate export declaration is required for re-exports). The new code has also introduced a mechanism of the transfer of the right to conduct customs procedures, allowing

access to customs procedures to persons designated by the authorized personnel. Another important addition simplifying the customs clearance process was introduction of system of guarantors. Declarer has now ability to ensure customs transactions through a guarantee from third parties, hence simplifying the customs clearance process, especially for the small and medium enterprises.

## Export policies

### **Export duties**

Georgia does not apply any export duties on agricultural products. Furthermore, the export of agricultural products from Georgia is VAT exempt.

### **Quantitative restrictions (including export bans)**

Georgia does not apply quantitative restrictions or bans on the export of agricultural products.

### **Export subsidies, including transport subsidies**

Georgia does not subsidize exports or export-related transportation costs.

### **Export promotion measures**

The main support to exporting companies is done through a form of co-financing the participation of Georgian companies in international fairs and trade missions. In addition, the Government maintains informational websites, where potential exporters can find all information about the possibilities of export to the international markets, requirements set on those markets as well as link with potential buyers worldwide.

## Trade agreements

Georgia has the largest number of the FTAs in the South Caucasus. Currently, Georgia has twelve enacted FTAs;<sup>88</sup> If all these FTAs are considered together, Georgian exporters will have duty-free access to 48 percent of the world's population, representing 45 percent of global GDP in current USD. Currently, the ratified FTAs provide access to 31 percent of the world's population and 41 percent of global GDP.

An FTA with China was signed in May 2017, after only around one year of negotiations, and it entered into force in January 2018.<sup>89</sup>

<sup>88</sup> The FTA with the EFTA entered into force in September 2017 for Norway and Iceland, and in May 2018 for Switzerland and Liechtenstein

<sup>89</sup> <https://www.ge.undp.org/content/georgia/en/home/library/poverty/south-caucasus-trade-study--2019.html>

On 11 January 2019, a protocol on the completion of the feasibility study of Georgia-India Free Trade Agreement was signed. The negotiations on free trade agreement have continued in 2020 and the FTA is planned to be signed shortly.

A feasibility study in line with the negotiations on Free Trade Agreement between Georgia and the Republic of Korea is planned to be launched in the second half of the year 2021. The decision was made at a preliminary consultation between countries. During the consultations, the parties reviewed the trade policies of Georgia and Korea sharing their vision and goals, trade regimes, priorities, areas of interest and other issues with each other.<sup>90</sup>

With the aim to introduce amendments to the current free trade agreement between Georgia and Republic of Türkiye the negotiations under Georgia-Turkish joint committee are being conducted for the further liberalization of tariffs on agriculture products and the incorporation of trade in services to the Agreement.

## Changes in food and agricultural support

During 2019 and 2020 Georgia has not declared any amber box support measures. The total expenditures of the state budget within the green box have comprised USD 69.5 million<sup>91</sup> and USD 48.5 million in 2019 and 2020, respectively. This is a 23 percent year-on-year decline in the state budget in GEL (and 30 percent decline in the USD terms), however this has been compensated through substantial financing extended in 2020 for anti-COVID-19 measures.

In addition to the existing and ongoing state supported programs,<sup>92</sup> the following activities have been either introduced or amended/expanded in 2019–2020:

### *Technical assistance program for beneficiaries of state programs*

The goal of this program is to promote the growth of the quality of Georgian agricultural products and ensure compliance with best international production practices and food safety standards. Under the program,

<sup>90</sup> <http://www.economy.ge/?page=news&nw=1597&lang=en>

<sup>91</sup> Amounts are reported in GEL. Average annual USD exchange rates for years 2019 and 2020 (1 USD – 2.8224 GEL and 1 USD – 3.1125 GEL respectively) from the National Bank of Georgia Website were used for calculations. <https://www.nbg.gov.ge/>

<sup>92</sup> Information on all state-supported programs is provided at the website of the Rural Development Agency – <https://rda.gov.ge>

beneficiaries receive co-financing for adoption of international food safety management systems and standards, as well as obtaining global gap certification for the primary producers.

#### *Preferential agro-credit*

Certain changes have been applied to the agro-credit program in year 2020, in order to mitigate the problems brought around by the COVID-19 pandemic. A new sub-component for working capital financing was added, to address seasonal cash shortages.

#### *Agricultural insurance*

Under the change in the agro-insurance program, in the case of perennial crop insurance, farmers now are able to insure their crops for three calendar years. Previously this was available only on an annual basis, with required renewal every year, with possible changes in the premiums. Under the agro-insurance program, co-payments from the state for all crops except vine were still set at 70 percent of the cost of the policy, and for vine, at 50 percent.

#### *State program for modernization of the dairy sector and market access*

At the initiative of the Ministry of Environment and Agriculture and with the financial support of the International Fund for Agricultural Development (IFAD), the implementation of the “State Program for Modernization of the Dairy Sector and Market Access” started in 2020.

The goal of the program is to establish and develop a diversified and sustainable dairy sector by improving relevant inventory and infrastructure. Under the program, it is planned to promote the development of small-scale milk producers in rural areas - the introduction of new standards and international practices.

#### *Farmers registry*

The program of registration of farmers and creation of farmers registry was initiated in late 2018 and has been ongoing during the years 2019 and 2020. An electronic register of farmers, including detailed information about the individual farmers’ activities, land parcels owned, crops grown and sold, etc. has been created and is being updated on continuous basis. This newly created farm registry will act as a prerequisite for providing state support to the entities engaged in agricultural activities and inclusion in the farm registry will be a compulsory requirement for those willing to benefit from the support programs.

#### *Other programs*

The other programs, such as food safety and control program, veterinary and phytosanitary control programs as well as animal identification and registration activity implemented by the National Food Agency have continued in years 2019 and 2020. Same applies to the program of popularization of Georgian Wine implemented by the National Wine Agency.

#### **Measures taken in response to the COVID-19 pandemic**

The COVID-19 pandemic has forced the Georgian economy into shutdown and led to a steep economic contraction in 2020. Despite signs of a gradual recovery and start of fully fledged vaccination process since early 2021, there are still uncertainties on the pathway to a full economic recovery. COVID-19 has affected the Georgian economy mainly via reductions in FDI, export of goods and services, and at an earlier stage of the pandemic - remittances.

During early 2020 the Government of Georgia has taken important steps for anti-COVID measures. A number of Government ordinances have been adopted in spring/ summer 2020. The Government announced an assistance package worth GEL 3.4 billion<sup>93</sup> (close to 7 percent of GDP) to mitigate the socioeconomic impacts of COVID-19.

The proposal entailed two forms of support for agricultural producers: direct assistance and sectorial support. The following measures have been taken to support farmers and agribusinesses during the pandemic under this plan:

1. *Measures of state support for the population’s demand for food.* In order to weaken the adverse impact of the pandemic, keep food prices stable, and reduce input prices for farmers, the state allocated 10 million GEL from the Ministry of Environmental Protection and Agriculture budget to subsidize imports of nine food products: pasta, buckwheat, vegetable oil, sugar, wheat, wheat flour, milk powder, and beans, ensuring that there was no increase of prices on these commodities during the crisis. The program subsidized importers’ additional costs resulting from export restrictions and exchange rate fluctuations and was a temporary measure, implemented between March 15- May 15 of 2020.

<sup>93</sup> World Bank Document ([reliefweb.int](https://reliefweb.int))

2. *Stimulating owners of agricultural land.* Program was designed to stimulate the smallholder farmers to continue their activities in the period of pandemic. Per hectare subsidies of GEL 200 have been allocated to the owners of agricultural land plots ranging from 0.25 hectares to 5 hectares (total amount of GEL 38 million has been allocated for this activity).
3. *Program of agro-production Promotion.* The program aimed at co-financing private investments in the purchase of agricultural equipment/machinery, supporting establishment of new greenhouses or/ and modernizing existing greenhouses as well as co-funding purchase/installation of irrigation systems for annual crops at a co-investment rate of 50 percent. In total GEL 10 million was allocated for this program.
4. *Amelioration.* Namely, individuals and legal entities, which had accumulated debts for amelioration services in years 2012-2019 had their debts written off, in order to ease the financial burden of these companies. Around GEL 8 million was written off for around 42 000 farmers. In addition, in 2020, individuals and legal entities received amelioration services (irrigation and drainage) on land plots of up to 10 ha free of charge.
5. *Affordable diesel fuel for farmers.* Another support measure was to ensure low diesel fuel price for farmers. The beneficiaries of this measure were all farmers with 0.25 hectares or more of agricultural land and received a limit of 150 litres of diesel fuel at the negotiated price terms for per hectare of their land.
6. *Preferential agro credit and agro-insurance.* Working capital financing component was reintroduced in the preferential agro-credit program, allowing the beneficiaries to borrow short term funds for working capital financing at supported interest rates.
7. *State program of technical assistance.* Under this program the local firms received possibility to introduce international food safety management systems/standards at their premises, as well as receive branding support with 50 percent contribution from the State. In total GEL 1.5 million was allocated for these tasks.

# Kazakhstan

Nurlan Kulbatyrov

## Overall context of trade policy

A series of changes occurred in Kazakhstan's state planning system in 2019–2020 concerning the procedure for the formulation of state programmes of sectoral development. It is expected that national projects will be adopted in place of the state development programmes currently in force. Active work was underway in 2020 to elaborate a National Project of AIC Development for 2021–2025.<sup>94</sup> The draft document includes both systemic and realization measures. The National Project is expected to be an applied instrument, focusing on solutions for key problems existing in the sector's development.

In 2020, in view of the pandemic, short-term economic measures in the form of bans and quotas on exports

<sup>94</sup> <https://legalacts.egov.kz/npa/view?id=8566310>

of some agricultural goods were introduced to supply socially important food products to the domestic market.<sup>95</sup> Moreover, development of the Integrated Plan for Saturation of the Domestic Market with Food Products for 2021–2023 has been underway since 2020.<sup>96</sup>

The volume of foreign trade in agricultural goods increased by 8.2 percent during 2018–2020, namely from USD 6.7 billion in 2018 to USD 7.2 billion in 2020. Exports grew by

<sup>95</sup> Order of the Minister of Agriculture of the Republic of Kazakhstan No. 111 of 2 April 2020 "On some matters of exportation of certain goods from the territory of the Republic of Kazakhstan".

<sup>96</sup> <https://www.gov.kz/memleket/entities/moa/documents/details/172672?lang=ru>

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5.3 percent, to USD 3.3 billion in 2020, whereas imports grew by 10.7 percent, reaching USD 3.9 billion.<sup>97</sup>

The top position in the structure of agricultural product exports is occupied by wheat – its delivery volume is USD 1.1 billion (34.7 percent of the total exports). Wheat is followed by wheat flour, with USD 489 million in value terms (14.9 percent), flax seeds – USD 209 million (6.4 percent), barley – USD 176 million (5.4 percent), and sunflower oil – USD 104 million (3.2 percent). Within the EAEU, the Russian Federation is still Kazakhstan's main trading partner in mutual agricultural product trade, accounting for more than 80 percent in total (in 2020, the Russian Federation had 66.0 percent in the total Kazakhstani exports of agricultural goods to the EAEU

<sup>97</sup> Hereinafter, the average exchange rate is 344.71 tenge/USD in 2018, 382.75 tenge/USD in 2019, and 412.95 tenge/USD in 2020.

countries and 87.6 percent of the total imports from those countries).

## Agricultural trade policies

### Import policy

#### *Import duties*

As an EAEU member, Kazakhstan applies the EAEU Common Customs Tariff (CCT) to imports of goods from third countries whereas this tariff is not applied in mutual trade among the Union countries. The average applied import duty rate (MFN) for agricultural goods was 10.9 percent in 2019 whereas the final bound rate under commitments to the WTO is set at 9.7 percent.

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It should be noted, however, that Kazakhstan applies a number of exemptions within the framework of its membership in the EAEU customs system: import duty rates for some goods are set lower than the EAEU CCT rates as per the country's commitments to the WTO. Kazakhstan undertook commitments to not allow exportation of such goods to the territories of other Union member states by means of imposing requirements on declarants, owners of goods and carriers in terms of production of shipping documents – a customs declaration and electronic invoices – in mutual trade among the region's countries, to keep records of goods movement. As of 2020, the list of Kazakhstan's exemptions for agricultural goods contains 905 items.

#### **Tariff quotas**

Kazakhstan applied tariff quotas for import of beef and poultry meat in 2019 and 2020. For 2020, according to the EEC Board Resolution No. 127<sup>98</sup> of 31 July 2019, tariff quotas for import of meat of bovine animals were set at 21 thousand tonnes, and for import of meat and edible offal of poultry at 140 thousand tonnes. The rates of reduced import duties and duties on above-quota deliveries are provided in the EAEU CCT.<sup>99</sup>

#### **Quantitative restrictions on imports (including import bans)**

No quantitative restrictions on imports and import bans were applied to agricultural goods in 2019–2020.

#### **Import policy measures based on SPS requirements and technical regulation**

In 2019, the Ministry of Agriculture of the Republic of Kazakhstan started the streamlining of the country's veterinary service. Measures were taken to improve efficiency of veterinary control by means of digitalization of operations, prudent allocation of service functions, revision of the algorithm of carrying out veterinary measures, etc.<sup>100</sup>

In accordance with the Terrestrial Animal Health Code of the World Organization for Animal Health (WOAH, historically OIE), Kazakhstan was granted the status of a zone free from cattle plague, African horse sickness, classical swine fever and foot-and-mouth disease. Subsequently, Kazakhstan self-declared itself as a country free from African swine fever at its own discretion. This information is published

<sup>98</sup> <https://www.alta.ru/tamdoc/19kr0127/>

<sup>99</sup> <http://www.eurasiancommission.org/ru/act/trade/catr/ett/Pages/default.aspx>

<sup>100</sup> Law of the Republic of Kazakhstan of 28 October 2019 "On amending and supplementing some legislative acts of the Republic of Kazakhstan concerning regulation of the agro-industrial complex".

at the OIE (WOAH) website<sup>101</sup> and notifies third parties of the absence of African swine fever in Kazakhstan's territory. During 2019–2020, restrictions on importation and transit across the country of some animal species were imposed pursuant to the Order of the Minister of Agriculture of the Republic of Kazakhstan No. 7-1/587 of 29 June 2015 "On approval of the veterinary (veterinary-sanitary) rules."

## **Export policy**

#### **Export duties**

Export customs duty rates are in force in Kazakhstan for the following agricultural goods.<sup>102</sup>

1) raw hides and skins of bovine or equine animals, sheep or lambs:

- at 0 percent through 31 December 2021;

- EUR 200 per tonne beginning from 1 January 2022;

2) wool, not carded or combed, waste of wool, animal hair – at 10 percent, but no less than EUR 50 per tonne.

#### **Quantitative restrictions on exports (including export bans)**

During 2019–2020, Kazakhstan applied temporary bans on exports of raw hides of bovine animals (in force from 10 March to 10 September 2019) and agricultural animals (in force from 1 May to 1 November 2020), which were imposed at the national level. Besides, restrictions, adopted at the EAEU level, were in force for some food product types such as onions, garlic, turnip, rye, rice, buckwheat, millet, grits, cereal grain coarse meal and pellets, hulled buckwheat grain, crushed or whole soya beans, crushed or whole sunflower seeds, finished food products of buckwheat (a measure taken in the COVID-19 pandemic context<sup>103</sup> in force from 12 April to 30 June 2020).

#### **Export promotion measures**

Since 2019, responsibility for support to exporters has been placed on the Ministry of Trade and Integration of the Republic of Kazakhstan that coordinates activities of public

<sup>101</sup> <https://www.oie.int/app/uploads/2021/05/eng-archive-2000-january-2021.pdf>

<sup>102</sup> Order of the Minister of National Economy of the Republic of Kazakhstan No. 81 of 17 February 2016 "On approval of the List of goods to which export customs duties are applied, their rates, and validity period, and the Rules for calculation of the export customs duty rates for crude petroleum and petroleum-based products".

<sup>103</sup> Resolution of the Eurasian Economic Commission Board No. 43 of 31 March 2020 "On amending the Resolution of the Eurasian Economic Commission Board No. 30 of 21 April 2015 "On non-tariff regulation measures".

authorities and organizations concerning export promotion and ensures provision of service support measures.

Since March 2019, the State Revenue Committee of the RK Ministry of Finance has implemented a “single window” for export and import transactions through which foreign economic activity entities can carry out customs operations: declare goods, pay customs duties and charges, and obtain necessary authorization documents from public authorities (if their goods are subject to non-tariff regulation measures).

Creation of such “single window” on the basis of the *QazTrade* Centre for Trade Policy Development JSC for exporters in 2019 was one of the significant changes in export support. The facility operates as a dialogue forum for Kazakhstani exporters on all matters of interest to them. To implement the “single window”, an export portal was created in 2020, being a digital platform for interaction between exporters and public authorities. Since 2020, exporters are rendered information support by providing country reviews, exporter’s guides, various catalogues of export products, international trade events, etc., and advisory support concerning current financial and non-financial measures of export promotion and exporters’ interaction with organizations directly providing some or other support.

In 2020, a new tool of state export support was created, the Acceleration Programme<sup>104</sup> applications for participation in which are also submitted via the above-mentioned export portal. China was selected as a target market for 2020 with a focus on food industry enterprises. The programme includes diagnostics of export potential of enterprises, training, and support until signing of export contracts with Chinese buyers. In 2020, 35 Kazakhstani companies, engaged in agriculture and food industry, took part in the Acceleration Programme.

The Ministry of Trade and Integration of the Republic of Kazakhstan, in cooperation with the *QazTrade* Centre for Trade Policy Development JSC, renders service support to entrepreneurs since 2020 for promotion of goods on web platforms. As part of such support, 100 user accounts with the Golden Supplier status were created on *Alibaba.com* international web platform, 42 of which sell agrifood products. The trading platform already offers more than 4 000 Kazakhstani-made goods including pasta products, flour, honey, confectionery, meat, beverages, vegetable oils, and many others. The Ministry of Agriculture of the Republic of Kazakhstan carried out work in 2020 to

promote export products to foreign markets and signed protocols with China’s General State Administration of Quality Supervision, Inspection and Quarantine concerning inspection, quarantine and veterinary-sanitary requirements applied to the frozen meat of sheep and goats, beef and pork for their export deliveries to China.

A leading part in the field of insurance and financial support to exporters is played by the Export Insurance Company *KazakhExport* JSC. The company provides credit insurance to non-primary product exporters and financial support to buyers of Kazakhstani non-primary products.

## Trade agreements

Active work is underway in the country within the framework of the WTO Trade Facilitation Agreement. On 25 January 2018, the National Committee for Trade Facilitation was established on the basis of the Interdepartmental Commission (IDC) of the Republic of Kazakhstan for Foreign Trade Policy and Participation in International Economic Organizations, which includes representatives of public authorities and business. The Ministry of Trade and Integration of the Republic of Kazakhstan is the IDC working body.

As of September 2020, the trade measures included in Category A under the WTO Trade Facilitation Agreement and implemented by Kazakhstan since taking effect by the Agreement make up 63.4 percent of the total number of measures. 24.4 percent of the measures belong to Category B (to be implemented by 22 February 2023); 12.2 percent of the measures belong to Category C (they are expected to be implemented by 22 February 2023, but assistance is required). Thus, 63.4 percent of all the necessary measures (Category A commitments) are already being implemented by Kazakhstan in full.

On 17 May 2018, during the Astana Economic Forum, the Interim Agreement leading to the establishment of a free trade area between the EAEU and its member states and Iran (Islamic Republic of) was signed for three years. It took effect on 27 October 2019. As part of the Agreement, Iran (Islamic Republic of) has reduced customs duty rates for industrial goods from 22.4 percent to 15.4 percent and for agricultural goods from 32.2 percent to 13.2 percent since 27 October 2019.

The Free Trade Agreement between the EAEU and the Republic of Singapore was signed on 1 October 2019, according to which Singapore shall cancel import customs duty rates for all the goods imported from the EAEU member states. As of 31 December 2020, however, it has not yet taken effect.

<sup>104</sup> More detailed information about the programme is provided in an article published in the FAO Newsletter (<http://www.fao.org/3/cb3296ru/cb3296ru.pdf>).

The Free Trade Agreement between the EAEU and Serbia was signed on 25 October 2019 at a session of the Eurasian Intergovernmental Council. At present, the document is undergoing the ratification procedure in the Union member states. Kazakhstan ratified it on 15 February 2021.<sup>105</sup>

From the date of the Agreement's taking effect, Serbia shall cancel import duties on products originating from the EAEU member states except for white sugar, ethyl alcohol, cigarettes, and agricultural goods.

Under the Free Trade Agreement with Viet Nam,<sup>106</sup> import customs duties for suppliers from the EAEU member states shall be immediately cancelled for more than 59 percent of commodity headings, and shall be zeroed for other 29 percent within transitional periods of five to ten years.

## Changes in food and agricultural support

According to the Ministry of Agriculture of Kazakhstan, 55.4 billion tenge (USD 134.2 billion) was allocated for support to domestic agricultural producers from the state budget in 2020 as part of the anti-crisis measures implemented to combat the pandemic.<sup>107</sup>

Certain changes occurred in the domestic policy of state support to agriculture in 2020, aiming to reduce ineffective subsidies and improve efficiency of certain sector support tools. The share of plant growing in the volume of subsidies was 67.3 percent, the share of animal farming being 32.7 percent.

In 2020, the rules of subsidization of plant growing product yield and quality enhancement<sup>108</sup> were approved, specifying four areas of such subsidization:

- development of production of priority crops, including perennial plantings;
- development of seed farming;
- cheapening of mineral fertilizers; and
- cheapening of pesticides and bioagents (entomophages).

In view of the pandemic, additional 11.0 billion tenge (USD 26.6 million) was allocated for development of plant growing in 2020, including 2.5 billion tenge (USD 6.1 million) to subsidize development of seed farming, 2.8 billion tenge (USD 6.8 million) to subsidize procurement of fertilizers, and 5.6 billion tenge (USD 1.4 million) to subsidize procurement of pesticides. Under the budget programme "Subsidization of development of seed farming", the budget funds were spent in full (100 percent). The funds allocated to implement the COVID-19-related anti-crisis measures allowed for additional financing of the procurement by economic entities of about 30.7 thousand tonnes of elite and primary seeds, 14.8 thousand seed units of first filial hybrids, and 729.6 thousand of elite seedlings.

The funds were also spent in full under the budget programmes for subsidization of the cost of fertilizers and pesticides. The funds received within the framework of implementation of the anti-crisis measures allowed economic entities to purchase additionally 57.6 thousand tonnes of fertilizers and 3.8 million litres of pesticides.

10.5 billion tenge (USD 26.6 million) was allocated to subsidize development of livestock breeding, enhancement of livestock farming productivity, and improvement of animal product quality.

<sup>105</sup> <https://adilet.zan.kz/rus/docs/Z2100000007>

<sup>106</sup> Concluded on 29 May 2015.

<sup>107</sup> Resolution of the Government of the Republic of Kazakhstan No. 908 of 6 December 2019 "On implementation of the Law of the Republic of Kazakhstan "On the Republican Budget for 2020-2022". The Resolution was amended on 6 November, 10 December and 29 December 2020.

<sup>108</sup> Order of the Minister of Agriculture of the Republic of Kazakhstan No. 107 of 30 March 2020 "On approval of the Rules of subsidization of plant growing product yield and quality enhancement".

Amendments to the RK Law “On state regulation of development of the agro-industrial complex and rural areas”, which have taken effect since 2020,<sup>109</sup> provide for introduction of a new system of voluntary insurance in the agricultural sector. The system envisages state support in the form of 50 percent subsidies for insurance premiums. In 2020, 2.4 billion tenge was allocated for implementation of this programme.

37.7 billion tenge (USD 91.2 million) was allocated for subsidization of interest rates on loans, including 1.5 billion tenge (USD 3.6 million) within the framework of the anti-crisis measures.

0.2 billion tenge (USD 0.5 million) was allocated for subsidization in terms of guaranteeing and insuring the loans taken by AIC entities.

Instruments of subsidization and concessional and unsecured lending, implemented under such state programmes as the “Economy of simple things” and the “Business roadmap 2025,” remain to be key mechanisms of support to Kazakhstan’s agrifood sector.

The commodity range under the programme “Economy of simple things” was expanded in 2020 in terms of agricultural and food industry products as part of response to the COVID-19 consequences. The loan disbursement period was increased to 10 years. The state also subsidizes the interest rate on bank loans – up to 10 percent of its nominal value.

KazAgro state holding was the main operator for providing support to business entities in agriculture in 2019–2020. In 2021, it was merged with Baiterek National Management Holding, and its three subsidiaries – the Agrarian Credit Corporation, KazAgroFinance and the Fund of Financial Support to Agriculture – became part of the holding.

### **Digitalization**

In 2020, almost all types of the subsidy provision services rendered to agriculture were digitalized via Qoldau.kz digital platform. The digital ecosystem was created for efficient interaction among the Ministry of Agriculture of the Republic of Kazakhstan, local authorities, agricultural producers, farmers, suppliers, elevators, banks and other financial organizations.

### **Amber box measures**

The state continues to provide assistance in the development of agriculture by means of supporting general services such as research, training, inspection, veterinary and other services. On 1 September 2020, the research institution status was granted to the non-profit joint-stock society “S. Seifullin Kazakh Agro Technical University.” A.I. Baraev Scientific and Production Centre of Grain Economy, the North Kazakhstan Agricultural Experimental Station, and the Kazakh Research Institute of Forestry and Agricultural Afforestation became part of the university, which will allow for a more efficient combination of research and practical training.

<sup>109</sup> Law of the Republic of Kazakhstan No. 66 of 8 July 2005 “On state regulation of development of the agro-industrial complex and rural areas”.

# Kyrgyzstan

Roman Mogilevskii

## Overall context of trade policy

No major changes were occurring in Kyrgyzstan's socioeconomic development and foreign trade in 2019. The COVID-19 pandemic became the most important shock affecting all aspects of the socioeconomic situation in the country, including its agrifood foreign trade. The pandemic began to manifest itself in Kyrgyzstan in March 2020 when the first disease cases were recorded and a strict quarantine was imposed. The quarantine envisaged closure of land borders for movement of persons, termination of air traffic, substantial restrictions on movement of persons inside cities and between settlements, temporary suspension of operation of most enterprises in the service sector, including open-air markets, etc. The quarantine, in its most restrictive form, lasted until May 2020, however some restrictions remained in force throughout 2020. The border with China was completely closed by the Chinese party for

movement of goods during several months, and though freight traffic across that border was resumed later, its former throughput was still not restored by April 2021. The number of crossing points on the borders with Kazakhstan, Tajikistan and Uzbekistan open for freight vehicles was also considerably limited for some period.

The pandemic severely damaged Kyrgyzstan's economy. The country's real GDP dropped by 8.5 percent compared to 2019,<sup>110</sup> which entailed a decline in personal income and state budget revenues and in contraction of domestic demand for agrifood products. Agricultural production was almost unaffected, though: the sector's gross output

<sup>110</sup> Hereinafter, the National Statistical Committee of the Kyrgyz Republic (NSC) is the data source, unless otherwise noted.



growth rate amounted to 1.1 percent whereas the average annual growth rate for 2010-2019 was 1.9 percent. Food industry production output, on the contrary, declined rather considerably: its physical volume index was 93.2 percent in 2020. The pandemic-related fall of oil prices provoked devaluation of the Russian ruble and Kazakhstani tenge against the US dollar, which also entailed devaluation of som (national currency of Kyrgyzstan), in particular its exchange rate decreased from 69.85 som per USD in February 2020 to 84.63 som per USD in February 2021. For the same period, some also slightly weakened against ruble, tenge and Uzbekistani som. Combined with growth of global food prices (FAO Food Price Index increased by 30.8 percent in April 2021 year-on-year), it resulted in a surge of inflation: consumer price index and food price index in Kyrgyzstan grew in March 2021 by 10.2 percent and 16.5 percent, respectively, versus March 2020. Contraction of personal income and high inflation resulted

in growing poverty: its rate measured by the national poverty line increased from 20.1 percent of total population in 2019 to 25.3 percent in 2020.

The restrictions on movement of persons and freights, GDP drop, high inflation and devaluation of som resulted in a decline of agrifood exports and imports. Exports decreased by 6 percent in USD terms in 2020, and imports decreased by 12 percent.

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## Agricultural trade policies

### Import policy

#### Import duties

Since its accession to the Eurasian Economic Union (EAEU) in 2015, Kyrgyzstan has been applying the EAEU Common Customs Tariff (CCT) (except for the group of goods for which the country was granted a transition period concerning application of the CCT rates, see below). According to the WTO data, the average flat applied rate of import duties was 6.6 percent for trade with the countries enjoying the Most Favoured Nation (MFN) regime and 9.2 percent for agrifood products.

#### Tariff quotas

Resolutions of the Eurasian Economic Commission (EEC)<sup>111</sup> decreased the tariff quota on beef imports for Kyrgyzstan in 2020-2021 to 5 thousand tonnes (from 7 thousand tonnes in 2019), whereas the tariff quota on poultry imports was increased from 56 thousand tonnes in 2019 to 58 thousand tonnes, i.e. its size relapsed to the 2018 level. Tariff quotas on meat of swine (3.5 thousand tonnes), milk whey (0 thousand tonnes) and Vietnamese rice (0 thousand tonnes) remained unchanged versus 2019.

In response to sugar price growth in all the EAEU countries, the EEC Council<sup>112</sup> introduced sugar import quotas in April 2020 for the period from 15 May to 30 September 2021. Kyrgyzstan may import up to 40 thousand tonnes of sugar from outside the EAEU free of duty. This measure can partially compensate for the transition quota on duty-free imports of raw cane sugar for processing in the amount of 100 thousand tonnes which was in force before 2020.

No change in terms of **quantitative restrictions, sanitary and phytosanitary control and technical regulation** concerning imports occurred during the period under review.

#### Other import policy measures

Some changes were made in the taxation of import of some agrifood products during the period under review. In 2019, production and import of agricultural poultry and fish feed were exempt from value-added tax (12 percent rate), which showed the state's intention of supporting growth of poultry farming and fishing industry in the country. That same year, excise duties on production and import of new tobacco product types such as heated tobacco products and nicotine-containing liquids for electronic cigarettes

were introduced. Obviously, the changes are a response to growing popularity of those products among consumers.

In 2020, due to the serious restrictions and new requirements to vehicles crossing the border, which were imposed on the Chinese authorities because of the pandemic, Kyrgyzstan had to implement a new algorithm of border crossing at the Torugart road point through which the bulk of imports from China goes. This algorithm, in particular, removed the pre-existing opportunity of border crossing by motor vehicles: only exchange of trailers or containers as well as reloading of goods from Chinese to Kyrgyz trucks in the crossing point territory is allowed. That slowed down the border crossing process for commercial trucks.

### Export policy

#### Export duties

To prevent exports of unprocessed products from the country and to preserve the resource base for the domestic leather industry, Kyrgyzstan maintains duties on exports of raw hides and skins of bovine and equine animals (at 20 percent but no less than EUR 0.2 per kg) outside the EAEU and the CIS Free Trade Area participating countries.<sup>113</sup> The volume of their exports was 9.8 thousand tonnes, USD 2.4 million's worth, in 2015; in 2020, no exports of these products were recorded but there was a small volume of exports on related product codes (skins of a weight not exceeding but less than 16 kilogrammes). Tellingly, the National Statistics Committee report on industrial production outputs in 2019–2020 contains no data on any manufacture of leather products from the raw materials produced in the country; in other words, that export duty did not work.

**Quantitative restrictions on exports** of agrifood products are not used in Kyrgyzstan, except a ban on export of alcohol and tobacco products by individuals in any amount greater than 5 litres of alcohol products or 250 grams of tobacco per person older than 18 years of age.<sup>114</sup>

#### Export bans

The pandemic-related concerns about a break of supply chains and growth of food product prices prompted imposition of the bans on exports of some agricultural products not used before. The list of products banned for export outside the EAEU initially included wheat and wheat flour, pasta products, rice, vegetable oil, sugar, chicken eggs, salt and fodders. The ban was later extended to

<sup>111</sup> EEC Board Resolutions Nos. 127 of 31 July 2019, 163 of 17 September 2019, 102 of 18 August 2020, 110 of 8 September 2020.

<sup>112</sup> EEC Board Resolution No. 33 of 23 April 2021.

<sup>113</sup> Resolution of the Government of the Kyrgyz Republic (KR) No. 254 of 16 May 2016.

<sup>114</sup> Resolution of the KR Government No. 563 of 6 August 2015.

cover mineral fertilizers. Remarkably, practically all these products are traditionally imported to Kyrgyzstan and were never exported from it; prices for them in the country are not subsidized. In other words, there are no economic prerequisites for export of these products. Imposition of the temporary ban and its subsequent prolongation demonstrates the government's psychological response to an acute external shock and is not related to any real risk of outflow of these products from the domestic market.

In late 2020, a ban on exports of live animals and poultry was introduced for the period from 8 January to 8 July 2021.<sup>115</sup> Unlike the above-mentioned products, this ban was caused by a very sharp – 8-18 times – growth (from a low baseline) of exports of bovine animals, sheep and goats to Uzbekistan during 2020 amid a swift rise of meat prices in Kyrgyzstan. Most likely, the explosive growth of those exports is connected with the state programme of cattle import subsidization in force in Uzbekistan, due to which Uzbek importers are ready to pay good prices for cattle. The extent to which the above-mentioned cattle export ban allowed slowing down the growth of domestic meat prices can be judged by the fact that the growth continued in January-April 2021 at about the same rate that the growth of prices for all food products in general: in April 2021, the meat price index was 104.4 percent to December 2020 while the food price index for the same period turned out to be 105.5 percent.

#### **Export promotion measures**

In February 2021, the Government of the Kyrgyz Republic<sup>116</sup> cancelled sanitary, veterinary and phytosanitary control at border crossing by trucks exporting goods outside the EAEU. The control was found to be redundant because the same types of control are exercised by the importing country's authorities on the other side of the border.

Requirements concerning mandatory labelling of various product types including dairy produce took effect in the Russian Federation recently (since 1 July 2021). The EEC considers extension of similar requirements to all the EAEU countries. It has direct implications for operations of the Kyrgyzstani exporters working for the Russian market. The Russian Federation decided to provide technical assistance to Kyrgyzstan for the establishment of a system of product labelling in the form of identification means; a respective intergovernmental agreement was signed on 25 February 2021. Under the agreement, the Russian party will allocate 623 million rubles (about USD 8 million) on a non-repayable basis.

<sup>115</sup> Resolutions of the KR Government No. 569 of 19 November 2020, No. 638 of 30 December 2020.

<sup>116</sup> Resolution of the KR Government No. 64 of 26 February 2021.

## **Trade agreements**

When Kyrgyzstan joined the EAEU, it was entitled to apply the import duty rates other than the EAEU Common Customs Tariff (CCT) rates to some items of the foreign economic activity commodity nomenclature during a transition period. The transitional provisions provided for duty-free import of goods and covered 166 tariff lines including some agricultural goods (seed potatoes and beans, corn hybrids, etc.). Initially, the period of validity of these exemptions was set until 31 December 2019, however the EAEU Resolution dated 14 April 2020 extended it until the end of 2020. The CCT took effect since 1 January 2021 for all the goods imported to Kazakhstan.

Continuing to set up a system of recording of goods imported from the EAEU countries for collection of indirect taxes<sup>117</sup> and prevention of state budget losses, the KR Government adopted a number of resolutions.<sup>118</sup> The resolutions established a network of temporary and fixed points of transport control and recording of goods, which perform the functions of tax accounting of the goods imported from the EAEU countries. They may be assisted as appropriate by mobile teams from among the staff of tax, law-enforcement and quarantine bodies. The points are situated near crossing points on Kyrgyzstan's border with Kazakhstan (internal EAEU border) and at railway stations/airports receiving freights from the EAEU. To some extent, such recording points reproduce functions of the customs service that has nothing to do with commodity flows inside the EAEU any more since Kyrgyzstan joined this trading bloc.

When calculating value-added tax liabilities, Kyrgyzstan continues to apply the minimum level of reference prices for some goods imported from the EAEU, including many food products (sugar, wheat, wheat flour, rice, eggs, etc.). This minimum level was introduced a few years ago<sup>119</sup> to neutralize any attempt of underpricing in case of product imports from the Union member states. To restore the national regime (i.e. equal taxation rules) for the goods originating from the EAEU countries, the same minimum

<sup>117</sup> Indirect taxes are value-added tax and excise tax; see Art. 2 of the Protocol on the procedure of levying indirect taxes and the mechanism of control over their payment while exporting and importing goods, performing works, rendering services.

<sup>118</sup> Resolutions of the KR Government Nos. 396 of 23 August 2018, 150 of 1 April 2019, 151 of 13 March 2020, 430 of 21 August 2020, and 540 of 6 November 2020.

<sup>119</sup> Resolution of the KR Government No. 537 of 12 October 2016.

level of reference prices was extended in 2020<sup>120</sup> to corresponding goods made in Kyrgyzstan.

The problems related to crossing of the state border between Kazakhstan and Kyrgyzstan by trucks with agricultural products continued to make themselves felt in 2019–2020. Kazakhstan exercises complete control of the country of origin of the goods arriving from Kyrgyzstan, in order to prevent improperly formalized re-export of Chinese goods from Kyrgyzstan to Kazakhstan and then to the Russian Federation. This complete control slows down border crossing considerably and creates very long queues on the border. As a result, exports of perishable products (fresh vegetables and fruit) originating from Kyrgyzstan are affected because the trucks transporting them stand in the same queue as vehicles with allegedly re-exported products. These difficulties were even more aggravated in 2020 when five of seven existing border crossing points were closed because of the pandemic. The Government of Kyrgyzstan repeatedly raised this concern for discussion within the EAEU and WTO framework.

## Changes in food and agricultural support

The most recent notification containing information about domestic support to agriculture in Kyrgyzstan was submitted to the WTO in 2017. According to the notification, the total volume of domestic support to the sector was 1.37 billion soms (USD 19.8 million at the average exchange rate of 68.87 soms/USD in 2017) that is equivalent to 0.65 percent of gross agricultural output. This figure was made up of the amounts of financing for two key programmes of support to agriculture belonging to the amber box: 1) the loan subsidization programme “Financing of Agriculture” (FoA); and 2) agricultural machinery leasing subsidization programme. According to the notification, the value of the green amber measures was 2.9 billion soms (USD 42.1 million at the same exchange rate).

More up-to-date information on state support to agriculture in Kyrgyzstan is presented in Table 3.2.

The state support covers current expenses for the operation of the entities engaged in delivery of services to agriculture (irrigation, counselling, veterinary and phytosanitary control, etc.) as well as expenses for development of agricultural infrastructure as part of the development budget funded from resources provided by international development organizations and through co-financing from domestic sources. One may note that the expenses for support to agriculture decreased considerably in 2020, which is explained by the pandemic-related problems. The FoA programme, providing subsidized loans to agricultural producers and processing enterprises, was particularly heavily affected. At the same time, as financing for this and other programmes was cut back, the government started providing subsidies to seed farms: 86.5 million soms (a little over USD 1 million) was provided in the state budget for 2020 for these purposes.

In addition to the budgetary resources, the state provides support to agriculture from quasi-public funds. The Russian-Kyrgyz Development Fund (RKDF) is one of the largest sources of financing for Kyrgyzstan’s agrifood sector. It was founded in 2014 based on an agreement between the KR Government and the Government of the Russian Federation to support the processes of Kyrgyzstan’s adaptation during the country’s accession to the EAEU. The Fund’s capital, amounting to USD 500 million, was provided by the RF Government. RKDF is managed jointly by the governments of the two countries. The Fund provides support through two main product types: 1) credit lines for small and medium-sized business provided via commercial banks of Kyrgyzstan; and 2) direct loans provided by the Fund to larger borrowers. As of April 2021, RKDF disburses loans of up to USD 25 million for up to 10 years.<sup>121</sup> Interest rates are 4-7 percent in USD; for some products, loans may be provided in soms, with interest rates being 8-14 percent per annum. As of 30 June 2020, banks’ debt to RKDF under credit lines was USD 95 million whereas the debt of direct lending clients was USD 106 million. As of 1 April 2021, RKDF approved 2.9 thousand projects amounting to USD 434 million, the agricultural sector’s share being 23 percent of the total volume of lending.

<sup>120</sup> Resolution of the KR Government No. 241 of 8 May 2020.

<sup>121</sup> Hereinafter the source is RKDF.

TABLE 3.2

State support to agriculture in Kyrgyzstan, million soms

	2018	2019	2020
Ministry of Agriculture, Food Industry and Melioration <sup>122</sup> – total	4 081	2 078	978
current expenses	1 800	1 700	444
development budget <sup>123</sup>	2 281	378	534
State Inspectorate for Veterinary and Phytosanitary Safety (current expenses)	726	599	603
State Agency for Local Self-governance and inter-ethnic relations (development budget to the extent related to agriculture)	-	766	272
State Agency for Water Resources – total	-	646	2 240
current expenses	-	-	1 389
development budget to the extent related to agriculture	-	646	851
Ministry of Finance – total	1 051	1 333	398
current expenses (Financing of Agriculture project)	885	985	290
development budget to the extent related to agriculture	166	348	108
Total			
million soms	5 858	5 423	4 492
million USD	85	78	58
% of gross agricultural output	2.9	2.5	1.8
For reference:			
Exchange rate, som/USD	68.84	69.79	77.35
Gross agricultural output, billion soms	205.0	221.0	247.3

<sup>122</sup> Hereinafter, names of ministries and agencies are given as of late 2020.

<sup>123</sup> Hereinafter, the development budget includes expenses incurred from external financing and internal co-financing.

Sources: Kyrgyz Republic Ministry of Finance, Kyrgyz Republic National Statistical Committee, Kyrgyz Republic National Bank, Kyrgyz Republic Law "On amending the Law of the Kyrgyz Republic "On the Republican Budget of the Kyrgyz Republic for 2020 and the forecast for 2021-2022" (No. 14 of 31 December 2020); author's calculations.

The Guarantee Fund (GF), founded by the KR Government in 2016, is another tool which allows for easier access of agricultural producers to loans. It was capitalized due to funds of the state budget and the National Bank of the Kyrgyz Republic; its capital totalled 4.2 billion soms (about USD 50 million) as of late February 2021.<sup>124</sup> The GF grants guarantees to the enterprises that do not have enough assets to use as a collateral for taking loans from commercial banks. The amount of a guarantee may be up

to 50 percent of the necessary collateral, but no more than 30 million soms (about USD 350 thousand), for up to four years. In case of agricultural and processing enterprises, the Fund charges a one-time fee for its services on most guarantee products, which is 2 percent of the guarantee amount. Since the start of its operation and until February 2021, the GF issued guarantees to the agro-industrial complex amounting to 1.031 billion soms (about USD 12 million) that is 36 percent of the total guarantee portfolio.

<sup>124</sup> Data source: Guarantee Fund (<https://gf.kg/>).

# The Republic of Moldova

Alexandru Stratan

## Overall context of trade policy

The year of 2020 was one of the most difficult to the agricultural sector of the Republic of Moldova because of a considerable impact of two key factors: severe drought and the COVID-19 pandemic. Importantly, the damage caused by the drought was heavier in its negative implications than the pandemic-related consequences: gross agricultural output amounted to 72.9 percent of the 2019 level while plant growing production output fell drastically (by 35.9 percent). The COVID-19 pandemic effects were limited as compared to the drought: in the agricultural sector, they mainly took the form of difficulties in transportation, decline in foreign demand from some partners of the Republic of Moldova, and periodic interruptions in the supply chain.

Agricultural product exports increased by 3.5 percent in 2019 year-on-year, to USD 1.2 billion. They accounted for 43.8 percent of the total volume of goods delivered abroad. The value of agrifood imports totalled USD 819.6 million, 5.4 percent higher compared to 2018. Their share in the total volume of imports was 14.0 percent.<sup>125</sup>

Agricultural product exports in 2020 amounted to USD 1.1 billion because of severe drought and the COVID-19 pandemic effects, which is 10.1 percent less than in the previous year, while the share in the total exports of goods remained unchanged (44.0 percent). At the same time, an upward trend, recorded in previous years, continued in the

<sup>125</sup> UN Comtrade (<https://comtrade.un.org/>).



agrifood imports (+3.7 percent versus 2019). The value of the imports reached the USD 850.1 million, that being 15.7 percent of total imports of goods.<sup>126</sup>

The balance of foreign trade in agricultural goods was positive both in 2019 and 2020: USD 396.8 million and USD 243.2 million, respectively.

Trade policy in the Republic of Moldova focuses on the development of strong trade relations with the European Union countries within the Deep and Comprehensive Free Trade Area (DCFTA) framework and on geographical diversification of agricultural exports to other countries.

Agricultural export destinations were still determined, first of all, by the geographical proximity of sales markets – the European Union and the CIS. Meanwhile, a downward trend in imports of agricultural goods from the CIS countries and an upward trend in their deliveries from the European Union continued.

<sup>126</sup> UN Comtrade (<https://comtrade.un.org/>).



## Agricultural trade policies

### Import policy

#### Import duties

Import duty rates in the Republic of Moldova have been changing on the annual basis since 2015 according to the Law "On approval of the Combined Commodity Nomenclature".<sup>127</sup> Based on the nomenclature approved by the Law, an online database "Integrated Customs Tariff of the Republic of Moldova" (TARIM) has been developed. Administered by the country's Customs Service, TARIM includes information about tariff measures and economic policy measures concerning exports and imports, and is used during customs clearance of goods.

The applied import duties do not exceed the bound tariff levels that were set during the country's accession to the WTO. Since that moment, a trend towards reduction or complete abolition of import duties has been observed, which is explained by the country's socioeconomic interests and by significance of some commodity groups. The flat average rate of the applied customs duty (MFN) for agricultural goods was 11.1 percent<sup>128</sup> versus 5.3 percent for all imported goods in 2019 (11.2 percent and 5.3 percent, respectively, in 2018).

According to an approved list, a large quantity of imported goods in the country are liable to value-added tax, and some of them are subject to excise duties.

The Republic of Moldova applies three types of import duty rates: ad valorem, specific and combined. Ad valorem duties are the main ones, set at the rate between 0 and 20 percent, except for sugar and other sugars where above-quota imports are taxed at the rate of 75 percent. Specific rates are applied to some alcoholic beverage categories (between EUR 0.15 and 0.5 per litre) and cigarettes (EUR 3/1 000 cigarettes). Combined rates are set for some products of animal origin (meat and butter) which are regarded as sensitive goods.

#### Tariff quotas

The Republic of Moldova sets tariff quotas for imports of white sugar and sugar products from all the countries except the CIS and Ukraine (pursuant to the provisions of the Free Trade Agreement) on an annual basis. In 2020, the allocated quota is 1 000 tonnes per year (allocated

on a first-come, first-served basis) for the commodity line "sugar"; 7 000 tonnes per year for the commodity lines "sugar containing added flavouring or colouring matter, and other cane or beet sugars" originating from the European Union; and 1 840 tonnes per year for the commodity line "other sugars" (including 1 200 tonnes for deliveries from the countries enjoying MFN, and 640 tonnes for deliveries from the European Union). The import duty rate is 10 percent for in-quota deliveries and 75 percent for above-quota deliveries.

The Free Trade Agreement with the European Union provides for a mechanism of gradual increase in the amounts of tariff quotas for some goods imported from the European Union such as pork, poultry, dairy produce, processed meat products, and sugar. They were applied in the following quantities in 2020: pork – 4 500 tonnes (4 000 tonnes before 2019), poultry meat – 5 000 tonnes (4 000 tonnes before 2019), dairy produce – 1 500 tonnes (1 000 tonnes before 2019), sausages and other meat offal – 1 700 tonnes (1 700 tonnes before 2019).<sup>129</sup>

#### Quantitative restrictions on imports (including import bans)

No quantitative restrictions on imports of agricultural goods were applied in the Republic of Moldova. According to Article 10 of the Law "On state regulation of foreign economic activities" (No. 1031 of 8 June 2000),<sup>130</sup> export and import are effected without any quantitative restrictions. Restrictions may be set by the Government only in exceptional cases according to the national legislation and the international treaties to which the Republic of Moldova is a party.

#### Import policy measures based on SPS requirements and technical regulation

Early in 2020, the Law "On food safety" (No. 306 of 30 November 2018)<sup>131</sup> came into force, Article 21 whereof contains provisions on import of food products and fodders to the Republic of Moldova. The Law prohibits import of food products with shelf life of up to 90 days if less than 30 days are left until its expiration date; import of food products with longer shelf life is prohibited if less 60 days are left until its expiration date.

<sup>127</sup> Law No. 172 of 25 July 2014 "On approval of the Combined Commodity Nomenclature". Published on 8 August 2014 in Monitorul Oficial No. 231-237/529, the Law took effect on 1 January 2015 ([https://www.legis.md/cautare/getResults?doc\\_id=91484&lang=ru](https://www.legis.md/cautare/getResults?doc_id=91484&lang=ru)).

<sup>128</sup> World Tariff Profiles, 2019, 2020 (<https://www.wto.org/>).

<sup>129</sup> The Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part, of 27 June 2014 ([https://gov.md/europa/sites/default/files/-\\_.pdf](https://gov.md/europa/sites/default/files/-_.pdf)).

<sup>130</sup> Law No. 1031 of 8 June 2000 "On state regulation of foreign economic activities". Published in Monitorul Oficial No. 119-120, Article 838, 21 September 2000.

<sup>131</sup> Law No. 306 of 30 November 2018 "On food safety". Published in Monitorul Oficial No. 59-65, Article 120 of 22 February 2019, and came into force on 22 February 2020.

According to the Order No. 29 of 24 January 2020 “On applying special measures for protection against penetration and spread of avian influenza in the territory of the Republic of Moldova”,<sup>132</sup> temporary restriction was imposed on import of poultry and poultry products and offal from Vinnytsia oblast of Ukraine as well as from some regions of other countries where avian influenza was found.

On 12 February 2020, the Government adopted its Resolution No. 87 “On some measures to prevent penetration of avian influenza virus”<sup>133</sup> that provides for a ban on import of poultry, meat, semi-finished meat products, and eggs from all regions of Ukraine until the WHO declares them an area free from avian influenza.

## Export policy

### **Export duties**

No export duties or taxes are applied in the Republic of Moldova.

### **Quantitative restrictions on exports (including export bans)**

No quantitative restrictions or bans on exports were applied in the Republic of Moldova in 2019–2020.

### **Export subsidies including transport subsidies**

No export and transport subsidies were applied in the Republic of Moldova in 2019–2020.

### **Export promotion measures**

For the purpose of promoting locally made agrifood products in domestic and foreign markets, Submeasure 1.9 “Encouraging the activities for promotion”<sup>134</sup> was introduced into the subsidization programme in order to support agricultural producers and producer groups, including through professional agricultural associations, for participating in and organizing exhibitions, fairs and competitions, including in foreign markets, in order to enhance competitiveness and promote domestic agricultural and agrifood products.

<sup>132</sup> Order No. 29 of 24 January 2020 “On applying special measures for protection against penetration and spread of avian influenza in the territory of the Republic of Moldova”, the National Agency for Food Safety.

<sup>133</sup> Resolution of the Government No. 87 of 12 February 2020 “On some measures to prevent penetration of avian influenza virus”. Published in Monitorul Oficial No. 44-54, Article 120, 14 February 2020 ([https://www.legis.md/cautare/getResults?doc\\_id=120346&lang=ru](https://www.legis.md/cautare/getResults?doc_id=120346&lang=ru)).

<sup>134</sup> Resolution of the Government of the Republic of Moldova No. 455 of 21 June 2017 “On allocation of resources of the National Fund for Development of Agriculture and Rural Areas”. Published in Monitorul Oficial No. 201-213/537 of 23 June 2017.

The amount of state support in this activity must not be greater than 50 percent of the expenses and not exceed MDL 100 000 per beneficiary for the participation in agrifood-related exhibitions, fairs and competitions, including those organized abroad, and MDL 30 000 for a geographical indication, protected appellation of origin and guaranteed traditional product certified according to HACCP, GlobalGap, GMP and ISO standards.

However, this measure has never become popular among producers because the culture of promotion is not enough rooted among farmers. Only one application was filed in 2017, which was rejected; in 2018, one application for MDL 77 900 (USD 4 636.3<sup>135</sup>) was approved; 5 applications for MDL 109 900 (USD 6 253.7<sup>136</sup>) were filed and approved in 2019; out of 6 requests in 2020, one application is so far approved, for MDL 5 500 (USD 317.5<sup>137</sup>), and 5 more applications for MDL 84 900 (USD 4 901.3) are currently under consideration.

## Trade agreements

Main trade agreements concluded by the Republic of Moldova are as follows:

- Law No. 218 of 1 June 2001 on the accession of the Republic of Moldova to the World Trade Organization (WTO);
- Law No. 120 of 4 May 2007 on the ratification of the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA);
- Agreement No. 4 of 18 October 2011 on the free trade area in the CIS territory having a high level of liberalization;
- Law No. 112 of 2 July 2014 on ratification of the Association Agreement between the European Union, of the one part, and the Republic of Moldova, of the other part. Trade relations between the European Union and the Republic of Moldova continue to be an important component of the country’s economic growth. The European Union has been gradually becoming the main trade partner of the Republic of Moldova in imports and exports since 2014;

<sup>135</sup> Average annual rate of the National Bank of Moldova (NBM) for 2018 was 16.8021 MDL/USD.

<sup>136</sup> Average annual NBM rate for 2019 was 17.5735 MDL/USD.

<sup>137</sup> Average annual NBM rate for 2020 was 17.3218 MDL/USD.

- Law No. 49 of 31 March 2016 on ratification of the Free Trade Agreement between the Republic of Moldova and the Republic of Türkiye.

Within the Deep and Comprehensive Free Trade Area (DCFTA) framework, tariff quotas for imports of Moldavian products to the European Union countries have been revised since 2020. Their rates were increased for the following products: grapes (from 10 000 to 20 000 tonnes), plums (from 10 000 to 15 000 tonnes), cherries (from 0 to 1 500 tonnes), wheat (from 75 000 to 150 000 tonnes), barley (from 70 000 to 100 000 tonnes), corn (from 130 000 to 250 000 tonnes), and processed cereals (from 2 500 to 5 000 tonnes).

On 23-25 March 2021, the first round of negotiations concerning establishment of a free trade area was held between the member states of the European Free Trade Association (EFTA) and the Republic of Moldova.

## Changes in food and agricultural support

State support to agriculture is provided in the Republic of Moldova by the Agency for Interventions and Payments in Agriculture (AIP) through the National Fund for Development of Agriculture and Rural Areas (hereinafter referred to as the National Fund). The fund is generated using annual appropriations from the state budget as well as finance from other sources, including those provided for by the European Commission programme funds.

Compared to the 2017-2018 period when the National Fund's budget amounted to 900 million in a calendar year (about USD 53.6 million), it increased by MDL 50 million in 2019, to MDL 950 million (USD 54.1 million) and exceeded MDL 1 billion for the first time in 2020, reaching MDL 1.2 billion (about USD 69.3 million). Importantly, the increase in the National Fund's budget was mainly connected with introduction of special measures of support to agricultural producers seriously affected by drought. However, measures of support to farmers or sectoral programmes directly targeted at the plant growing and livestock farming to combat adverse consequences of the COVID-19 pandemic (delays in spring field works such as sowing and planting, and interruptions in supplies by small livestock farmers for the public catering sector (HORECA)) were not introduced and implemented.

In addition, some provisions were added in 2019 to the procedure for granting of subsidies in the form of advance payments. The Government adopted its Resolution No. 476 of 18 October 2019 "On approval of the Regulations on provision of subsidies for improvement of living and

working standards in rural areas"<sup>138</sup> The advance subsidies are provided for addressing the following objectives: improvement and development of the rural community economic infrastructure; renewal and development of rural communities; diversification of rural economy by means of non-agricultural activities. The advance subsidies for improvement of living and working standards in rural areas amounted to MDL 25.8 million (about USD 1.5 million) in 2020. Although introduction of the measures of support to development of rural areas is a logical step, it is important to note that no additional funds for their implementation were allocated in the National Fund for Development of Agriculture and Rural Area. Hence, of concern is the fact that the National Fund's budget does not increase despite the addition of new measures.

According to the Government's Resolution No. 582 of 31 July 2020 "On approval of the procedure for providing compensations to mitigate effects of natural calamities on the 2020 harvest", the Ministry of Agriculture, Regional Development and Environment distributed, via the Agency for Interventions and Payments in Agriculture, MDL 300 million (about USD 17.3 million) from the National Fund for Development of Agriculture and Rural Areas to compensate for losses caused by drought and hail.<sup>139</sup> In particular, subsidies were granted for the drought-caused loss to producers of group 1 cereal crops, namely winter wheat (1 500 lei/hectare), winter barley (1 530 lei/hectare), and winter rape (2 100 lei/hectare). Subsidies to compensate for the loss recorded due to hail were paid to farmers growing peas (1 100 lei/hectare) and horticultural crops such as fruit trees, walnuts, fruit shrubs and strawberries (3 800 lei/hectare), grapevines (3 000 lei/hectare), and outdoor crops (2 000 lei/hectare). The compensation was offered only to the applicants whose losses amounted to more than 60 percent of the group 1 cereal crop harvest and no less than 60 percent of the fruit crop harvest.

Since most agricultural support measures in the Republic of Moldova are post-investment subsidies, and advance subsidies for start-up projects were provided only in 2018, the year of 2020 is very important because direct payments per livestock unit were for the first time introduced that year. Their goal is to revitalize the livestock farming sector

<sup>138</sup> Resolution of the Government No. 476 of 18 October 2019 "On approval of the Regulations on provision of subsidies for improvement of living and working standards in rural areas from the National Fund for Development of Agriculture and Rural Areas". Published in Monitorul Oficial No. 328/753 of 6 November 2019.

<sup>139</sup> Resolution of the Government No. 582 of 31 July 2020 "On approval of the procedure for providing compensations to mitigate effects of natural calamities on the 2020 harvest". Published in Monitorul Oficial No. 199-204 of 7 August 2020 ([https://www.legis.md/cautare/getResults?doc\\_id=122605&lang=ru](https://www.legis.md/cautare/getResults?doc_id=122605&lang=ru)).

that has been declining steadily since the 1990s. According to the Government's Resolution No. 836 of 18 November 2020 "On approval of the Regulations on providing direct payments per livestock unit",<sup>140</sup> it is planned to allocate from the budget of the National Fund for Development of Agriculture and Rural Areas no less than 30 percent of the funds requested in the applications for relevant payments annually. Direct payments per livestock unit are provided to owners of the following animal categories: cattle (MDL 7 000 per head on average), sheep (MDL 500 on average), and goats (MDL 500 on average). At the same time, these direct payments do not cancel two existing submeasures on provision of post-investment subsidies to the agricultural sector, namely Submeasure 1.4 "Encouraging investments in the infrastructure and technological upgrading of animal farms" and Submeasure 1.5 "Encouraging the procurement of pure-bred animals and maintenance of the genetic stock."

Late in 2020, the Government adopted the Resolution No. 985 of 22 December 2020 "On approval of the Regulations on the conditions and procedure of providing advance subsidies for investment projects of land improvement".<sup>141</sup> Its scope applies to the measures related to preventing and combatting (wind and water) soil erosion on agricultural land vulnerable to surface and depth erosion; the measures related to improvement of the chemical composition of soils on agricultural land with saline alkali soils (semi-hydromorphic and hydromorphic); and the measures related to the conservation and fertility enhancement of agricultural soils. Importantly, these auxiliary measures are financed not from the National Fund for Development of Agriculture and Rural Areas but within the Land Improvement Programme framework.

Besides, the Agency for Interventions and Payments in Agriculture received MDL 59.7 million from the Russian Federation Government in 2020 for partial compensation for the damage caused to corn fields by drought in 2020, and for preparation of soils for the 2021 harvesting. In 2021, Romania provided 6 thousand tonnes of diesel fuel to the Republic of Moldova as humanitarian aid for commencement of agricultural work.

No major changes in farmers' access to subsidization programmes were recorded in 2019–2020, whereas the most popular submeasures demonstrate a continuous upward trend. In 2020, the debt to agricultural producers

<sup>140</sup> Resolution of the Government No. 836 of 18 November 2020 "On approval of the Regulations on providing direct payments per livestock unit". Published in Monitorul Oficial No. 318/992 of 2 December 2020.

<sup>141</sup> Resolution No. 985 of 22 December 2020 "On approval of the Regulations on the conditions and procedure of providing advance subsidies for investment projects of land improvement". Published in Monitorul Oficial No. 22-32/33 of 29 September 2021.

for 2019 was paid in the amount of 503.8 million lei. As of 1 January 2021, 5 586 applications for post-investment subsidies, amounting to about 820 million lei, were under the AIP consideration. Of them, 4 757 applications were processed by April 2021, and permission was granted for payment under 4 604 applications amounting to MDL 734.6 million (debt since 2020).

The following submeasures remain to be the most popular (Table 3.3):

- Submeasure 1.6. Encouraging investments in development of the post-harvest treatment and processing infrastructure. Its share in 2019 was 32.8 percent of the total volume of approved subsidies, or a 26.2 percent increase versus 2018);
- Submeasure 1.3. Encouraging investments in agricultural machinery (19.2 percent share, 5.8 percent decline in 2019);
- Submeasure 1.7. Encouraging the lending to agricultural producers by commercial banks and non-banking financial institutions (10.1 percent share, 17.6 percent increase);
- Submeasure 1.4. Encouraging investments in the infrastructure and technological upgrading of animal farms (6.9 percent share, 63.9 percent increase); and
- Submeasure 1.2. P. Encouraging investments in arrangement of perennial plantings and fruit gardens (6.5 percent share, 17.2 percent increase).

Thus, the five submeasures alone accounted for about 75 percent of the total volume of the approved subsidies in 2019.

On the other hand, the smallest shares in the total volume of the provided subsidies belonged to the following submeasures:

- Submeasure 2.1. Encouraging investments in consolidation of agricultural lands (0.009 percent of the total volume of approved subsidies);
- Submeasure 1.9. Encouraging the activities for promotion (0.01 percent of total);
- Submeasure 1.8. Encouraging the establishment and operation of agricultural producer groups (0.1 percent);
- Measure 5. Counselling and training services (0.1 percent of total).

Since the amount of the debt for the previous year has been recently growing and new measures have been added to the subsidization programme, there arises a need either to increase the fund's means or to analyse effectiveness and revise the existing structure of the support measures.

No specific measures to combat the COVID-19 pandemic consequences in the agricultural sector were undertaken in 2020. At the same time, agricultural producers could avail themselves of a number of measures designed for the economy as a whole:

- deferment of the business profit tax for the 1st quarter of 2020 until 25 June 2020;
- postponement until 25 April 2020 of profit tax declaration and payment for 2019 for individual entrepreneurs and peasant holdings (farms), not VAT payers, employing three people at most, and for small and medium-sized enterprises;
- moratorium on all forms of state control of entrepreneurial activities until 1 June 2020;
- interest subsidization programme for enterprises which obtained commercial bank credits during the period from 1 May 2020 to 31 December 2020;
- VAT refund programme for companies registered as VAT payers and having declared VAT sums for deduction in the subsequent period; and
- 100 or 60 percent refund of the taxes and charges levied from the wages paid to workers of the economic entities which had to stop their operations because of the restrictions imposed by authorities and which are currently standing technically or otherwise idle.

TABLE 3.3

Subsidies approved within the Programme of state support to Moldavian agricultural producers from the funds of the Agency for Intervention and Payments in Agriculture of the Republic of Moldova, 2018–2020, million lei

Priorities, measures and submeasures	2018*	2019**	2020***
<b>Priority I. Improving competitiveness of the agricultural sector by means of restructuring and modernization</b>			
Measure 1. Investments in agricultural facilities for restructuring and adaptation to the European Union standards			
Submeasure 1.1. Encouraging investments in production of vegetables and fruits in protected ground (winter greenhouses, sun porches, tunnels)	11.0	7.2	3.3
Submeasure 1.2. A. Anti-frost and anti-hail systems	5.5	8.6	10.0
Submeasure 1.2. D. Uprooting of perennial plantings	64.8	66.1	25.7
Submeasure 1.2. P. Encouraging investments in arrangement of perennial plantings and fruit gardens	59.1	69.3	19.4
Submeasure 1.2. B. Encouraging investments in arrangement of vineyards	37.1	24.1	2.6
Submeasure 1.2. C. Encouraging investments in arrangement of berry plantations	15.3	24.1	9.3
Submeasure 1.3. Encouraging investments in agricultural machinery	217.3	204.7	88.1
Submeasure 1.4. Encouraging investments in the infrastructure and technological upgrading of animal farms	45.2	73.8	13.5
Submeasure 1.5. Encouraging the procurement of pure-bred animals and maintenance of the genetic stock	13.4	19.3	7.5
Submeasure 1.7. Encouraging the lending to agricultural producers by commercial banks and non-banking financial institutions	91.0	107.0	12.7
Submeasure 1.7. A. Encouraging insurance against production risks in agriculture	7.4	5.4	6.3
Measure 2. Investments in processing and sales of agricultural products			
Submeasure 1.6. Encouraging investments in development of the post-harvest treatment and processing infrastructure	276.4	349.0	86.3
1.6.1. Packaging and refrigerating facilities for storage of fruits, grapes and vegetables	166.12	198.5	44.7
1.6.2. Treatment, drying and freezing of fruits, grapes, vegetables and potatoes	44.8	60.9	7.5
1.6.3. Treatment, drying and conditioning of cereals, seeds of oil crops, sunflower and soya	55.2	65.6	24.1
1.6.4. Primary processing, packaging, chilling, freezing and storage of meat; processing, packaging and storage of milk; analysis of honey	10.2	24.0	10.1
Submeasure 1.8. Encouraging the establishment and operation of agricultural producer groups	1.2	1.4	1.9
Submeasure 1.9. Encouraging the activities for promotion	0.08	0.1	0.006
<b>Priority II. Ensuring sustainable management of natural resources</b>			
Measure 3. Preparation for taking actions concerning environment and rural areas			
Submeasure 2.1. Encouraging investments in consolidation of agricultural lands	0	0.1	0
Submeasure 2.2. Encouraging investments to purchase irrigation equipment	34.6	39.3	22.9
Submeasure 2.3. Encouraging agricultural producers by compensating for irrigation expenses	3.9	4.0	0
Submeasure 2.4. Encouraging investments in procurement of No-Till and Mini-Till equipment	63.7	32.5	10.6
Submeasure 2.5. Supporting promotion and development of ecological agriculture	7.3	7.9	0
<b>Priority III. Increasing investments in the physical infrastructure and the infrastructure of services in rural areas, including in the infrastructure of agricultural enterprises located outside settlements</b>			
Measure 4. Improvement and development of the rural infrastructure	13.1	18.2	6.6
Measure 5. Counselling and training services	1.0	1.3	0
<b>Total</b>	<b>968.0</b>	<b>1 063.6</b>	<b>325.7</b>

\* In 2018, debt was repaid to the agricultural producers who had filed applications for financial support in 2017 but had not received it due to depletion of the fund. In 2018, means for 1 501 requests amounting to 221.9 million lei were disbursed from the fund's sources.

\*\* In 2019, debt was repaid to the agricultural producers who had filed applications for financial support in 2018 but had not received it due to depletion of the fund. In 2019, means for 2 845 requests amounting to 342.4 million lei were disbursed from the fund's sources.

\*\*\* Preliminary data for 2020.

Source: the Agency for Intervention and Payments in Agriculture of the Republic of Moldova; data provided in April 2021.

# Russian Federation

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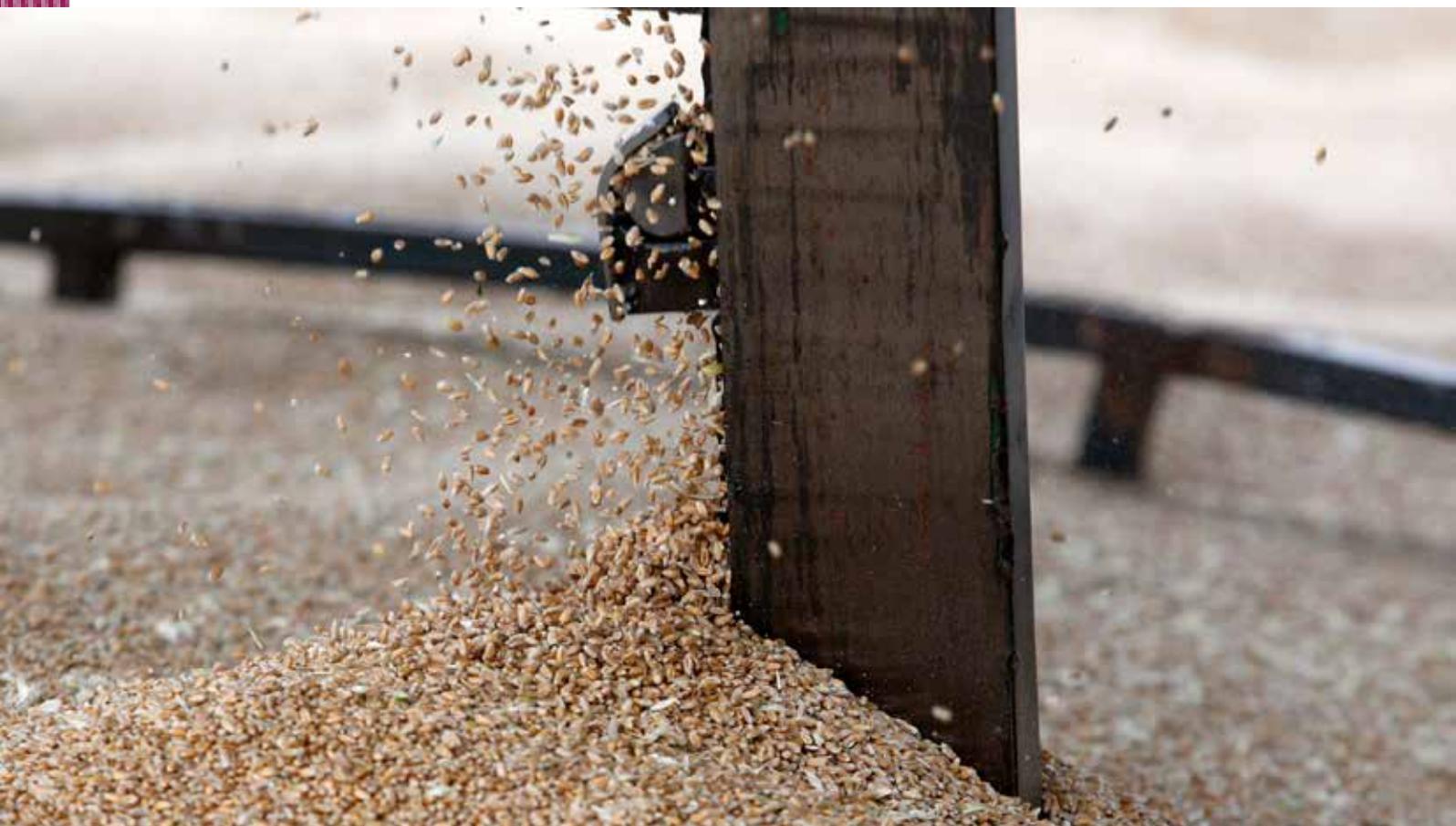
## Overall context of trade policy

In 2019–2020, the agrifood policy focus shifted from import substitution towards export development. The import substitution strategy formulated in the mid-2000s was successfully implemented. Almost complete self-sufficiency was achieved for some product types while a risk of overproduction emerged in some markets (such as poultry meat and pork). At the moment of approval of the federal project “AIC product exports”, in late 2018, more than twofold increase in export agricultural supplies by

2024 was expected (to USD 45 billion), with products with a higher added value being a primary focus.<sup>142</sup> The project is aimed at producing additional quantities of exported goods, developing export infrastructure, facilitating access to external markets due to improved sanitary and phytosanitary conditions, and establishing an effective system of product promotion and positioning abroad.

<sup>142</sup> According to the list of the foreign economic activity commodity nomenclature (FEACN) codes falling under the federal project “AIC product exports”, this covers exports of products included in the FEACN groups 01-24 as well as of some goods from other groups. A full list of codes may be found at <https://mcx.gov.ru/ministry/departments/departament-informatsionnoy-politiki-i-spetsialnykh-proektov/industry-information/info-pasport-federalnogo-proekta-eksport-produktsii-apk/>.

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In 2020, however, agrifood export regulation increasingly tightened because of the consequences of the COVID-19 pandemic. The Russian Federation introduced bans and restrictions on exports of wheat and other agricultural goods. The measures were aimed at protecting the domestic market, amid a rise in global food prices combined with weakening of the national currency, against any price increase likely to reduce accessibility of main food products to the most vulnerable population groups and, hence, to make the food security situation worse.

Nevertheless, the change of the Russian agrarian sector development model from an import-substitutive model to an export-oriented one influenced the agricultural product trade dynamics, and agricultural exports grew considerably in 2020 compared to 2018.

Export policy tightening will slow down expansion of agrifood exports from the Russian Federation. Late in 2020, target indicators of the federal project “AIC product exports” were adjusted downwards: the USD 45 billion food product export target was moved to 2030.

The Russian countersanctions introduced in 2014 to restrict agricultural imports from some countries remained in force in 2019–2020.

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## Agricultural trade policies

### Import policy

#### Import duties

The applied average import duty rate for agricultural goods in 2019 was 10.5 percent, that being lower than the final bound rate (10.9 percent) agreed during the Russian Federation's accession to the WTO.

As part of its commitments to the WTO, the Russian Federation abolished its tariff quota on imports of pork meat since 2020 and replaced it by a 25 percent import duty rate instead of the previously applied zero import duty rate for in-quota volume and the 65 percent duty rate above the quota.<sup>143</sup>

No substantial change in tariff regulation of imports occurred during the period under review, except temporary zeroing of the EAEU-set rates of import customs duties for some types of agricultural commodities which account for a minor share in the structure of Russian imports. Zero import duties were imposed for some types of impregnated roe for the period from 13 January 2019 to 28 February 22;<sup>144</sup> for some types of fresh fish – from 28 February 2019 to 28 February 2022;<sup>145</sup> for surimi of some types of fish – from 26 March 2020 to 30 April 2023;<sup>146</sup> and for some types of molluscs and meat of krill – from 26 March 2020 to 31 March 2023.<sup>147</sup> Import duty rates were reduced from 3 to 0 percent for coconuts for the period from 22 November 2020 to 31 December 2023.<sup>148</sup> Zero import duties for some processed fruit products were temporarily in force (from 1 January 2019 to 30 June 2020).<sup>149</sup>

Zero-rate import duties were established since the start of 2019 for a number of goods delivered to the Russian Federation and originating from the Republic of Moldova (vegetables, pears, apples, quinces, apricots, cherries, black cherries, peaches and plums as well as canned vegetables and natural grape wines). The rates were extended to 31 March 2021.<sup>150</sup> This measure allowed for a substantial increase in the exports of Moldavian products to the Russian market.

<sup>143</sup> EEC Council Resolution No. 59 of 28 May 2019.

<sup>144</sup> EEC Board Resolution No. 198 of 11 December 2018.

<sup>145</sup> EEC Council Resolution No. 3 of 18 January 2019.

<sup>146</sup> EEC Council Resolution No. 16 of 21 February 2020.

<sup>147</sup> EEC Board Resolution No. 23 of 3 February 2020.

<sup>148</sup> EEC Board Resolution No. 131 of 20 November 2020.

<sup>149</sup> EEC Council Resolution No. 61 of 29 April 2019.

<sup>150</sup> Resolutions of the Russian Federation Government No. 1786 of 30 December 2019 and No. 2237 of 23 December 2020.

Amid the spread of COVID-19, the EAEU trade measures also remained in force. The Council of the Eurasian Economic Commission (EEC) approved a list of critical import goods for uninterrupted supply of food to the domestic market. The goods were granted a tariff preference in the form of exemption from import duties in case of importation to the EAEU member states for the period from 1 April through 30 June 2020. The list included also some socially important food products such as potatoes, onions, garlic, cabbage, carrots, pepper, rye, long-grain rice, buckwheat, juices, and finished baby food products.<sup>151</sup>

#### Quantitative restrictions on imports (including import bans)

The special economic measures imposed in 2014 in the form of a ban on import of some types of food products from the countries which supported the sanctions against Russian legal and/or natural persons were extended to 31 December 2021.<sup>152</sup> Besides, the United Kingdom of Great Britain and Northern Ireland was specifically added, because of its exit from the European Union, to the list of the countries of origin of the goods prohibited for import to the Russian Federation (the United States of America, the European Union countries, Canada, Australia, Norway, Ukraine, and some other).<sup>153</sup> In 2020, 25 tonnes of sanctioned animal products were found and destroyed. Overall, 1 228 tonnes of food products were destroyed since that Decree of the Russian Federation President had taken effect.<sup>154</sup>

The ban on transit of sanctioned agricultural goods across the Russian Federation territory by road and rail was lifted in July 2020. It became possible due to the introduction of the state system of freight traffic tracing with the aid of electronic navigation seals based on the Global Navigation Satellite System (GLONASS) technology.<sup>155</sup> Transit using electronic seals is permitted across 20 road and 10 rail RF border crossing points. The resumption of transit of sanctioned goods is expected to contribute to growth of container traffic across the country's territory and increase the utilization of capacity of Russian logistics companies affected by the COVID-19 pandemic.

Restrictions on imports of tomatoes from Türkiye remain in effect. A special economic measure in the form of a ban on imports of some Turkish-produced agricultural goods

<sup>151</sup> EEC Council Resolution No. 33 of 3 April 2020.

<sup>152</sup> Resolution of the RF Government No. 778 of 7 August 2014.

<sup>153</sup> Resolution of the RF Government No. 2054 of 9 December 2020.

<sup>154</sup> RF Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhozadzor) - <https://fsvps.gov.ru/fsvps/news/39226.html>.

<sup>155</sup> Resolution of the RF Government No. 1877 of 27 December 2019.

was in force in the Russian Federation since 1 January 2016.<sup>156</sup> Türkiye, in its turn, also restricted imports of Russian sunflower oil, wheat and corn. As of November 2017, the Russian Federation lifted the restrictions on imports of Turkish goods except tomatoes imports of which were subject to a quota amounting to 50 thousand tonnes. The quota was gradually increased, and in March 2020 the permitted volume of Turkish tomato imports was raised to 200 thousand tonnes.<sup>157</sup>

### **Tariff quotas**

The Russian Federation started to gradually abolish the tariff rate quotas on meat imports being in force for as long as 17 years (since 2003). The tariff rate quota on imports of pork meat was applied before 2020 but then it was replaced by a 25 percent duty in line with the country's commitments to the WTO. Tariff quotas on imports of beef and meat of poultry in 2019 and 2020 remained the same as before.<sup>158</sup> The tariff rate quota on imports of frozen beef is set at 530 thousand tonnes whereas that for chilled beef amounts to 40 thousand tonnes. Imports within the quota were subject to the duty rate of 15 percent and above the quota – 50 percent, but no less than 1 EUR/kg. The tariff rate quota for imports of poultry meat, the same as in the previous years, amounted to 364 thousand tonnes, including 350 thousand tonnes for frozen meat of chicken and 14 thousand tonnes for frozen meat of turkeys. Imports of poultry meat within the quota were subject to the duty at the rate of 25 percent, but no less than 0.2 EUR/kg, whereas those above the quota volume were liable to the 80 percent rate, but no less than 0.7 EUR/kg. In recent years, volumes of imported meat supplies remain below the pre-set quota for which reason the question about abolition of the tariff quota for imports of beef is considered.

The tariff rate quota for imports of milk whey remained unchanged (15 thousand tonnes). The 10 percent import duty rate applies to whey imports within the quota whereas any supply above the quota is liable to a 15 percent tariff.<sup>159</sup>

As part of implementation of the Free Trade Agreement between the EAEU and Viet Nam, a tariff quota for importation of some types of long-grain rice from that country, with a zero-rate import duty, remains in force since 2017. The total amount of the annual tariff quota for the EAEU countries is 10 thousand tonnes. The quota amount allocated to the Russian Federation has continuously

decreased in recent years for the benefit of Armenia and Belarus (8 776.0 tonnes in 2019 and 5 146.12 tonnes in 2020) due to development of domestic rice production in the Russian Federation.<sup>160</sup> For 2021, the EEC Board set a zero tariff quota for the Russian Federation, having divided the entire quota amount for the rice imported from Viet Nam to the territory of the EAEU member states between two countries – Armenia and Belarus.<sup>161</sup>

### **Import policy measures based on SPS requirements and technical regulation**

The Russian Federation Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor) applies some bans on imports of agricultural products to the country because of veterinary and phytosanitary circumstances.

In 2019, import of stone and pome fruits from China, seed potatoes from the Netherlands and vine seedlings from France was temporarily banned for phytosanitary considerations.<sup>162</sup> In 2020, temporary restrictions concerned deliveries of tomatoes and peppers from several countries (Belarus, Armenia, Türkiye, Uzbekistan and Kazakhstan) as well as re-export of Moroccan tomatoes via France, the Netherlands and Belgium. This is explained by detection of some diseases, destructive to greenhouse vegetable growing, which might be introduced from exporting countries. Besides, a ban on import of solanaceous crop seeds from Israel was imposed. Rosselkhoznadzor also introduced a ban on deliveries of seed and planting materials from 18 foreign nurseries situation in various countries (Italy, Serbia, Poland, the Republic of Moldova, the Netherlands, France, Slovakia, Hungary, Lithuania, Belarus and Chile) and all seed and planting materials from Latvia. The reason for imposing the ban consisted of detection of some items, subject to quarantine in the EAEU member states, in quarantinable products.

As regards imports of animal products, restrictions were imposed in 2019 on deliveries of live swine, meat of swine and products thereof from the entire territory of Serbia because of registration of the African swine fever (ASF) in that country.<sup>163</sup> By late 2020, the epizootic situation caused by highly pathogenic avian influenza in a host of countries deteriorated, for which reason measures were taken to prevent its introduction to the Russian Federation territory. In November 2020, import of live poultry, hatching eggs

<sup>156</sup> Decree of the RF President No. 583 of 28 November 2015.

<sup>157</sup> Order of the RF Ministry of Agriculture No. 59 of 11 February 2020.

<sup>158</sup> EEC Board Resolutions No. 141 of 28 August 2018 and No. 127 of 31 July 2019.

<sup>159</sup> EEC Board Resolutions No. 141 of 28 August 2018 and No. 127 of 31 July 2019.

<sup>160</sup> EEC Board Resolutions No. 155 of 25 September 2018 and No. 163 of 17 September 2019.

<sup>161</sup> EEC Board Resolution No. 110 of 8 September 2020.

<sup>162</sup> Rosselkhoznadzor – <https://fsvps.gov.ru/fsvps/news/actual-fito-restrictions.html>

<sup>163</sup> Rosselkhoznadzor - <https://fsvps.gov.ru/fsvps/news/31472.html>

and poultry products from the Netherlands was banned;<sup>164</sup> it was followed in early 2021 by restrictions on deliveries of live poultry and poultry products from a number of countries with an unfavourable avian influenza situation (Hungary, Germany, Slovakia, France, Sweden, Estonia).<sup>165</sup> Since the Russian Federation relies upon imported hatching eggs, restriction of their deliveries and an increase in their price because of large-scale spread of avian influenza contributed to growth of product costs in Russian poultry farming.

In order to ensure uninterrupted transportation of agricultural products in light of the global epidemiological situation caused by COVID-19, agricultural product import procedures were simplified. The EEC Council decided to simplify, on a provisional basis from 18 April through 30 September 2020, the use of the certificates of origin issued by developing and least developed countries. This step allowed using a paper or electronic copy of a certificate with subsequent production of its original no later than within six months thereafter.<sup>166</sup>

#### **Other import policy measures**

The list of food products liable to a reduced VAT rate in sales repeatedly changed upwards in 2019–2020. Since October 2019, a discounted VAT rate (10 percent) has been extended to some types of domestic and imported fruit and berries whereas palm oil has been deleted from that list.<sup>167</sup> Dairy products containing a milk fat substitute have been added to the list since July 2020.<sup>168</sup>

Some changes occurred in regulation of excisable products. Excise rates for some types of alcohol products (including cider, sparkling wines, beer) and tobacco products have been raised since 1 January 2020.<sup>169</sup>

Of note is a number of achievements in development and implementation of information platform to ensure traceability of products of plant and animal origin. The Argus computer-aided system is designed to draw up permits and control movement of supervised freights across the Russian Federation state border and the Customs Union border.<sup>170</sup> Early in 2020, the Argus-Fito system module, ensuring control of seed and planting materials

imported to the Russian territory, was put into operation.<sup>171</sup> The Russian Federation began to integrate the module with plant quarantine information systems of Belarus, Uzbekistan, Serbia, Kazakhstan and Kyrgyzstan, including for exchange of electronic phytosanitary certificates. Besides, work is underway to integrate veterinary control information systems of the Russian Federation (VetIS Federal State Information System) and other countries.<sup>172</sup> Electronic veterinary certificates accompany the goods supplied to the Russian Federation territory from New Zealand, Chile, Australia, Kazakhstan, Belarus, and some European Union countries. Negotiations are carried out on a possibility of such interaction with other states.

A method for carrying out video inspections online was designed, which allowed Rosselkhoznadzor specialists to conduct, amid a difficult epidemiologic situation in 2020, pre-shipment monitoring of seed and planting materials as well as audit of the sites of manufacture of the fruit and vegetable products supplied to the Russian Federation from other states. Such a system has been successfully implemented in trade with Serbia and the Netherlands. It is expected that video inspections will be carried out with other countries as well, particularly with Italy, France and Azerbaijan.<sup>173</sup>

## **Export policy**

#### **Export duties**

No export duties are applied to agricultural goods, except tuna (5 percent), wheat (0 percent), rape seeds (6.5 percent but no less than 11.4 EUR/tonne) and sunflower seeds (6.5 percent but no less than 9.75 EUR/tonne).<sup>174</sup> These rates remained unchanged in 2019–2020. Regulation of food export food during that period took place mainly through temporary export bans (see below) in the context of changes on agrifood markets and uncertainty caused by the COVID-19 pandemic in the first half of 2020. However, global growth of food demand and an increase in the Russian agricultural exports (first of all of cereal and oil crops) in the second half of 2020 amidst a national currency rate decline resulted in a substantial rise of domestic market prices and in lower accessibility of main food products to the population. In view of that, the Russian Federation Government designed a package of measures to reduce food prices. Along with administrative regulation of domestic market prices, measures concerning agricultural

<sup>164</sup> Rosselkhoznadzor - <https://fsvps.gov.ru/fsvps/news/38191.html>

<sup>165</sup> Rosselkhoznadzor - <https://fsvps.gov.ru/fsvps/news/40149.html>, <https://fsvps.gov.ru/fsvps/news/41328.html>

<sup>166</sup> EEC Council Resolution No. 36 of 3 April 2020.

<sup>167</sup> Resolution of the RF Government No. 1952 of 31 December 2019.

<sup>168</sup> Resolution of the RF Government No. 250 of 9 March 2020.

<sup>169</sup> Federal Law No. 326-FZ of 29 September 2019.

<sup>170</sup> Argus component – Rosselkhoznadzor reference system (<https://vetrf.ru/>)

<sup>171</sup> Rosselkhoznadzor - <https://fsvps.gov.ru/fsvps/news/33761.html>

<sup>172</sup> Rosselkhoznadzor / State Veterinary Information System (<https://vetrf.ru/>)

<sup>173</sup> Rosselkhoznadzor - <https://fsvps.gov.ru/fsvps/news/39329.html>

<sup>174</sup> Resolution of the RF Government No. 754 of 30 August 2013.

exports are provided for, implementation of which began in 2021: increasing export duties, introducing tariff quotas, and setting floating export duties.

To limit exports of oil crops, an export duty on sunflower and rape seeds<sup>175</sup> was raised and a floating export duty concerning sunflower oil was introduced in 2021.<sup>176</sup> In terms of regulation of cereal crop exports, a tariff quota on exports of wheat, rye, barley and corn were established in the first half of 2021.<sup>177</sup> Later on, introduction of a new mechanism for grain export regulation is expected – a price damper able to prevent a spill-over of the fluctuations and high level of global prices to the domestic market.

Toughening of the export policy is likely to have far-reaching effects. Incentives for grain production and export will be gradually weakening over a two-to-five years horizon, which could adversely affect the Russian exporters' advantages over their foreign competitors. Besides, the Russian Federation has recently become the world's largest wheat exporter, with a circa 20 percent market share, therefore any actions by the country in its domestic market (including regulatory ones) will have an impact on the global market as well.

#### **Quantitative restrictions on exports (including export bans)**

Early in the COVID-19 pandemic, Rosselkhozadzor suspended export of all types of cereals products beginning from 20 March 2020 for ten days. The measure was rather psychological because it mainly concerned the goods for which the Russian Federation has no export potential: of all cereal products, only rice is exported in large quantities (mainly to Türkiye and the ex-USSR countries).

The Russian Federation Government also introduced a quantitative quota on exports of wheat and meslin, rye, barley and corn to non-EAEU member countries, amounting to 7 million tonnes.<sup>178</sup> The quota was in force during the period from 1 April to 30 June 2020. The declared goal of that measure was to stabilize grain prices and ensure availability of bread and bakery products and flour in retail trade in the country's domestic market. The quota was completely filled by late April 2020.

Restrictions on exports were also imposed within the EAEU trade policy framework. A temporary ban on export of some agricultural goods (onions, garlic, turnip, rye, rice, buckwheat, millet, grits, cereal grain coarse meal and

pellets, hulled buckwheat grain, finished food products of buckwheat, crushed and whole soya beans, sunflower seeds) was in force between 12 April and 30 June 2020.<sup>179</sup> As it was explained by Government, introduction of restrictions was caused by increasing demand in the global food market due to the fact that many countries were accumulating state reserves to achieve food security in light of the COVID-19 pandemic. After expiration of the ban, an authorization-based procedure for the export of sunflower seeds from the EAEU territory was imposed for the period until 31 August 2020.<sup>180</sup> Their export was possible subject to obtaining an export authorization document from a designated authority in each EAEU country.

#### **Export promotion measures**

The Russian Export Centre JSC (REC) is a special state institute of support for non-resource exports (including agrifood products). In addition to loan guarantee support and services for insurance of export loans and Russian investments abroad, REC implements special programmes of export support in the form of various compensation payments to exporters. Specifically, it compensates for the expenses related to participation in international exhibitions and fairs, costs of registration of intellectual property rights, certification costs, etc. The special programmes include also support for transportation of food products.<sup>181</sup> The marginal transport cost compensation coefficient is 1/3 of the transported product value, the compensation rate being 25 percent of the transportation costs but within the established limit. In 2019, the list of goods for which some part of transportation costs is compensated for was considerably extended. Besides, traffic geography restrictions were abolished – now it is possible to cross the state border via all border crossing points.

Active work was underway as part of agrifood export development to open new markets for products of animal origin. In 2020, the right of access to 24 foreign markets for 38 product types (meat products, dairy produce, fodders, non-food products, live animals) was obtained.<sup>182</sup> In 2019, markets of 17 countries for 30 product types were opened. In particular, that year Rosselkhozadzor came to an agreement with Viet Nam on certificates for deliveries of Russian-made meat and edible offal of swine as well as fish and fish products. Earlier, deliveries of Russian-made beef, chicken meat and offal to Viet Nam were agreed upon.<sup>183</sup> China is a very important export destination for Russian export of agricultural goods. In 2020, Rosselkhozadzor

<sup>175</sup> Resolution of the RF Government No. 2065 of 10 December 2020.

<sup>176</sup> Resolution of the RF Government No. 547 of 6 April 2021.

<sup>177</sup> Resolution of the RF Government No. 33 of 23 January 2021.

<sup>178</sup> Resolution of the RF Government No. 385 of 31 March 2020.

<sup>179</sup> EEC Board Resolution No. 43 of 31 March 2020.

<sup>180</sup> EEC Board Resolution No. 78 of 16 June 2020.

<sup>181</sup> Resolution of the RF Government No. 1104 of 15 September 2017.

<sup>182</sup> Rosselkhozadzor - <https://fsvps.gov.ru/fsvps/news/39226.html>

<sup>183</sup> Rosselkhozadzor - <https://fsvps.gov.ru/fsvps/news/33552.html>

and the China's General Administration of Customs agreed upon certificates for delivery of Russian beef, dry milk and edible offal of turkey. In total, 93 Russian enterprises are certified for export of dairy produce to China; 49 enterprises – for export of meat and edible offal of poultry; 2 enterprises – for export of beef. Besides, the certificate for chicken meat, agreed upon with Viet Nam earlier, was amended in 2020, and its scope was extended to cover all types of poultry. Argentina opened its market to Russian combined fodders. Dairy produce may now be exported from the Russian Federation to Viet Nam, Oman, Saudi Arabia, Algeria, the Republic of Korea, and Japan.<sup>184</sup>

Integration of electronic veterinary certification, introduced earlier, into international veterinary control systems was an important achievement in terms of opening of new export markets and expansion of the nomenclature of exported goods. In 2020, Rosselkhoznadzor put into operation ECert, an additional module within the VetIS Federal State Information System, intended for veterinary certification of freights supervised by the State Veterinary Supervision Authority which are exported from the Russian Federation to foreign countries.<sup>185</sup> It allowed reducing the time necessary to draw up veterinary supporting documents due to automatization of the process, and ensuring the establishment of a single centralized database with information about every batch of goods being exported. ECert is currently used for exports of beef and poultry meat to Viet Nam and China.

## Trade agreements

As part of the EAEU foreign trade policy, deepening of integration was taking place mainly with Asian countries. In particular, the Russian Federation became a party to the Interim Agreement on the establishment of a free trade area between the EAEU member states and Iran (Islamic Republic of), which came into force on 27 October 2019.<sup>186</sup> The agreement provides for a list of goods to which preferential rates of import customs duties apply. They cover some types of fish products, flowers, fresh vegetables and fruit and products thereof, cocoa preparations, confectionery, and vegetable products.

As an EAEU member, the Russian Federation acceded to the free trade agreements with Singapore and Serbia in 2019. The agreement with Singapore provides for granting duty-free access for all goods from the EAEU countries. The

<sup>184</sup> Rosselkhoznadzor - <https://fsvps.gov.ru/fsvps/news/39226.html>

<sup>185</sup> eCert component - Rosselkhoznadzor reference system (<https://vetrf.ru/>)

<sup>186</sup> EEC Board Resolution No. 10 of 22 January 2019.

EAEU in turn ensures duty-free access for 40 percent of Singaporean goods with subsequent expansion of their list to 87 percent after expiration of transitional periods which range from three to ten years.<sup>187</sup> The foreign trade turnover between the Russian Federation and Singapore is small but the latter country can become a springboard for entry into other markets in Southeast Asia. The free trade agreement between the EAEU and Serbia provides for a common regime for access of Serbian produced goods to markets of the EAEU states. Exemptions from the free trade regime are envisaged for some agricultural products (including meat, edible offal of poultry, some cheese spreads, sugar, and alcoholic beverages).<sup>188</sup>

## Changes in food and agricultural support

The 15<sup>th</sup> edition of the second *State Programme for development of agriculture and regulation of markets of agricultural products, raw materials and food* (the State Programme for Development of Agriculture) took effect in 2019. The programme was officially prolonged to 2025, and its validity period was deleted from its official name. Hence, it ceased to be a medium-term planning tool that should have ensured stability of goals, directions, structure and financing for the entire validity period of the programme, and actually became an uncertain document (its implementation period may be extended for an indefinite period, with amendments made in an unpredictable manner, often several times a year).

The State Programme for Development of Agriculture is divided into two subprogrammes: I) Developing agro-industrial complex subsectors (221 billion rubles, or USD 3.1 billion, in 2020<sup>189</sup>); and II) Providing conditions for development of the agro-industrial complex (62.3 billion rubles, or USD 0.9 billion).

The State Programme underwent new changes in its structure, expenditure levels, management, and implementation period in 2019 and 2020; some of the changes were made in response to the COVID-19 pandemic. Digitalization, which was included in the State Programme in 2020 as a subprogramme, is an important trend in the development of agriculture in the Russian

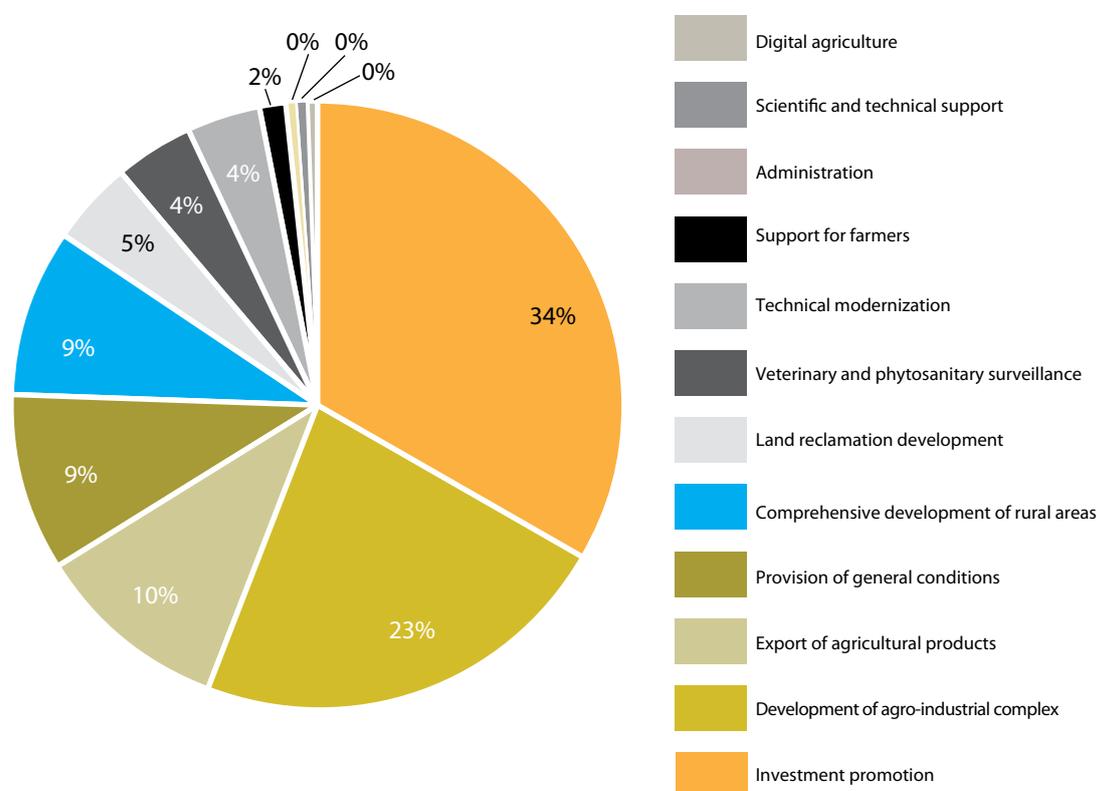
<sup>187</sup> ЕЭК - <http://www.eurasiancommission.org/ru/nae/news/Pages/01.10.2019-2.aspx>

<sup>188</sup> ЕЭК - [http://www.eurasiancommission.org/ru/act/trade/dotp/sogl\\_torg/Documents/%d0%a1%d0%b5%d1%80%d0%b1%d0%b8%d1%8f/EAEU%20Serbia%20FTA%20%28rus%29.pdf](http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/%d0%a1%d0%b5%d1%80%d0%b1%d0%b8%d1%8f/EAEU%20Serbia%20FTA%20%28rus%29.pdf)

<sup>189</sup> From this point on, the average annual exchange rate as per OECD. Stat is used: 2018 – 62.67 RUB/USD, 2019 – 64.74 RUB/USD; 2020 – 72.10 RUB/USD.

FIGURE 3.1

Structure of financing of the State Programme for Development Agriculture from the federal and regional budgets, 2019–2020, percentage of total financing



Source: execution of the Russian Federation's Federal Budget for 2019 and 2020;<sup>190</sup> summary information on transfer of state support funds to budget recipients for 2019 and 2020<sup>191</sup>.

<sup>190</sup> <https://roskazna.gov.ru/ispolnenie-byudzheto/>

<sup>191</sup> <https://mcx.gov.ru/activity/state-support/funding/>

Federation. However, financing for this area remains inappreciable (Figure 3.1).

Financing of the State Programme for Development of Agriculture from the federal budget over the past three years reached its peak value in 2019 but contracted slightly in 2020 (2018 – 249.5 billion rubles; 2019 – 311.5 billion rubles; 2020 – 271.3 billion rubles). The decrease in 2020 looks even more substantial in the USD equivalent due to weakening of the national currency: whereas the equivalent amount of allocated funds was USD 4 billion in 2018, it totaled USD 4.8 billion in 2019 and USD 3.8 billion in 2020. These federal expenditures are complemented by co-financing from regional budgets, which accounts for one-tenth of the total amount of agricultural subsidies under the State Programme for 2020. Regions of the Russian Federation provided support under their regional programmes.

Structure of financing in 2019 and 2020 was about the same (Table 3.4). Areas of state support did not substantially change, and focus on support of agricultural exports remains. The volume of financing for this area decreased slightly in 2020, to 29.7 billion rubles (USD 0.41 billion) from 37.1 billion rubles (USD 0.57 billion) in 2019. The project “AIC product exports”, in force since 2017, demonstrates a shift in policy goals from import substitution towards expansion of exports but does not assume any serious change in the structure of budget expenditures.

In some cases, the existing support measures were moved from other parts of the State Programme for Development of Agriculture into the export support project: in particular, they concern capitalization of state-owned Rosselkhozbank and Rosagroleasing, expansion of the list of subsidized loan recipients, soil improvement, and enhancement of export

infrastructure. Financing of general services to exporters such as simplification of border procedures, veterinary and phytosanitary services, information support, export promotion, and facilitation of access to markets also forms part of the export support project. However, less than 10 percent of budget transfers within this project is allocated for such services.

A package of additional export support measures was approved by the Government in May 2020. The measures included expanding the volume of support for procurement of domestically produced agricultural machines, goods and processing equipment to 18.5 billion rubles (USD 0.3 billion), and increasing Rosagroleasing's authorized capital by 6 billion rubles (USD 0.1 billion). In 2020, Rosagroleasing was due to supply 9 000 equipment units, which is 40 percent more than a year before.

Short-term and investment preferential loans are an essential measure of support under the State Programme for Development of Agriculture – the volume of financing in this area reaches 90.8 billion rubles (USD 1.3 billion). It is 32.1 percent of the total amount of subsidies. In 2020, this measure was implemented as compensation of foregone revenues of the Russian leasing organizations, international financial institutions and VEB.RF state development corporation on the loans provided to agricultural producers at below-market interest rates.

The mechanism of support to producers was modified in 2020 to encourage production output growth. Two new schemes of subsidization via the “compensating” and “stimulating” subsidies took the place of uniform subsidies, payments per litre of milk, and other forms of support to priority branches of the agrifood sector in regions. The compensating subsidy includes per hectare payments, subsidies to milk producers, partial compensation for the costs of procurement of pedigree livestock and elite seeds, support for traditional subsectors (reindeer, elk and horse breeding, sheep wool production), and subsidies for agricultural insurance. The stimulating subsidy assumes support for priority subsectors to be chosen by regional authorities from a state-defined list that includes grain and leguminous crops, oil crops, flax and hemp, field-grown vegetables, fruit and berries (including planting, growing and maintenance of perennials), grapes, milk, single-purpose cattle, and sheep meat. This subsidy may also apply to support for development of small business and be provided to ten least developed regions of the country. The total volume of financing of the programmes (at federal and regional levels) did not change when the new subsidization mechanism was introduced.

In 2020, support in the form of investment grants was provided at the regional level only (with federal co-

financing), and the Government is going to stop it from 2022. However, some investment grants are still planned for potential exporters. The grants were provided in 2020 to 102 projects concerning sheep milk and meat production, storages, and plant breeding and seed farming centres.<sup>192</sup> The preferential loan remains to be a prevailing form of support to investments in the agrifood sector because it is considered more efficient from the viewpoint of investments attracted per ruble of budget funds.

In addition, a new subsidy was introduced in 2020 for support to production of oil plants in the form of per hectare payments for soya and rape crops. It is a component of the export support project because it is aimed at increasing the volume of deliveries of oil plants to foreign markets.

The programme of railway rate subsidization was expanded: it initially applied to grain transportation only but now subsidies are also provided to deliveries of soya flour from the Far East to Siberia and Ural, vegetables from Ural and Siberia to the Far East, and mineral fertilizers from any region to the Far East.

A new state programme was adopted in 2019, focused not on agriculture but on development of rural infrastructure and improvement of the rural population's well-being.

***The State Programme for Integrated Rural Development through 2025*** provides for four main areas of support: 1) creating conditions for affordable and comfortable housing for the rural population; 2) developing the labour market (human capacity) in rural areas; 3) providing analytical, regulatory and methodological support to integrated development of rural districts; 4) creating and developing rural infrastructure. The last one of these areas includes construction of roads and development of energy and water supply, and amounts to more than a half of the programme's annual financing.

Overall, the budget for financing of rural development in the Russian Federation has been increased twice – from 17.3 billion rubles (USD 0.24 billion) in 2019 (financed from the State Programme for Development of Agriculture) to 32.6 billion rubles (USD 0.5 billion) in 2020. However, it is almost three times less than the volume planned in the initial budget of integrated rural development for 2020 (96.4 billion rubles, or USD 1.3 billion).

Besides the two state programmes, support to the agrifood sector includes financing for scientific research (beyond the state programmes, fundamental science is mainly financed), staff education and training, and subsidies to agricultural

<sup>192</sup> Resolution of the RF Government No. 3308-p of 14 December 2020.

machinery producers. Expenditures in these areas grew slightly in 2020, to 60 billion rubles (USD 0.8 billion).

Several expected laws were adopted during 2019–2020. The Law “On organic products and amending some legislative acts of the Russian Federation” came into force in January 2020. Although the law contains requirements to production of organic products, their domestic labelling and a procedure of certification are yet to be developed. Until recently, Russian producers obtained a certificate of the International Federation of Organic Agriculture Movements (IFOAM). Creation of a Russian system of organic product certification has already begun, and 58 products have been certified so far. The organic production structure is dominated by cereals and bread products (23 percent), fruit, vegetables and beverages (22 percent). Dairy products account for 13 percent, meat and meat products amounting to 11 percent.

Another significant law, “On grape growing and wine making”, entered into force on 26 June 2020. It provides conditions for developing this sector, ensuring production of high-quality domestic products from grapes, and protecting the population against counterfeit products. The law states that any products with the geographical indication “Wine of Russia” must be made solely from grapes grown in the country.

On 21 January 2020, the President of the Russian Federation approved a new Food Security Doctrine. According to the document, the thresholds defined as a minimum share of domestic production in the domestic consumption must range between 60 percent for fruit and berries to 95 percent for cereal crops. For some products, the ratio between the domestic production and consumption volumes was much higher than the thresholds as soon as 2019: 155 percent for grain (95 percent threshold), 125 percent for sugar (90 percent), and 97 percent for meat (85 percent). For milk and salt, however, the thresholds have not yet been reached.

As another important event, the list of food products liable to a reduced VAT rate in sales, 10 percent, was expanded (the rate’s usual level was 18 percent in previous years, and 20 percent since 2020).<sup>193</sup>

<sup>193</sup> The preferential VAT rate applies to the following products made domestically or imported: 1) fruit, melons and gourds: apples, pears, quinces, all citrus fruit categories, grapes, apricots, cherries, black cherries, peaches, nectarines, plums, sloes and cherry plums, melons, watermelons, papayas, avocados, dates, figs, pineapples, guavas, mangoes, mangosteens, kiwifruit, persimmons, barberries, feijoas, medlar fruit; 2) berries: wild strawberries, raspberries, blackberries, black, white or red currants, gooseberries, cranberries, bilberries, cornels, wild berries; 3) planting material of fruit and berry crops: seeds, seedlings, roots and grafts.

### **Measures taken in response to the COVID-19 pandemic**

Target volumes of production and exports under the State Programme were adjusted in 2020 in light of the COVID-19 pandemic consequences. The total export value target of USD 45 billion was moved from 2024 to 2030 whereas the production output increase target for 2017–2024 was reduced from 15.1 to 13.9 percent (actual growth rate by 2020 was 2.8 percent per annum instead of expected 3.8 percent).

In response to the COVID-19 crisis, payment of principal debt on the investment loans granted to the agrarian sector and due to be repaid in 2020 was deferred for up to one year.<sup>194</sup> Payment of accrued interest on short-term loans as well as interest and principal amount on investment loans was also postponed.<sup>195</sup>

To tackle the problem of people’s real income decline, the Government set ceiling prices for so-called socially important food products in late 2020. For that purpose, the Ministry of Agriculture, together with the Ministry of Industry and Trade, concluded price agreements with food producers and trade networks<sup>196</sup> aimed at reducing retail prices of some types of the most in-demand goods, particularly sugar and sunflower oil. The agreements were in force until the end of March 2021. The Russian Federation Federal Tax Service was overseeing their implementation using online cash registers in addition to regular price monitoring carried out by the Federal State Statistics Service. To compensate for the losses incurred by bread and flour producers due to the price regulation, an additional 4.7 billion rubles (USD 70 million) was allocated for 2021. The funds should partially compensate for the cost of food wheat and marketing expenditure.

In sum, the key goals of the State Programme for Development of Agriculture, formulated earlier as encouraging agricultural production and import substitution of agrifood products, were complemented in 2019–2020 by the goal of developing the export potential of agriculture. However, frequent changes in the structure of measures under the State Programme and their implementation mechanisms are not conducive to the sector’s normal work. The challenges the sector faces call for its technological upgrading and transition to the “Agriculture 4.0”. Proper attention should also be paid to such problems as reduction of agricultural losses and food waste, abatement of environmental pollution, and restoration of forests and water bodies. The agricultural sector must use the current challenges to meet a potentially

<sup>194</sup> Resolution of the RF Government No. 1010 of 8 July 2020.

<sup>195</sup> Resolution of the RF Government No. 1022 of 11 July 2020.

<sup>196</sup> Resolution of the RF Government No. 2094 of 14 December 2020.

TABLE 3.4

Federal budget funds allocated for support to the agrifood sector and development of rural areas, billion rubles

Areas of expenditure	2019	2020
<b>State Programme for Development of Agriculture, total</b>	<b>311.5</b>	<b>271.3</b>
Investment promotion	108.8	108.1
Development of the AIC sectors	59.7	61.7
AIC product exports	37.1	29.7
Securing general conditions for operation of the AIC sectors	33.3	29.7
Integrated rural development*	17.3	-
Development of melioration	13.2	14.2
Veterinary and phytosanitary surveillance	14.7	13.8
Technical modernization	19.5	6.6
Support to farmers	5.4	3.8
Administration	1.5	1.5
Scientific and technological support	0.9	1.9
Digital agriculture	0.0	0.3
<b>State Programme for Integrated Rural Development</b>	<b>-</b>	<b>32.6</b>
<b>Other support measures</b>	<b>54.0</b>	<b>60.0</b>
Research and development beyond above-mentioned state programmes	12.1	13.2
Staff education and training	27.3	29.1
Subsidies to producers of agricultural machinery	9.9	12.0
<b>Other expenditure</b>	<b>4.6</b>	<b>5.7</b>
<b>Total</b>	<b>365.5</b>	<b>363.9</b>

Source: execution of the Russian Federation's Federal Budget for 2019 and 2020.<sup>197</sup>

\* – rural development is financed under the State Programme for Integrated Rural Development since 2020.

<sup>197</sup> <https://roskazna.gov.ru/ispolnenie-byudzhetov/>

considerable demand for environmentally safe products inside the country and abroad.

Expenditure for financing of general services is currently within 3–4 percent of gross added value in agriculture, which is below the average level in the OECD countries. Research and development (R&D) and knowledge transfer are an important component in improvement of the agrifood sector's competitiveness and maintenance of its long-term growth. Apart from development of new technologies, it is also important to promote their adoption

by agricultural producers. This task is beyond the scope of agricultural policy and requires improvement of general conditions for investment and business activities. Success of the R&D, rural development and environmental protection programmes will depend, in particular, on conformity of actual financing with the outlined goals. Since achievement of the goals depends not only on the state budget, but it is also important to ensure their sufficient attractiveness and comprehensibility to commercial investors, individuals and municipalities.



# Tajikistan

Mavzuna Karimova

## Overall context of trade policy

The agricultural sector is one of the leading sectors in Tajikistan's economy, playing a key role in achievement of the country's strategic goal of ensuring food security and access to quality food products that was set in the National Development Strategy through 2030. The share of agriculture in the GDP structure reached 22.6 percent in 2020 whereas it was 20.9 percent in 2019. The share of agrifood products among exported goods decreased from 14.5 percent in 2019 to 12.3 percent in 2020. A foreign trade balance for the agricultural goods (the same as for all goods) during 2019–2020 was negative. The value of the country's exports largely depends on fluctuations of global prices of key export goods. Besides, a steady downward trend in the national currency exchange rate versus the US dollar continues (from 9.53 Tajikistani somoni per USD in 2019 to 10.36 in 2020). The export-import coverage ratio for

agrifood goods in 2020 was 0.211 whereas the 2019 figure was 0.231.

Amidst the COVID-19 pandemic, Tajikistan's main trade partners reduced exports of agrifood goods in 2020. In particular, the EAEU, one of the key suppliers of these goods to the country, imposed restrictions on exports of agricultural products to the countries not being EAEU members. The Russian Federation applied a ban on exports of wheat during the period from 26 April to 1 July 2020,<sup>198</sup> due to which demand for flour and grain in Tajikistan rose

<sup>198</sup> Хлебом единым: Россия запретила вывоз зерна за рубеж. РИА Новости, 2020 [By bread alone: Russia banned grain export abroad. RIA Novosti, 28.04.20] (<https://ria.ru/20200428/1570648882.html>).

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dramatically. That led to an increase in retail prices of these goods: in particular, retail prices of first grade wheat flour grew by 16.5 percent over the period from 1 December 2019 to 1 December 2020.<sup>199</sup>

To mitigate possible effects of the COVID-19 pandemic on the national economy, consumer *price regulation* was introduced for strategically important food products such as flour and flour products, sugar, vegetable oil, leguminous vegetables, potatoes, soap and fuel.<sup>200</sup> Main imported food products, including sugar, vegetable oil, wheat and rice, were exempted from the 18 percent VAT since 1 April

2020 to reduce market prices. Also, preferential loans were granted to companies engaged in food production from the state budget funds and from the extrabudgetary funds of the state institution “State business support fund under the government of the Republic of Tajikistan.”

<sup>199</sup> Statistics Agency under the President of the Republic of Tajikistan, price department.

<sup>200</sup> Decree of the President of the Republic of Tajikistan of 5 June 2020 No. 1544 “On preventing the impact of the COVID-19 infectious disease on socioeconomic spheres of the Republic of Tajikistan”.



## Agricultural trade policies

### Import policy

#### Import duties

The country's import policy is regulated by the Resolution of the Republic of Tajikistan Government No. 399 of 8 August 2018 "On import customs duty rates". To support national production and protect the domestic market, without violating the country's commitments to the WTO, rates of import customs duties were set since 2018 at 20 percent for onions, vegetables, cucumbers, cabbage, canned vegetables, grapes, dried fruits, honey and tomato sauce, 10 percent for pasta products, 12 percent for canned food, 20 percent for cotton fibre, and 18 percent for tobacco and its substitutes.<sup>201</sup>

In case of import of goods made by the countries with which a free trade agreement was signed, the country applies an appropriate regime (except for goods not subject to it) and a zero-rate customs duty. At present, the free trade system is based on Tajikistan's bilateral agreements with all the CIS countries.

#### Tariff quotas

Tajikistan does not use any import tariff quotas.

#### Quantitative restrictions on imports (including import bans)

On 7 June 2019, the Parliament adopted the Law "On providing the population with enriched food products" that provides for import of fortified, i.e. enriched with vitamins and micronutrients, flour. Adoption of the law was aimed at preventing anemia and nutrient deficiency among the population as well as at supporting domestic manufacturers of enriched food products and premixes.

#### Import policy measures based on SPS requirements and technical regulation

In 2020, the country's Government defined a list of quarantinable materials and a list of stenotopic quarantine noxious organisms subject to phytosanitary control both in case of import and export of agrifood goods from the territory of Tajikistan.<sup>202</sup>

In view of the COVID-19 outbreak, control was strengthened at all border crossing points because of a ban on import of some types of Chinese goods. A special headquarters was established to control the work of the border crossing points. To prevent the spread of

COVID-19, the Committee of Food Security of Tajikistan set a provisional ban on import of some agricultural goods from China on 30 January 2020 (apples, pears, ginger, mandarins, and partially walnuts, glass-grown tomatoes and cucumbers). The ban did not apply to tea and seeds of agricultural crops<sup>203</sup> and was introduced for an indefinite period of time until improvement of the COVID-19 pandemic-related situation.

#### Other import policy measures

During 2019–2020, import policy was mainly intended to protect the agricultural producers engaged in poultry farming. VAT exemption was granted to the imports of technologies, equipment and materials for meeting the needs of poultry farming and production of combined feeds for poultry and animals.<sup>204</sup> In 2019, like in 2018, VAT on imports of wheat for enterprises which process it and sell wheat-based products was set at 10 percent.<sup>205</sup> Imports of agricultural crop seeds of super-elite and elite grades, pedigree and meat cattle, and all types of cattle fodders are exempt from VAT and customs duties.<sup>206</sup> As a result of the tax and customs privileges, production output of eggs grew by 35.5 percent in 2020 versus 2019, output of milk increased by 2 percent, and output of poultry meat grew 1.9 times.<sup>207</sup> The number of poultry farms increased by 29 in 2019 alone, and reached 140.<sup>208</sup>

Import of goods produced in least developed countries is subject to import customs duties at the rate equal to 50 percent of the established rate.<sup>209</sup>

<sup>203</sup> [Таджикистан прекратил импорт продовольствия из Китая из-за коронавируса](https://regnum.ru/news/2844788.html) [Tajikistan stopped food imports from China because of coronavirus] (<https://regnum.ru/news/2844788.html>).

<sup>204</sup> Art. 169 of the Tax Code of the Republic of Tajikistan (last reworded by the Law of the Republic of Tajikistan No. 1620 of 20 June 2019).

<sup>205</sup> The Law on the State Budget for 2019 and the Law on the State Budget for 2020 ([http://minfin.tj/index.php?do=static&page=Budgetniy\\_proces\\_2019\\_2021](http://minfin.tj/index.php?do=static&page=Budgetniy_proces_2019_2021)).

<sup>206</sup> In accordance with para. 13 of Art. 15 "Tax and customs privileges for certain enterprises and organizations", the Law on the State Budget for 2020 ([http://minfin.tj/index.php?do=static&page=Budgetniy\\_proces\\_2020\\_2022](http://minfin.tj/index.php?do=static&page=Budgetniy_proces_2020_2022)).

<sup>207</sup> Socioeconomic situation of the Republic of Tajikistan. Report by the Statistics Agency under the President of the Republic of Tajikistan. Dushanbe, 2020, p. 195.

<sup>208</sup> [Resolution of the Republic of Tajikistan Government No. 379 of 25 June 2020 "On the report by the Minister of Economic Development and Trade of the Republic of Tajikistan on implementation of the RT Government Resolution No. 503 of 26 November 2016 "On the State Programme for Export Promotion and Import Substitution in the Republic of Tajikistan for 2016-2020"](http://www.adlia.tj/show_doc.fwx?Rgn=136694) ([http://www.adlia.tj/show\\_doc.fwx?Rgn=136694](http://www.adlia.tj/show_doc.fwx?Rgn=136694)).

<sup>209</sup> Resolution of the Republic of Tajikistan Government No. 399 of 8 August 2018 "On import customs duty rates of the Republic of Tajikistan", para. 4.

<sup>201</sup> <https://medt.tj/documents/main/normativno-pravovie-akti/podzakonnie-akti/ru/rus.pdf>

<sup>202</sup> Resolution of the Republic of Tajikistan Government No. 375 of 26 June 2020.

## Export policy

### Export duties

In March 2020, export duty at the rate of 10 percent was imposed on cotton fibre, not carded or combed; 300 EUR/tonne – on raw hides and skins of bovine (including buffalo) or equine animals and sheep, and skins of lamb; 20 percent but no less than 100 EUR/tonne – on silk-worm cocoons suitable for reeling, raw silk (not thrown), and silk waste.<sup>210</sup>

### Quantitative restrictions on exports (including export bans)

To reduce tension in providing the population with food commodities amidst the COVID-19 pandemic, the Government of Tajikistan, together with the Republican Headquarters for COVID-19 Control, decided to impose a temporary ban on export of all types of cereal and leguminous crops including flour, millet, rice, lentil and peas, as well as eggs, potatoes and all types of meat beginning from 25 April 2020. Such a decision was made in view of the socioeconomic situation existing in the world to ensure food security and continuous supply of domestically made products to the country's consumer market.

### Export subsidies

Tajikistan does not apply any subsidies for exports of agricultural products.

### Export promotion measures

The work to reduce the time and funds spent by foreign economic activity entities to effect commodity export, import and transit operations continued in 2019–2020. On 26 April 2019, the Information Trade Portal of Tajikistan (*tajtrade.tj*) and a "one-stop show" for formalization of export, import and transit transactions were officially launched.

The portal contains information on procedures required for export, import and transit of 53 commodities (including 20 export commodities, 30 import commodities, and 3 transit commodities; 1 500 commodity items in total, inter alia cotton yarn, fresh fruit and vegetables, fruit, honey, confectionery, chocolate, eggs, flour and fertilizers). Information is also provided on the types of licences (certificates) for import and export of products and on fees needed to obtain licences; there are photos of officials, office addresses, and contact phones for receiving export and import services. Besides, one can find up-to-date information on addresses, goods offered for export, and contacts of domestic producers. The UN Economic and

Social Commission for Asia and the Pacific (ESCAP) and the UN Conference on Trade and Development (UNCTAD) published findings of an assessment of trade and investments in Asia and the Pacific in 2019 where the Trade Portal of Tajikistan was recognized as the best example in the region.<sup>211</sup> On 18 December 2020, Tajikistan joined the European Union Registered Exporter System (REX) designed to facilitate trade procedures, including documentation of export operations, and providing a basis for access to GSP+ programme. The system envisages various discounts for product deliveries to the European Union and cancels most export-related documents.

In 2020, the Agency for Export under the Republic of Tajikistan Government prepared a register of exported products and a register of entities manufacturing such products.

The Chamber of Commerce and Industries (CCI) works with the country's entrepreneurs to support their efforts for export development, in particular providing basic commercial information about main trade procedures, trade missions, and exhibitions. CCI renders support to manufacturers in all sectors for development of products in conformity with international standards, paying special attention to small and medium-sized enterprises.

In May 2020, the Tajagropromeksport state unitary enterprise was established within the structure of the Agency for Export under the Republic of Tajikistan Government.<sup>212</sup> In order to boost freight traffic of perishable agricultural products, the Tajik Railways state unitary enterprise offers discounts ranging between 30 and 50 percent.

The Coordinating Committee on Facilitation of Trade Procedures continued its work, discussing at its regular meetings such questions as export development, simplification of export and import procedures and reduction of their cost, transit of goods, requirements to documentation and deadlines for formalization of export and import operations at customs points, operation of the one-stop shop system for formalization of export, import and transit procedures, and digital trade in the Republic of Tajikistan. The Committee's activities aim to provide enabling conditions for national entrepreneurs, and to develop domestic and foreign trade by taking necessary measures for elimination of trade barriers and improvement of access to services offered.

<sup>210</sup> Resolution of the Republic of Tajikistan Government No. 399 of 8 August 2018 "On import customs duty rates" No. 399 of 8 August 2018 (as reworded by No. 212 of 31 March 2020).

<sup>211</sup> <http://wto.tj/ru/press-centr/news/594/>

<sup>212</sup> Resolution of the Republic of Tajikistan Government No. 297 of 27 May 2020.

To enhance transparency and quality of provided customs services, the Medium-Term Programme for development of customs authorities of the Republic of Tajikistan for 2020-2024 was adopted in 2019, defining their main goals, objectives and lines of their development.<sup>213</sup>

## Trade agreements

On 26 November 2020, the Resolution of the Republic of Tajikistan Government No. 618 approved the Protocol on Amendments to the Agreement on the Procedure for Customs Clearance and Customs Control of Goods Moved between the States Parties to the Agreement on the Establishment of a CIS Free Trade Area of 8 October 1999.

On 17 April 2019, the Russian Export Centre and the Agency for Export under the Republic of Tajikistan Government signed an agreement on cooperation to expand bilateral relations for development of the national export support system. Besides, the Federal Customs Service of the Russian Federation and the Customs Service under the Republic of Tajikistan Government signed an agreement on organizing a simplified procedure for customs operations during movement of goods and vehicles between the two countries (a simplified customs corridor).

In June 2019, a Protocol on Cooperation between the Committee for Food Security under the Republic of Tajikistan Government and the China's General Administration of Customs was approved, defining phytosanitary requirements to exports of lemons from the Republic of Tajikistan to the China.<sup>214</sup>

The Agreement on trade and economic cooperation between Tajikistan and the People's Republic of Bangladesh was signed in August 2019.<sup>215</sup> In December 2019, the Agreement between the Ministry of Agriculture of the Republic of Tajikistan and the Ministry of Agriculture and Food of the Republic of Belarus on cooperation in the use of genetic resources of plants and animals was approved.<sup>216</sup> That same month, the country's Government approved the Memorandum of Understanding between the Ministry of Agriculture of the Republic of Tajikistan and the Ministry of Municipality and Environment of the State of Qatar on cooperation in agriculture and food security.

<sup>213</sup> Resolution of the Republic of Tajikistan Government No. 537 of 1 November 2019.

<sup>214</sup> Resolution of the Republic of Tajikistan Government No. 298 of 12 June 2019.

<sup>215</sup> Resolution of the Republic of Tajikistan Government No. 398 of 9 August 2019.

<sup>216</sup> Resolution of the Republic of Tajikistan Government No. 617 of 12 December 2019.

## Changes in food and agricultural support

Actual state budget expenditure for agriculture development has decreased from 930 million somoni (USD 97.6 million) in 2019 to 617.7 million somoni (USD 59.6 million) in 2020. Whereas actual financing in 2019 corresponded to its planned amount, in 2020 it was 82.3 million somoni (USD 8 million) less than the planned figure because of the COVID-19 pandemic. USD 1.93 million was allocated from the state budget funds in 2020 for financing of the agriculture support programmes adopted in view of the COVID-19 pandemic.

A number of new programmes concerning development of agriculture and its subsectors were developed and approved in 2019–2020, in particular:

- Programme for reform of agriculture, developed for 2012-2020, was supplemented and extended to 2022;<sup>217</sup>
- Programme of food security of the Republic of Tajikistan for 2020-2024;<sup>218</sup>
- Programme of food product safety of the Republic of Tajikistan for 2019-2023;<sup>219</sup>
- Integrated programme of livestock sector development in the Republic of Tajikistan for 2018-2022;<sup>220</sup>
- Programme for development of silk farming and silk-worm cocoon processing in the Republic of Tajikistan for 2020-2024.<sup>221</sup>

On 28 October 2020, the Programme for creating favourable conditions for implementation of best agricultural practices was developed and approved.<sup>222</sup> Its goal is to create a legislative, financial and technical framework for integration of such practices into

<sup>217</sup> Resolution of the Republic of Tajikistan Government No. 556 of 27 October 2020.

<sup>218</sup> Resolution of the Republic of Tajikistan Government No.386 of 25 June 2020.

<sup>219</sup> Resolution of the Republic of Tajikistan Government No. 520 of 31 October 2018.

<sup>220</sup> Resolution of the Republic of Tajikistan Government No. 160 of 27 March 2018, as reworded by the Resolution of the Republic of Tajikistan Government No. 443 of 30 July 2020.

<sup>221</sup> Resolution of the Republic of Tajikistan Government No. 388 of 25 June 2020.

<sup>222</sup> Resolution of the Republic of Tajikistan Government No. 567 of 28 October 2020.

management and production of agricultural goods for ensuring their compliance with the international food safety requirements envisaged by the Global G.A.P. international standard.

On 28 October 2020, the concept for creation and development of agrifood clusters in the Republic of Tajikistan through 2040<sup>223</sup> was adopted, providing a foundation for the design and implementation of projects concerning the manufacture and processing of agricultural products using scientific and technological achievements to improve productivity and competitiveness of agriculture and ensure product safety.

In accordance with the Law of the Republic of Tajikistan No. 1620 of 20 June 2019 “On amending the Tax Code of the Republic of Tajikistan”, amendments were made to part 4 of Article 169 and Chapter 47 of the Tax Code, according to which economic entities in poultry farming and production of combined feeds for poultry and cattle are exempt from the following taxes for 6 years: income tax (simplified tax); value-added tax; road traffic tax; and real-estate tax.

Pursuant to the amendments made to Articles 169 and 3131 of the Tax Code, the above-mentioned exemptions apply to the enterprises, individual entrepreneurs acting on the basis of certificates, and farms engaged in poultry farming, fish farming and production of poultry feeds.

<sup>223</sup> Resolution of the Republic of Tajikistan Government No. 566 of 28 October 2020.

# Turkmenistan

Yury Aronskiy

## Overall context of trade policy

Development of Turkmenistan's economy in 2020 was appreciably affected by the socioeconomic crisis caused by the COVID-19 pandemic. This factor slowed down implementation of the policy of boosting agricultural product exports and import substitution, actively pursued since 2015. As part of COVID-19 prevention, export and import operations became more difficult to perform, and restrictions of currency circulation for private companies and individuals were toughened. All that resulted in a growing difference between the currency value in the black market and the official fixed US dollar rate.

Amid the crisis, the total volume of exports declined substantially in 2020 compared to 2019 – by 29.8 percent, whereas imports increased slightly, by 1.6 percent. The decrease in exports was strongly influenced by the

reduction of the value of natural gas and oil deliveries (by 35.6 percent and 24.1 percent, respectively). As a result, a positive foreign trade balance contracted from USD 3.6 billion in 2019 to USD 691.5 million in 2020, that is, dropped by 80 percent.

Despite the difficulties caused by the global crisis, in general the country managed, due to the policy of active state support to agricultural producers, to boost output of agricultural products, maintaining a positive foreign trade balance, and to slightly reduce its economy's reliance on the hydrocarbon sector where product exports continued to decrease. The growth rate of added value in agriculture amounted to 5.6 percent in 2020 versus 2019, the sector's share in the country's GDP being 12.2 percent (in 2019 – 11.7 percent).

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The value of agricultural product imports decreased by 7.4 percent in 2020 compared to 2019, to USD 529.4 million. Exports actually did not change, amounting to USD 728.4 million. It should be noted that sales of some food products abroad grew considerably. The highest increase in 2019 year-on-year was recorded in deliveries of tomatoes – more than 2.4 times, canned vegetables and fruit – about three times, and fruit and nuts – by 25 percent. In 2020, fruit and vegetable product exports in value terms were 42.6 percent higher than in 2019, with tomatoes still having the main share in their structure (94.4 percent). The situation concerning imports of some food products aggravated in summer and autumn 2020, especially after temporary closure of borders with Iran (Islamic Republic of) to prevent COVID-19 from penetrating into Turkmenistan (special sanitary and engineering zones were built at all border crossing points for intensified freight handling during the pandemic). Turkmenistan

imports a considerable share of fruit and vegetables from Iran (Islamic Republic of), and it was only in early 2021 that opening the border with that country helped reduce market price and smooth out the existing shortage of the above-mentioned food products.

The President's Resolution of 7 December 2019 approved the "Programme of development of Turkmenistan's foreign trade activities for 2020-2025", one of the key objectives whereof is to raise competitiveness of domestically made goods in world markets, continue to improve the business environment and the investment climate in the country's economy, and ensure an optimal balance of payments and trade.

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## Agricultural trade policies

### Import policy

#### **Import duties**

The import duty rates in the country have not changed since 2015, remaining at the level set by the Resolutions of the President of Turkmenistan No. 14085 of 26 January 2015 and No. 14394 of 4 September 2015. Introduction of zero-rate customs duties on import of feed for poultry breeding complexes in 2018 was the only addition to those documents.

#### **Quantitative restrictions on imports (including import bans)**

Quantitative restrictions and bans on imports were not used in the country in 2019–2020.

#### **Tariff quotas**

Tariff quotas on imports of agricultural products were not applied in the country in 2019–2020.

#### **Import policy measures based on SPS requirements and technical regulation**

The global crisis caused by the COVID-19 pandemic did not have a bearing on SPS requirements to the agrifood products supplied to Turkmenistan. Sanitary and phytosanitary rules of undergoing border control remained the same as in 2015–2018. Still valid is the requirement for obtaining an import quarantine permit as well as for undergoing veterinary control in case of import of live animals, products of animal origin, veterinary preparations, biological materials, feed and raw materials of animal origin.

#### **Other import policy measures**

The list of goods importation of which is subject to licensing is continuously adjusted depending on changes in state priorities whereas all the imported agricultural goods are subject to SPS certification. A special order is in force for some imported product types (e.g. agricultural machinery), providing for implementation of special procedures of testing and certification.

Still in force is the rule, set by the Central Bank of Turkmenistan in 2015, concerning the conditions of payment for products delivered by foreign suppliers. They may receive the payment for the delivered goods either on receipt of the goods by the buyer or in the form of a letter of credit, i.e. advance payment is not possible for them.

## Export policy

### **Export duties**

A permission has been in force in the country since 2015 for export of a certain list of goods without payment of export duties (zero rate) and quantitative restrictions. The list includes, inter alia, pasta products, honey, food salt, tomato paste, ice-cream, and other types of food ice with or without cocoa, packaged vegetable and fruit products, fur products (raw fur skins and primary processing products), mineral water and non-alcoholic beverages, vegetables and melons, fruit (July–August), canned vegetable and fruit products, confectionery, canned fish, and cotton oil.<sup>224</sup> Other goods are covered by the export customs duties the rates of which are set by the Customs Service of Turkmenistan.<sup>225</sup>

No other policy documents concerning export duties were adopted in 2019–2020.

#### **Quantitative restrictions on exports (including export bans)**

Bans on exports or other quantitative restrictions on exports were not used in Turkmenistan in 2019–2020.

#### **Export promotion measures**

The procedure of selling and importing products outside the country, which was introduced in 2016 and remained in force in 2019–2020, exempts legal persons in the non-state sector and private entrepreneurs engaged in export of products made in Turkmenistan from mandatory registration at the State Commodity Exchange.<sup>226</sup>

Even in the period when railway transport traffic was suspended and freight flow decreased in August–October 2020, international preferential transport tariffs, granted by the Ministry of Rail Transport to state-owned enterprises carrying out transportation of goods, including for export, were in force in the country. Decreasing factors of 0.5 to 0.8 are used depending on car capacity utilization, which considerably reduces tariffs compared to those set both for non-state enterprises and for foreign organizations delivering goods to Turkmenistan by rail.

<sup>224</sup> Resolution of the President of Turkmenistan No. 14085 of 26 January 2015.

<sup>225</sup> Order No. 28 of 15 March 2018.

<sup>226</sup> Resolution of the President of Turkmenistan No. 14723 of 15 April 2016.

### Other export policy measures

The list of export products subject to certification for export outside the customs territory of Turkmenistan was approved in 2016. It includes cotton and cotton fibre, wheat and wheat flour, silk-worm cocoons, and raw silk.<sup>227</sup> No new policy documents were adopted during the period under review.

## Trade agreements

The WTO General Council at its meeting on 22 July 2020 decided to grant Turkmenistan the observer status in the WTO. "The country's acquisition of the WTO observer status is intended to contribute to dynamic development of Turkmenistan's national economy, strengthen positions in foreign trade, maintain bilateral cooperation, attract investments from abroad, and develop international trade relations. It also concerns development of commercial and trade strategies, including their successful implementation."<sup>228</sup>

The President of Turkmenistan assigned the Government a task of preparing and carrying out all necessary measures and preparatory work for the country's accession to the WTO as a full member.

Turkmenistan concluded intergovernmental agreements on trade and economic cooperation with 25 countries, free trade agreements with seven countries (Azerbaijan, Armenia, Belarus, Georgia, the Russian Federation, Tajikistan and Ukraine), agreements on promotion and mutual protection of investments with 22 countries, and agreements on avoidance of double taxation with 14 countries.

## Changes in food and agricultural support

A number of important decisions were made in 2019–2020 concerning the reform of Turkmenistan's agricultural sector. In particular, the matters of water supply to agriculture and households will be within the remit of the State Committee of Water Management of Turkmenistan, newly established on 29 January 2019. Water is a strategic resource for the country, and separation of the Committee from the structure of the Ministry of Agriculture appears quite justified.

<sup>227</sup> Resolution of the President of Turkmenistan No. 14594 of 5 February 2016.

<sup>228</sup> Speech by Atageldy Khaldzhazov, Turkmenistan's Permanent Representative to the UN in Geneva, at the WTO General Council's meeting (<http://www.turkmenistan.ru/ru/articles/45022.html>).

The new Law "On state regulation of the development of agriculture" is in force in Turkmenistan since January 2019, aiming to increase production outputs of agricultural products, goods and raw materials, ensure full-scale provision of the population with environmentally safe food products, create food abundance, increase the level of supply of raw materials to the manufacturing industry, and define the legal foundations for implementation of the state socioeconomic policy on stable development of the settlements located in rural areas. In general, the purview of the law emphasizes the role of the state as a main partner and customer for domestic agricultural producers.

Pursuant to the Resolution of Halk Maslahaty, the country's supreme public authority, of 25 September 2018 and the Resolution of the President of Turkmenistan of 25 September 2018 "On further enhancement of reforms in the agricultural sector", the Ministry of Agriculture and Environmental Protection of Turkmenistan adopted a decision in October 2020 to establish a special agricultural land fund to produce agricultural goods covered by the governmental order. Its area amounts to 265 thousand hectares across the country, accounting for about 20 percent of all irrigated land. The total area of land allocated in the country for cultivation of agricultural crops reached 1 372 thousand hectares as of 1 January 2020.

Land plots out of the fund are provided for the use for up to 99 years. It is suggested that 70 percent of the fund's land be used on a contractual basis for the cultivation of wheat, cotton and other agricultural crop to the governmental order. The rest of the land may be used for cultivation of other crops to ensure scientifically grounded crop rotation provided that the cereals and cotton harvesting plan is fulfilled.

This decision, in the author's opinion, is more motivating to agricultural producers than previous legislative and regulatory acts, enhancing their interest in production output ramp-up. In general, it will serve as one of the steps intended to transform agriculture into a more efficient economic sector.

For the purpose of successful continuation of reforms being implemented in agriculture, rational placement of plantings of various crops according to the soil and climate conditions in velayats and etraps (provinces and districts), and further boosting of agricultural product outputs by maintaining scientifically grounded crop rotation and increasing crop yield capacity, the President of Turkmenistan signed the Resolution No. 1772 of 29 May 2020 "On sowing in velayats and cultivation of high yields of winter potatoes, vegetables and other agricultural crops in 2020". Besides, on 14 January 2020, the President of Turkmenistan signed the Resoluion on approval of water

use limits in velayats and etraps for 2020. It should be noted that such policy documents are issued actually every year and attest to tight state control over all the basic works carried out in the agricultural sector.

Administrated purchase price of wheat for land leaseholders was increased twice since 1 January 2019, to 800 manats, or USD 228, per tonne,<sup>229</sup> however retail prices of flour for households remained unchanged. State purchase prices of cotton were also increased twofold. They stand at between 1 800 and 2 000 manats per tonne (USD 514–571), depending on cotton quality.<sup>230</sup> Authorized state-owned commercial banks (SCB) of Turkmenistan continued to grant concessional loans in 2019–2020 at 1 percent per annum for the purchase of agricultural machinery and equipment, and at 5 percent per annum for the financing of investment projects related to the development of livestock farming and poultry breeding (other loans were granted at 14 percent per annum on average).

It is worth noting specifically the matters of digitalization in agriculture which were paid particular attention in 2019–2020. It was stated at a working meeting of the Government on 20 March 2020 that relevant reforms allow leading the agricultural sector to a whole new level while digitalization of the sectoral management system enables substantial ramp-up of agricultural product exports.

The private sector's share in the structure of gross agricultural output is currently about 97 percent. Despite strong state regulation of the sector, it should be pointed out that actually all export from the country is now affected by private enterprises via the commodity exchange and domestic entrepreneurs make the greatest contribution to development of the agricultural sector.

In sum, the policy of import substitution and agricultural product export ramp-up, pursued in the country, has allowed for the slight increase in output of agricultural products and to achieve an appreciable growth of exports of some goods such as tomatoes.

<sup>229</sup> At the fixed rate of 3.5 manats/USD.

<sup>230</sup> Resolution of the President of Turkmenistan of 5 February 2018.



# Uzbekistan

Daria Ilina

## Overall context of trade policy

Priority areas for improvement of the management system in Uzbekistan's foreign agrifood trade include: pursuing an optimal customs and tariff policy, cooperating with multilateral trade and economic systems; providing state support to exporters, developing trade infrastructure and an electronic commerce system; creating conditions for access of goods and services to external markets, building effective transport corridors, developing logistics chains for diversification of the sales geography.<sup>231</sup> Great attention is also paid in the country to ensuring wide-scale introduction of modern product quality management systems and domestic goods' compliance with the

<sup>231</sup> Decree of the President of the Republic of Uzbekistan No. УП-5643 of 28 January 2019 "On measures to improve the management system in investments and foreign trade".

requirements of international standards and technical regulations.

Main regulatory acts governing the country's foreign trade are the Laws of the Republic of Uzbekistan "On foreign economic activity"<sup>232</sup> "On protective measures, antidumping and countervailing duties"<sup>233</sup> "On export control"<sup>234</sup> "On the

<sup>232</sup> Law of the Republic of Uzbekistan No. 77-II of 26 May 2000.

<sup>233</sup> Law of the Republic of Uzbekistan No. 554-II of 11 December 2003.

<sup>234</sup> Law of the Republic of Uzbekistan No. 658-II of 26 August 2004.

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customs tariff<sup>235</sup> as well as the Customs Code<sup>236</sup> and the Tax Code.<sup>237</sup>

In June 2020, the Concept of reforming customs administration and improving work efficiency of the bodies of the Republic of Uzbekistan state customs service in 2020-2023 was adopted.<sup>238</sup>

<sup>235</sup> Law of the Republic of Uzbekistan No. 470-I of 29 August 1997.

<sup>236</sup> Law of the Republic of Uzbekistan No. 3PY-400 of 20 January 2016.

<sup>237</sup> Law of the Republic of Uzbekistan No. 3PY-136 of 25 December 2007.

<sup>238</sup> Decree of the President of the Republic of Uzbekistan No. УП-6005 of 5 June 2020 "On the reform of customs administration and improvement of work of the bodies of the Republic of Uzbekistan" state customs service.

As the COVID-19 pandemic began, import duties and excise taxes for some goods were zeroed to prevent any growth of food prices.

The Strategy for Development of Agriculture of the Republic of Uzbekistan for 2020-2030 was approved in October 2019.<sup>239</sup>

Active measures were taken in 2019–2020 to promote exports of Uzbekistani agricultural products, and a strong system of support to exporters and makers of such products was created.

<sup>239</sup> Decree of the President of the Republic of Uzbekistan No. УП-5853 of 23 October 2019 "On approval of the Strategy for Development of Agriculture of the Republic of Uzbekistan for 2020-2030".

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During the same period, intense work was carried out for Uzbekistan's accession to the WTO and deepening of its integration with the EAEU. In particular, meetings of a joint working party for the WTO accession were resumed in July 2020 after almost a 15-year break. Besides, Uzbekistan received the observer status in the EAEU in December 2020.

## Agricultural trade policies

### Import policy

#### Import duties

Import duty rates for agricultural inputs were zeroed in 2019–2020 to support development of such branches as fat and oil industry,<sup>240</sup> production of liquorice and other medicinal plants,<sup>241</sup> honey,<sup>242</sup> silk farming,<sup>243</sup> and fruit and vegetable production.<sup>244</sup>

A large-scale change has been made in import duties on agricultural goods since 2020.<sup>245</sup> As part of the change, import duty rates for more than 120 commodity groups were revised, mainly upwards.

Excise tax rates were increased for two commodity items. The 20 percent rate started to be applied to imported white sugar without additives to which excise rates had not been applied before. The excise tax rate for imported waters without additives increased to 50 percent but no less than USD 0.25 per litre. In 2019, the excise tax rate for this commodity code was 25 percent.

An excise tax has been imposed on some types of imported tobacco products since June 2020.<sup>246</sup>

<sup>240</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4118 of 16 January 2019.

<sup>241</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 138 of 15 February 2019.

<sup>242</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4243 of 18 March 2019.

<sup>243</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4411 of 31 July 2019.

<sup>244</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4709 of 11 May 2020.

<sup>245</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4470 of 2 October 2019 "On amending and supplementing the Resolution of the President of the Republic of Uzbekistan of 29 June 2018 No. ПП-3818 "On measures for further streamlining of foreign economic activities and improvement of the customs and tariff regulation system in the Republic of Uzbekistan".

<sup>246</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4665 of 6 April 2020 "On measures for further regulation of the tobacco product market".

In April 2020, when the COVID-19 pandemic was unfolding, zero rates were set for customs duties and excise taxes on the import of key food products for the period through 31 December 2020 to prevent any price growth in the domestic market.<sup>247</sup>

#### Tariff quotas

Import tariff quotas are not applied in Uzbekistan.

#### Quantitative restrictions on imports (including import bans)

Uzbekistan did not introduce any quantitative restrictions and bans on imports of agricultural goods in 2019–2020.

#### Import policy measures based on SPS requirements and technical regulation

Such measures were not applied in Uzbekistan in 2019–2020.

#### Other import policy measures

Value-added tax exemptions were abolished for imports of soya beans, sunflower and sesame seeds, oily raw materials, and raw sugar since October 2019.<sup>248</sup>

Poultry-farming enterprises of Parrandasanoat Association are granted a 20 percent discount on current tariff rates since 1 January 2020 until the end of 2021 for air transportation of brooding eggs, pure-bred day-old chickens, vaccines, and veterinary preparations in case of their import.<sup>249</sup>

Amid the COVID-19 pandemic, a fast-track procedure of customs clearance of imported food products was implemented, inter alia by issuance of authorization documents even before the products arrive in the territory of Uzbekistan.<sup>250</sup>

<sup>247</sup> Decree of the President of the Republic of Uzbekistan No. УП-5978 of 3 April 2020 "On additional measures of support to the population, economic sectors and economic entities during the coronavirus pandemic".

<sup>248</sup> Decree of the President of the Republic of Uzbekistan No. УП-5755 of 27 June 2019 "On measures for further streamlining of tax and customs exemptions".

<sup>249</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4576 of 29 January 2020 "On additional measures of state support to livestock farming".

<sup>250</sup> Decree of the President of the Republic of Uzbekistan No. УП-5969 of 19 March 2020 "On priority measures to mitigate the negative impact of the coronavirus pandemic and global crises on economic sectors".

## Export policy

### Export duties

An export duty at the rate of 5 percent was applied in 2019–2020 in case of export of semi-finished leather products – tanned leather or leather crust made of skins of cattle, horses, sheep and lamp, goats and baby goats.<sup>251</sup>

### Quantitative restrictions on exports (including export bans)

Bans on exports of meat of swine, meat and edible offal of poultry, pig and poultry fat, vegetable oils, sugar, bread and pastry, and silk waste (including cocoons unsuitable for reeling, yarn waste and garneted stock) have been lifted since 2019.<sup>252</sup>

Exports of one-day chicken have been permitted since April 2019<sup>253</sup> and exports of potato flakes and pellets have been permitted since April 2020.<sup>254</sup>

### Export subsidies including transport subsidies

A subsidy was allocated from the State Budget in 2019–2020 to Karakul sheep breeding farms for every produced and exported Karakul skin in the amount of 50 thousand som (about 5 USD<sup>255</sup>), and for every broadtail skin in the amount of 75 thousand som (7.4 USD).<sup>256</sup>

In January 2020, it was decided to grant poultry-farming enterprises of Parrandasanoat Association a 20 percent discount on current tariff rates for air transportation of own-produced eggs and meat products in case of their exports, for up to 2022.<sup>257</sup>

Transport costs (for transportation by rail and air) related to export of lemons are covered in the form of subsidies at the rate of up to 25 percent since March 2020.<sup>258</sup>

In May 2020, the mechanism of subsidies for compensation for up to 50 percent of rail transportation of some product types (fresh, dried and canned fruit and vegetable products, poultry eggs and meat, natural grape wines and cognac distillate) in case of export deliveries was also extended to transportation by road and by rail.<sup>259</sup>

### Export promotion measures

It was decided that, beginning from 2019, funds amounting to at least USD 15 million per year will be allocated in the State Budget of the Republic of Uzbekistan to finance the Export Promotion Agency under the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan.<sup>260</sup>

Since 2019, there has been a procedure of providing state support to exporters procuring fruit and vegetable products from agricultural associations,<sup>261</sup> by means of granting subsidies to cover 50 percent of expenses for training of members of such associations in new production technologies, for monitoring of agro-engineering activities on the agricultural association members' land, and for marketing research of foreign markets according to approved business plans. The subsidies are provided from the funds of the State Budget and the Export Promotion Agency as well as from the mobilized funds of international financial institutions (agencies).<sup>262</sup>

In May 2019, the State Fund of Support to Entrepreneurial Activities began to provide compensation to cover interest expenses on pre-export credits.<sup>263</sup> These

<sup>251</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-3693 of 3 May 2018 "On measures for further encouragement of the development and growth of the export capacity of the leather and footwear industry and the down and fur industry".

<sup>252</sup> Decree of the President of the Republic of Uzbekistan No. УП-5564 of 30 October 2018 "On measures for further liberalization of trade and development of competition at commodity markets".

<sup>253</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4243 of 18 March 2019 "On measures for further development of and support to the livestock farming sector".

<sup>254</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 193 of 1 April 2020 "On measures for organization of a modern potato cluster in Tashkent oblast".

<sup>255</sup> From this point on, the average rate of USD to Uzbek som in 2020: 1 USD = 10,064.7 som.

<sup>256</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4420 of 16 August 2019 "On measures for integrated development of the Karakul sheep breeding sector".

<sup>257</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4576 of 29 January 2020 "On additional measures of state support to livestock farming".

<sup>258</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4610 of 19 February 2020 "On additional measures for further development of lemon growing".

<sup>259</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4707 of 7 May 2020 "On measures for further support to export activities".

<sup>260</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4069 of 20 December 2018 "On measures for stronger export promotion and encouragement".

<sup>261</sup> A cooperative association of independent and interrelated agricultural enterprises, farms, peasant households and household plot owners based on the principles of voluntariness and share-based participation.

<sup>262</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4239 of 14 March 2019 "On measures for development of agricultural cooperation in the fruit and vegetable sector".

<sup>263</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4337 of 24 May 2019 "On measures for enhancement of the mechanisms of financing and insurance protection of export activities".

measures do not apply to export of primary commodities, particularly cotton lint.

Exporters' expenses for certification of agricultural products are covered since August 2019 by the Export Promotion Agency.<sup>264</sup>

In October 2020, compensations on credits for pre-export financing granted by the State Fund of Support to Entrepreneurial Activities for up to 2022 were increased.<sup>265</sup> The Export Support Fund was established under the Export Promotion Agency.

Late in 2020, the Government expanded measures for promoting exports of fruit and vegetable products.<sup>266</sup> A procedure was implemented according to which up to 100 percent of exporters' expenses for the following activities are covered: implementing standards and obtaining certificates of conformity, conducting campaigns for product promotion to foreign markets, taking part in international tenders and competitions, registering products and trademarks in foreign bodies, organizing business events in Uzbekistan, participating in events held in foreign countries, sending product samples to foreign trading houses, receiving assistance in search for potential buyers through Uzbekistan's diplomatic missions.

It was decided in March 2020 to permit economic entities to export goods without guaranteed fees if their receivables overdue are not greater than 10 percent of total exports of goods, during 12 months until the customs clearance date.<sup>267</sup>

Work to ensure plant quarantine is being improved.<sup>268</sup> Beginning from November 2020, the economic entities

engaged in the production, procurement and packaging of export-oriented products are assigned state plant quarantine inspectors to bring the products into conformity with the phytosanitary requirements of foreign countries, provide necessary advice, and render practical assistance.

## Trade agreements

In July 2020, after a nearly 15-year-long pause, Uzbekistan resumed meetings of the Working Party on accession to the WTO. The country sent an updated Memorandum on the Foreign Trade Regime to the WTO within the framework of negotiations for the examination of its accession application. According to the Ministry of Foreign Affairs, Uzbekistan intends to obtain developing country status when acceding to the Organization. In May 2020, an Interagency Commission under the Government of Uzbekistan for Work with the World Trade Organization was established.<sup>269</sup>

At a meeting of the Higher Eurasian Economic Council on 11 December 2020, Uzbekistan was granted the observer status in the Eurasian Economic Union (EAEU). Protocol on the Application of the Agreement on the CIS Free Trade Area between its parties and the Republic of Uzbekistan remains in force. Exemptions from the Agreement ceased to be in force for Uzbekistan on 1 January 2021, due to which excise duties were abolished for import of 73 commodity items to the country, including 20 food product items. This will create more equal terms for imported and food products in Uzbekistan's domestic market.

## Changes in food and agricultural support

In February 2019, support to vine growers was introduced in the form of subsidies for implementation of drip irrigation technology, construction of wells for water production at vineyards with an area of over 35 hectares and pump stations for water supply from rivers, canals and other reservoirs during the creation of new vineyard plantations, in the amount of no more than 120 million som (USD 11.9 thousand) per every 35 hectares.<sup>270</sup>

Also in February 2019, the Association of Organizations

<sup>264</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4406 of 29 July 2019 "On additional measures for high-level processing of agricultural products and further development of food industry".

<sup>265</sup> Decree of the President of the Republic of Uzbekistan No. УП-6091 of 21 October 2020 "On measures for further enhancement of financial support to export activities".

<sup>266</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 826 of 31 December 2020 "On approval of the Regulations on the procedure for providing financial promotion to exporting organizations by the Export Promotion Agency under the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan".

<sup>267</sup> Decree of the President of the Republic of Uzbekistan No. УП-5969 of 19 March 2020 "On priority measures to mitigate the negative impact of the coronavirus pandemic and global crises on economic sectors".

<sup>268</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4861 of 13 October 2020 "On measures for further improvement of the state plant quarantine service's work".

<sup>269</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 339 of 28 May 2020 "On approval of the Regulations on the Interagency Commission for Work with the World Trade Organization".

<sup>270</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4161 of 5 February 2019 "On organizing the work of the Agency for Development of Grape Growing and Winemaking under the Ministry of Agriculture of the Republic of Uzbekistan".

Producing and Processing Licorice and Other Medicinal Plants was established.<sup>271</sup> The Association members are allowed to import unmanned aerial vehicles until 2024 and are also granted a number of privileges such as exemption from land tax, profit tax, corporate property tax and single tax payment, exemption from customs duties for some goods imported for production needs and not manufactured in Uzbekistan, and deferment of the fee for issuance of a permit for procurement of planting material.

The Agency for Development of Horticulture and Greenhouse Farming was established in March 2019.<sup>272</sup>

Also in March 2019, it was decided that, to provide state support to agricultural associations and their members, interest expenses on commercial bank loans for the purchase of seedlings and certified seeds as well as equipment for fruit and vegetable processing will be covered from the state budget at 25 percent of the determined interest rate but no more than 5 percentage points, and no more than 1.5 percentage points for foreign currency loans.<sup>273</sup>

Rainfed and pasture plots started to be allocated to livestock farms in March 2019 out of the land being in reserve of district hokimiyats,<sup>274</sup> provided that they will only be used to cultivate forage crops and that drip and sprinkler irrigation systems are installed.<sup>275</sup>

The state support for the purchase of agricultural machinery was introduced in April 2019: procurement of domestically made grain and cotton harvesters is financed from borrowed funds of the Fund of State Support to Agriculture with the repayment period of between 7 and 10 years; interest expenses amounting to 10 percentage points of the determined rate of commercial banks and leasing companies under credit and leasing agreements for the purchase of all types of tractors, grain and cotton

drills as well as three- or more furrow ploughs of domestic manufacture are reimbursed from the state budget funds.<sup>276</sup>

To provide equal terms for all economic entities, it was established in June 2019 that value-added tax exemptions for agricultural and food products made in Uzbekistan would be abolished starting in October 2019.<sup>277</sup>

It was ruled in September 2019 that exemption from value-added tax for production and sale of pan bread made from the flour produced solely from domestically grown grain remains valid until July 2020.<sup>278</sup>

Additional measures were taken in January 2020 to support further development of livestock farming: providing compensation for interest payments to the extent exceeding the Central Bank's basic rate, or a guarantee at 50 percent of the amounts of loans granted by commercial banks for implementation of projects in livestock farming, poultry farming, fish farming and rabbit farming; providing compensation to small business entities to cover interest expenses on commercial bank loans in the amount of up to 40 percent of the interest rate; subsidies to farms making animal products, in the amount of 1 million som (about USD 100) for each head of pedigree livestock purchased from breeding farms in Uzbekistan, 2 million som (about USD 200) for each head of pedigree livestock and 400 thousand som (about USD 40 dollars) for each pedigree sheep and goat imported from foreign countries; subsidies to the Uzbekbaliksanoat Association member farms breeding fish by the intense method, in the amount of 50 percent of expenses for one pedigree breeding fish stock imported to Uzbekistan; subsidies to the Parrandasanoat Association member poultry farms to compensate for import-related costs, in the amount of 9 thousand som (about USD 0.9) for each day pedigree chicken.<sup>279</sup>

<sup>271</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 138 of 15 February 2019 "On additional measures for effective organization of production and industrial processing of licorice and other medicinal plants".

<sup>272</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4246 of 20 March 2019 "On measures for further development of horticulture and greenhouse farming in the Republic of Uzbekistan".

<sup>273</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4239 of 14 March 2019 "On measures for development of agricultural cooperation in the fruit and vegetable sector".

<sup>274</sup> District-level local administration body.

<sup>275</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4243 of 18 March 2019 "On measures for further development of and support to the livestock farming sector".

<sup>276</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4268 of 4 April 2019 "On additional measures for timely provision of agricultural machinery to the agrarian sector".

<sup>277</sup> Decree of the President of the Republic of Uzbekistan No. УП-5755 of 27 June 2019 "On measures for further streamlining of tax and customs exemptions".

<sup>278</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 829 of 30 September 2019 "On measures for further support to grain-processing enterprises and pan bread producers".

<sup>279</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4576 of 29 January 2020 "On additional measures of state support to livestock farming".

In 2020, it became possible in Uzbekistan to purchase intensive gardens and vineyards as well as greenhouses on a leasing basis. The following conditions for leasing are set: it is provided for up to 7 years, with a grace period of one year - for greenhouses and until fructification begins – for intensive gardens and vineyards.<sup>280</sup>

Expenses related to arrangement of new lemon plantations and purchase of lemon seedlings are covered since March 2020 to lemon-growing farms and dehqan holdings, agricultural enterprises and economic entities from the state funds in the amount not exceeding 30 million som (about USD 3 000) per hectare.<sup>281</sup>

Phasing out of the practice of cereal crop production on the government order basis began since the 2020 harvest, and public procurement of grain and fixing of purchasing prices for grain by the state is completely cancelled since the 2021 harvest.<sup>282</sup> Moreover, beginning from the 2020 harvest, the practice of fixing purchasing prices for raw cotton was abolished whereas its producers (farms, cotton and textile clusters, and cooperatives) are granted the right to free variety placement of released cotton plant.<sup>283</sup>

As part of priority measures to mitigate an adverse impact of the COVID-19 pandemic and global crises, the rates of water resource use tax for the water volumes used for irrigation were reduced by 50 percent in 2020.<sup>284</sup>

Commercial loans for up to 12 months are provided since May 2020 to farms and agricultural enterprises, potato-growing clusters and cooperatives for financing of their seed potato procurement expenses. Some part of the loan interest rate is reimbursed from the state budget.<sup>285</sup>

The State Employment Promotion Fund received 50 billion som (about USD 5 million) in 2020 to finance improvement of efficiency of household land plots and to provide subsidies to unemployed, low-income and poor families for payment of membership fees to agricultural cooperatives (from the Anti-crisis Fund under the Ministry of Finance).<sup>286</sup>

The deadline of agricultural land tax payment was deferred from 1 September to 1 December 2020 to support producers during the pandemic.<sup>287</sup>

During the period from June 2020 to 2023, the State Fund of Support to Entrepreneurship grants sureties on the loans provided to Tomorka Hizmati LLC<sup>288</sup> and agricultural cooperatives, in the amount of up to 50 percent of the sum of loans, but no more than 3 billion som (about USD 300 thousand). A system was implemented to compensate for up to 7.5 percentage points of the interest rate on the loans provided to farms, dehqan holdings and household plot owners, Tomorka Hizmati LLC, and agricultural cooperatives.<sup>289</sup> In September 2020, it was permitted to sublease agricultural land for a period of up to one year.<sup>290</sup>

<sup>280</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 52 of 30 January 2020 "On measures for development of horticulture, viticulture and greenhouse farming under family business support programmes".

<sup>281</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4610 of 19 February 2020 "On additional measures for further development of lemon growing".

<sup>282</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4634 of 6 March 2020 "On measures for large-scale integration of market principles into grain production, procurement and sale".

<sup>283</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4633 of 6 March 2020 "On measures for large-scale integration of market principles into cotton farming".

<sup>284</sup> Decree of the President of the Republic of Uzbekistan No. УП-5969 of 19 March 2020 "On priority measures to mitigate the negative impact of the coronavirus pandemic and global crises on economic sectors".

<sup>285</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4704 of 6 May 2020 "On measures for expansion of potato production and further development of potato seed farming in the republic".

<sup>286</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4716 of 18 May 2020 "On additional measures to support household plot owners and ensure employment of the population".

<sup>287</sup> Decree of the President of the Republic of Uzbekistan No. УП-5996 of 18 May 2020 "On regular measures for support to the population and economic entities during the coronavirus pandemic".

<sup>288</sup> Tomorka Hizmati limited liability companies were established to support household plot owners.

<sup>289</sup> Resolution of the President of the Republic of Uzbekistan No. ПП-4767 of 30 June 2020 "On additional measures to improve efficiency of household plot utilization".

<sup>290</sup> Law of the Republic of Uzbekistan No. 3PY-639 of 29 September 2020 "On amending and supplementing some legislative acts of the Republic of Uzbekistan to improve efficiency of the use of agricultural land and forestry fund".



# Ukraine

Tamara Ostashko

## Overall context of trade policy

The main law regulating foreign economic activities in Ukraine is the Law “On foreign economic activities” (No. 959-XII of 16 April 1991). Ukraine has been a WTO member since 2008 and adapted its legislation concerning trade policy issues to the provisions of the WTO agreements and its commitments undertaken during Ukraine’s accession to it. The Association Agreement between the European Union and Ukraine has taken effect since 1 September 2017, and Title IV of the Agreement, dealing with a free trade area, has started to be applied as soon as 1 January 2016.

In 2019, the Government of the country approved the “Development strategy for exports of agricultural, food and

processing industry products of Ukraine through 2026”.<sup>291</sup> The document is one of the six sectoral export strategies drafted according to the provisions of the “Export strategy of Ukraine for 2017-2021”<sup>292</sup> where a transition to the export of science-intensive innovative products was declared as a final goal and a key objective. The “Development strategy for exports of agricultural, food and processing industry products of Ukraine through 2026” sets three main goals:

<sup>291</sup> Order of the Cabinet of Ministers of Ukraine No. 588-p of 10 July 2019 “On endorsement of the “Development strategy for exports of agricultural, food and processing industry products of Ukraine through 2026””.

<sup>292</sup> Order of the Cabinet of Ministers of Ukraine No. 1017-p of 27 December 2017 “On endorsement of the “Export strategy of Ukraine (a roadmap of strategic development of trade) for 2017-2021””.



1) improving product competitiveness and expanding the export commodity nomenclature; 2) diversifying sales markets; 3) promoting the Ukrainian brand and providing information analysis support to the exports of agricultural, food and processing industry products.

The Resolution of the Cabinet of Ministers of Ukraine No. 829 of 2 September 2019 reorganized the Ministry of Agriculture and Food of Ukraine by attaching it to the Ministry for the Development of Economy, Trade and Agriculture. Later, however, the Resolution of the Cabinet of Ministers of Ukraine No. 1344 of 28 December 2020 reversed the decision on reorganization of the Ministry for the Development of Economy, Trade and Agriculture.

## Agricultural trade policies

### Import policy

#### *Import duties*

The simple average rate of import duties on agricultural goods in 2019 was 9.2 percent, the same as in 2018, with the average weighted rate for this group of goods amounting to 5.7 percent (2018).

As a mirror measure in response to the Russian Federation's suspension of the Agreement on the CIS Free Trade Area in relation to Ukraine, the Cabinet of Ministers of Ukraine issued Resolutions No. 983 of 4 December 2019 and No. 1156 of 25 November 2020 that extended the removal of

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the zero-rate import duty preferences for imports of goods originating from the Russian Federation.

#### **Tariff quotas**

The tariff rate quota on import of raw cane sugar to Ukraine, amounting to 267.8 thousand tonnes at a 2 percent in-quota import duty rate, was not filled in 2019 and 2020.<sup>293</sup> This is because the Ukrainian sugar beet producers fully met the needs of domestic sugar refineries.

#### **Quantitative restrictions on imports (including import bans)**

With its Resolutions No. 605 of 5 July 2019 and No. 1304 of 25 November 2020, the Cabinet of Ministers of Ukraine prolonged the validity of the ban on import of Russian agricultural goods to 31 December 2020 and 31 December 2021, respectively. The ban was imposed by the Resolution of the Cabinet of Ministers of Ukraine No. 1147 of 30 December 2015 as a response to the imposition by the Russian Federation Government of a ban on import of agricultural goods from Ukraine to the Russian Federation's customs territory. The range of the Russian goods banned for imports to Ukraine includes meat and meat offal, fish, milk and dairy produce, tea, coffee, cereals and their preparations, vegetable and animal oils, confectionery, baby food, beer, vodka, ethyl alcohol, cigarettes, and other agricultural goods. The Resolution of the Cabinet of Ministers of Ukraine No. 535 of 15 May 2019 supplemented the list of the goods originating from the Russian Federation banned for imports to Ukraine with the following items: animal originated products, not elsewhere specified or included, such as cords, cuttings and waste of skins not treated; mixtures.

#### **Import policy measures based on SPS requirements and technical regulation**

According to the "Strategy of implementing the legislation on sanitary and phytosanitary measures"<sup>294</sup> and the Action Plan on Implementation of the Association Agreement

between the European Union and Ukraine,<sup>295</sup> a large-scale reform of the Ukrainian legislation on SPS regulation for the purpose of its alignment with the European Union acquis continued in 2019 and 2020.

The Order of the Ministry of Health of Ukraine No. 2646 of 23 December 2019 established the ultimate residual content levels of veterinary preparation active ingredients in animal originated food products. The Order aligns the Ukrainian legislation with the European Union acquis, in particular by setting similar veterinary requirements to the maximum permissible levels of such ingredients.

The Ministry of Health of Ukraine, with its Order No. 1238 of 22 May 2020, amended the State Hygienic Rules and Standards of the "Regulation on the maximum levels of some pollutants in food products". The Order took effect on 4 February 2021.

The Order of the Ministry of Health of Ukraine No. 1613 of 16 July 2020 approved the rules of addition of vitamins, minerals and some other substances to food products. The Order contains a list of relevant allowed substances and their maximum permissible contents in food products as well as a list of substances prohibited for use in food products.

The Resolution of the Cabinet of Ministers of Ukraine No. 1177 of 15 November 2019 defines a procedure of phytosanitary expert examination, a list of regulated entities for the import, export and re-export purposes, as well as a list of regulated entities liable to state control based on a risk-oriented approach, and control selectivity criteria. The Resolution was adopted to enhance flexibility and effectiveness of the phytosanitary control system's operation, and to improve phytosanitary procedures for imports.

The Order of the Ministry for the Development of Economy, Trade and Agriculture of Ukraine No. 1329 of 14 July 2020 approved new forms of international certificates for import of live animals, their reproductive material, animal originated products, and feeds. The certificate contains information about a product's conformity with requirements of the legislation on food products, feeds and by-products of animal origin.

<sup>293</sup> As per the notifications by Ukraine to the WTO Committee on Agriculture G/AG/N/UKR/35 of 29 January 2020 and G/AG/N/UKR/40 of 1 March 2021.

<sup>294</sup> Order of the Cabinet of Ministers of Ukraine No. 228-p of 26 February 2016 "On the endorsement of the Comprehensive Strategy of Implementation of Chapter I "Sanitary and phytosanitary measures" of Title IV "Trade and trade-related matters" of the Association Agreement between the European Union, the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part".

<sup>295</sup> Resolution of the Cabinet of Ministers of Ukraine No. 1106 of 25 October February 2017 "On the implementation of the Association Agreement between the European Union, the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part".

## Export policy

### Export duties

Ukraine meets its commitments to the WTO concerning the reduction of export duties on oil seeds, live animals, hides and skins. In 2019 and 2020, export duties on flax, sunflower and safflower seeds<sup>296</sup> were set at 10 percent,<sup>297</sup> on live animals<sup>298</sup> at 10 percent, and on hides and skins<sup>299</sup> at 20 percent.<sup>300</sup>

### Quantitative restrictions on exports (including export bans)

Due to the outbreak of the COVID-19 pandemic, the Cabinet of Ministers of Ukraine introduced, with its Resolution No. 229 of 23 March 2020, a temporary (until 1 June 2020) quota-setting and licencing regime for exports of ethyl alcohol (UCC FEA code 2207), and set a zero quota for that product. The Resolution of the Cabinet of Ministers of Ukraine of 2 April 2020 introduced a temporary (until 1 June 2020) quota-setting and licencing regime for exports of buckwheat and hulled buckwheat grains, and set a zero quota for corresponding commodity items. This measure was rather of social and psychological importance because the task of ensuring a sufficient supply of buckwheat groats in Ukraine's domestic market and maintaining buckwheat consumer prices after the 2009 crisis (caused by shortage of buckwheat groats in the consumer market) is solved by means of importing buckwheat groats.

### Export promotion measures

According to the Protocol on the Accession to the WTO, Ukraine committed to not have export subsidies. Export crediting and insurance was not applied by the state in 2019 and 2020.

During 2019 and 2020, Ukraine continued to develop its regulatory framework and conduct organization work to establish a state institution for export support – the Export Credit Agency (ECA). As of the end of 2020, the procedure of the ECA supervisory board formation was not yet completed. According to the Resolution of the Cabinet of Ministers of Ukraine No. 772 of 21 August 2019, the Export Credit Agency will undertake activities to maintain

insurance of bank loans and foreign economic activity agreements.

The Law of Ukraine No. 1792-VIII of 20 December 2016 "On ensuring large-scale expansion of the exports of goods (works, services) of Ukrainian origin by means of insuring, guaranteeing, and reducing the cost of, export crediting" defines that the ECA only deals with exporters of high value-added goods and services, not supporting raw material exports. Support to exports of food industry products is limited to some commodity groups – meat and fish products; prepared cereal products; vegetable products; miscellaneous food products.

### Other export policy measures

The practice of signing memoranda between the line ministry and grain exports, stemming from 2011 and ensuring effective interaction between the grain market actors, continued. On 3 October 2019, the Ministry for the Development of Economy, Trade and Agriculture of Ukraine and the grain market players signed a Memorandum of Understanding to agree upon the grain market balance indicators for 2019/2020 marketing year to ensure food security and avoid introduction of export restrictions. At the time of signing, the parties agreed not to specify any concrete volume of grain exports but to hold a joint meeting on a monthly basis with the grain market representatives to assess the situation and, if necessary, define the limit volume of exports. On 20 March 2020, an annex to the Memorandum established the maximum indicative volume of wheat exports in 2019/2020 marketing year at 20.2 million tonnes. On 17 August 2020, the Ministry for the Development of Economy, Trade and Agriculture of Ukraine signed an annex to the Memorandum with the grain market players to agree upon the maximum indicative grain export volume in 2020/2021 marketing year at 17.5 million tonnes of wheat and 1 000 tonnes of rye. In view of the situation caused by the COVID-19 pandemic, the ending stocks in the forecast wheat balance was increased by half a million tonnes, to 1.7 million tonnes.

The Law of Ukraine No. 466-VIII of 27 May 2020 reversed the amendments to the Tax Code of Ukraine, adopted by the Law of Ukraine of 22 May 2018 and providing for the abolition of VATO refund for export of soya (from 1 September 2018 to 31 December 2021) and rape (from 1 January 2020 to 31 December 2021). The provisions adopted in 2018 were aimed at providing incentives for construction of new oil crop processing capacities so that the value added remain in Ukraine. The VAT refund abolition did not apply to the export transactions undertaken by agricultural enterprises producing soya and rape on the own or rented land or on land in permanent use. In 2019 (which was the last year of effect of the norm providing for the VAT refund abolition for

<sup>296</sup> UCC FEA codes 1204 00, 1206 00 and 1207 99 99 00.

<sup>297</sup> Law of Ukraine No. 1033-XIV of 10 September 1999 "On the export duty rates for seeds of some oil crops (as amended and supplemented)".

<sup>298</sup> UCC FEA codes 0102 90 05 00, 0102 90 21 00 and 0102 90 29 00 0.

<sup>299</sup> UCC FEA codes 4101, 4102 и 4103 90 00 00.

<sup>300</sup> Law of Ukraine No. 180/96-BP of 7 May 1996 "On the export duty rates for live animals and raw skins and hides (as amended and supplemented)".

soya exports), exports of soya oil from Ukraine grew by 54.5 percent compared to 2018 when the above-mentioned amendments to the Tax Code were adopted. However, soya producers responded to the amendments by contracting the areas sown to soya in 2019 by 13.9 percent versus 2018.

The Law of Ukraine No. 1115-IX of 17 December 2020 introduced amendments to the Tax Code according to which the value-added tax rate for the agricultural products in UCC FEA commodity groups 0102, 0103, 0401 (for whole milk), 1001, 1002, 1003, 1004, 1005, 1201, 1204 00, 1205, 1206 00, 1207 и 1212 91 in case of their internal deliveries within Ukraine, export and import was reduced from 20 to 14 percent. The above-mentioned codes cover, inter alia, the following commodity items: bovine animals, live; swine, live (except for the operations of import to Ukraine's customs territory of pedigree pure-bred animals undertaken by agricultural producers and exempt from taxation); wheat; rye; barley; corn; soya beans; flax seeds; rape and colza seeds; sunflower seeds; seeds and fruits of other oil crops; sugar beet. The Law, adopted to support agricultural production, took effect on 25 February 2021. Clearly, since most goods in the list of goods defined in the Law are prime ones in raw-material exports or primary goods for processing for exports, it will benefit most of all the companies controlling the entire chain from production to processing and export. These are, first of all, vegetable oil exporters which will receive 20 percent VAT refund while purchasing the raw materials at 14 percent VAT rate.

## Trade agreements

In addition to the current trade agreements, Ukraine and the United Kingdom of Great Britain and Northern Ireland signed the Political, Free Trade and Strategic Partnership Agreement on 8 January 2020.<sup>301</sup> It came into force on 1 January 2021, and its implementation will be completed in 2026. The Agreement is based on the EU-Ukraine Association Agreement<sup>302</sup> and will replace it in Ukraine's bilateral relations with the United Kingdom of Great Britain and Northern Ireland. The Agreement establishes a free trade area for goods and services between the parties; in terms of trade in goods, it includes provisions on rules of origin, preferential tariffs and quotas. The Agreement also contains obligations in such areas as enforcement of intellectual property rights, geographical indications, and public procurement.

<sup>301</sup> Political, free trade and strategic partnership agreement between the United Kingdom of Great Britain and Northern Ireland and Ukraine.

<sup>302</sup> Association Agreement between the European Union, the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part

Tariff quotas with zero-rate import duties for import of agricultural products to the United Kingdom of Great Britain and Northern Ireland are set for 36 product categories (including beef meat, pork meat, sheep meat, poultry meat, milk, cream, yoghurts, cereals, bran, honey, sugar, starch, mushrooms, garlic, malt, grape and apple juice, butter, cigarettes, ethanol, eggs, and albumins). Besides, additional tariff quotas are set for pork meat, poultry meat, mushrooms, eggs and albumins. Ukraine, in turn, set tariff quotas for three product categories (pork meat; poultry meat and poultry meat preparations; sugar), and provided for additional tariff quotas for poultry meat and sugar. The list of tariff quotas is based on the corresponding list of the EU-Ukraine Association Agreement, and their amounts were adjusted to take account of the fact that the United Kingdom of Great Britain and Northern Ireland is inferior to the European Union as far as the volume of export and import operations is concerned.

According to the Joint Declaration on Article 29(4) of the Political, Free Trade and Strategic Partnership Agreement with the United Kingdom of Great Britain and Northern Ireland, Ukraine and the United Kingdom can begin consultations as soon as 2022 to revise the tariff quota amount for poultry meat and poultry meat preparations once the Ukrainian imports of such products become higher than 80 percent of the respective quota.

In March 2019, the European Commission reached agreement with Ukraine to amend the EU-Ukraine Association Agreement. The amendments took effect on 1 January 2020. The tariff quota for poultry meat imports from Ukraine to the European Union at a zero-import tariff rate was increased from 20 to 70 thousand tonnes.

In 2020, the first five-year period since taking effect by the economic part of the EU-Ukraine Association Agreement expired, which gives grounds for its revision for the next five years as per Article 481 of the Agreement. The Ministry for the Development of Economy, Trade and Agriculture held consultations in 2020 with business associations to shape Ukraine's request for revision of the free trade area terms and conditions. The negotiations focused on forty tariff import quotas (including additional quotas for four product categories) for duty-free import of Ukrainian agricultural goods to the European Union. Amounts of most of such quotas do not satisfy Ukrainian producers and do not meet both actual and potential volumes of trade in these goods. Besides, Ukrainian producers are interested in permanent establishment of the additional tariff quotas for duty-free import of agricultural goods to the European Union introduced by the European Union since 1 October 2017 as part of temporary additional trade preferences for Ukraine for three years. In particular, tariff rate quotas

for the following products were increased in 2017: honey, barley groats, processed tomatoes, grape juice, oat, corn, soft wheat, and barley.

## Changes in food and agricultural support

In 2020, amendments to the Law of Ukraine “On state support to agriculture of Ukraine” (No. 1877-IV of 24 June 2004) were made, securing the priority of providing state support to small farms, including small ones, which own or use up to 100 hectares of agricultural land. Other priority areas include animal husbandry (including such niches as sheep breeding, goat breeding, and aquaculture); support to organic production, horticulture, vegetable growing and berry production; and irrigation and restoration of drainage systems. To facilitate access to state support programmes and ensure transparency of the support distribution, the Law provides for establishment of the State Agrarian Register – an integrated state information system that will contain data on agricultural producers.

Budget financing was provided to agriculture in 2019 and 2020 mainly via state budget programmes administered by the Ministry for the Development of Economy, Trade and Agriculture. According to the State Treasury Service of Ukraine, the State Budget spending on agriculture financing amounted to 12.2 billion hryvnias (USD 432.9 million<sup>303</sup>) in 2019, and to 12.5 billion hryvnias (USD 442.9 million) in 2020. It is 17.2 percent and 20.0 percent, respectively, more than the amount of financing 2018.<sup>304</sup>

Support to agricultural producers from the State Budget of Ukraine in 2019 was provided under five programmes<sup>305</sup>, with the total amount of funds paid to the producers being 4.2 billion hryvnias (USD 147.7 million). In 2020, the programmes were merged into one budget programme

“Financial support to agricultural producers” under which 3.9 billion hryvnias (USD 140.4 million) was paid. The 2020 programme retains the key areas of support to agricultural producers which existed in 2019, with slight modifications to the procedures for utilization of budget funds (mainly because of reorganization of the country’s highest executive authorities). According to the Resolution of the Cabinet of Ministers of Ukraine No. 109 of 19 February 2020, the funds under the 2020 budget programme “Financial support to agricultural producers” are allocated for the following areas: state support to development of animal husbandry and agricultural product processing, with the amount of financing of UAH 1 billion (USD 35.4 million); financial support to development of farms – UAH 400 million (USD 14.1 million); partial compensation for the cost of Ukrainian-made agricultural machines and equipment – USD 1 billion (USD 35.4 million); financial support of agro-industrial complex measures by reducing the cost of credits – UAH 1.2 billion (USD 42.5 million); financial support to development of horticulture, viticulture and hop growing – UAH 400 million (USD 14.1 million); providing additional financial support to family farms via the mechanism of additional payment of the single contribution for mandatory state social insurance in favour of insured persons being family farm members/head – UAH 200 million (USD 7.1 million).

No new green box programmes were implemented in Ukraine over the period since it had joined the WTO. A greater part of budget funds for this category of programmes is still allocated to finance “general services”. The budget spending on research and academic staff training in the agrifood sector decreased by 8.4 percent in 2020 compared to 2019. The volume of financing for the State Service of Ukraine for Food Safety and Consumer Protection from the general fund of the State Budget of Ukraine amounted to UAH 3.8 billion (USD 134.4 million) in 2020, which is 6.4 percent more than in 2019.

<sup>303</sup> Hereinafter, the sums in US dollars are calculated at the official rate of the National Bank of Ukraine as of 1 January 2021: 28.26 UAH/USD.

<sup>304</sup> The amounts of budget financing for agriculture in 2019 and 2020 were calculated on the basis of the list of budget programmes of the Ministry of Agriculture and Food Ukraine dated 2018, which were financed via the Ministry for the Development of Economy, Trade and Agriculture and the Ministry of Energy and Environment since 2019 (via the Ministry of Environmental Protection and Water Resources since 2020). The total amounts of financing do not take account of the two budget programmes of the Ministry for the Development of Economy, Trade and Agriculture related to governance and management in development of economy, trade and agriculture and to electronic governance because the Procedures for utilization of funds of these two programmes do not allow singling out expenses for governance and management in agriculture.

<sup>305</sup> See details of these programmes in the FAO publication “Review of agricultural trade policies in the EECCA countries 2017-2018”.



# ANNEXES

# Annex 1.

## List of goods included in the analysis

SHORT NAME		FULL NAME
01	Live animals	Animals; live
02	Meat	Meat and edible meat offal
03	Fish	Fish and crustaceans, molluscs and other aquatic invertebrates
04	Dairy produce, eggs, honey	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included
05	Other animal originated products	Animal originated products; not elsewhere specified or included
06	Trees and other plants	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage
07	Vegetables	Vegetables and certain roots and tubers; edible
08	Fruit and nuts	Fruit and nuts, edible; peel of citrus fruit or melons
09	Coffee, tea	Coffee, tea, maté and spices
10	Cereals	Cereals
11	Products of the milling industry	Products of the milling industry; malt; starches; inulin; wheat gluten
12	Oil seeds and oleaginous fruits	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder
13	Lac; gums, resins	Lac; gums, resins and other vegetable saps and extracts
14	Vegetable plaiting materials	Vegetable plaiting materials; vegetable products not elsewhere specified or included
15	Fats and oils	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes
16	Meat and fish preparations	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates
17	Sugars and sugar confectionery	Sugars and sugar confectionery
18	Cocoa and cocoa preparations	Cocoa and cocoa preparations
19	Preparations of cereals, pastrycooks' products	Preparations of cereals, flour, starch or milk; pastrycooks' products
20	Preparations of vegetables, fruit, nuts or other parts of plants	Preparations of vegetables, fruit, nuts or other parts of plants
21	Miscellaneous edible preparations	Miscellaneous edible preparations
22	Beverages and spirits	Beverages, spirits and vinegar
23	Residues and wastes of food industries	Residues and waste from the food industries; prepared animal fodder
24	Tobacco	Tobacco and manufactured tobacco substitutes
290543	Mannitol	Alcohols; polyhydric, mannitol
290544	D-glucitol (sorbitol)	Alcohols; polyhydric, d-glucitol (sorbitol)
3301	Essential oils	Essential oils (terpeneless or not), including concretes and absolutes; resinoids; extracted oleoresins; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurage or maceration; terpenic by-products of the deterpenation of essential oils; aqueous distillates and aqueous solutions of essential oils

SHORT NAME		FULL NAME
3501	Casein, caseinates and other casein derivatives; casein glues	Casein, caseinates and other casein derivatives; casein glues
3502	Albumins	Albumins (including concentrates of two or more whey proteins, containing by weight more than 80% whey proteins, calculated on the dry matter), albuminates and other albumin derivatives
3503	Gelatin	Gelatin (including gelatin in rectangular (including square) sheets, whether or not surface-worked or coloured) and gelatin derivatives; isinglass; other glues of animal origin, excluding casein glues of heading 35.01
3504	Peptones and their derivatives	Peptones and their derivatives; other protein substances and their derivatives, not elsewhere specified or included; hide powder, whether or not chromed
3505	Dextrins and other modified starches	Dextrins and other modified starches (for example, pregelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches
380910	Finishing agents	Finishing agents and dye carriers; to accelerate dyeing or fixing of dye-stuffs, other products and preparations, used in textile, paper, leather etc industries, with basis of amylaceous substances, n.e.c.
382460	Sorbitol	Sorbitol; other than that of subheading no. 2905.44
4101	Raw hides and skins of bovine	Raw hides and skins of bovine (including buffalo) or equine animals (fresh, salted, dried, limed, pickled, otherwise preserved but not tanned, parchment dressed or further prepared), whether or not dehaired or split
4102	Raw skins of sheep or lambs	Raw skins of sheep or lambs (fresh, salted, dried, limed, pickled or otherwise preserved, but not further prepared), whether or not with wool on or split, other than those excluded by Note 1(c) to this Chapter
4103	Raw hides and skins n.e.c	Raw hides and skins n.e.c in headings no. 4101, 4102; fresh, salted, dried, pickled or otherwise preserved, not further prepared, whether or not dehaired or split, other than those excluded by Note 1(b) or 1(c) to this Chapter
4301	Raw fur skins	Raw furskins (including heads, tails, paws, other pieces or cuttings, suitable for furriers' use), excluding raw hides and skins of heading no. 4101, 4102 or 4103
5001	Silk-worm cocoons	Silk-worm cocoons suitable for reeling
5002	Raw silk	Raw silk (not thrown)
5003	Silk waste	Silk waste (including cocoons unsuitable for reeling, yarn waste and garnetted stock)
5101	Wool	Wool, not carded or combed
5102	Fine or coarse animal hair	Fine or coarse animal hair, not carded or combed
5103	Waste of wool or of fine or coarse animal hair	Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garnetted stock
5201	Cotton; not carded or combed	Cotton; not carded or combed
5202	Cotton waste	Cotton waste (including yarn waste and garnetted stock)
5203	Cotton, carded or combed	Cotton, carded or combed
5301	Flax, raw or processed	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garnetted stock)
5302	True hemp ( <i>cannabis sativa</i> L.)	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garnetted stock)

## Annex 2.

TABLE 1A. INDICATORS OF FOREIGN AGRICULTURAL TRADE (HS CODES ACCORDING TO THE LIST IN ANNEX 1), 2018–2020, USD MILLION									
Country	Exports			Imports			Trade balance		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Azerbaijan	786.7	898.3	895.7	1 707.0	1 931.6	1 906.0	-920	-1 033	-1 010
Armenia	671.6	776.1	747.1	808.3	874.1	813.8	-137	-98	-67
Belarus	5 234.9	5 536.8	5 720.2	4 405.6	4 655.8	4 230.5	829	881	1 490
Georgia	961.5	890.4	943.3	1 357.1	1 254.5	1 209.9	-396	-364	-267
Kazakhstan	3 187.4	3 382.8	3 286.1	3 654.4	3 918.1	3 964.6	-467	-535	-678
Kyrgyzstan	238.1	296.4	274.1	599.0	676.8	539.2	-361	-380	-265
Republic of Moldova	1 174.9	1 216.4	1 093.2	777.8	819.6	849.6	397	397	244
Russian federation	24 982.7	24 921.7	28 366.1	30 181.0	30 475.5	29 525.1	-5 198	-5 554	-1 159
Tajikistan	192.7	174.5	172.5	618.5	758.0	819.0	-426	-584	-647
Turkmenistan	731.5	729.6	728.4	493.1	568.5	529.4	238	161	199
Uzbekistan	1 395.0	1 950.5	1 746.7	1 718.0	2 100.1	2 325.2	-323	-150	-578
Ukraine	18 686.6	22 220.6	22 281.7	5 124.2	5 793.7	6 551.5	13 562	16 427	15 730

TABLE 1B. INDICATORS OF FOREIGN TRADE IN ALL GOODS, 2018–2020, USD MILLION

Country	Exports			Imports			Trade balance		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Azerbaijan	13 380.8	15 306.0	19 458.6	8 472.5	8 767.8	11 459.4	4 908.3	6 538.2	7 999.2
Armenia	1 807.8	2 145.0	2 383.4	3 218.5	3 893.5	4 849.9	-1 410.7	-1 748.5	-2 466.5
Belarus	23 537.4	29 240.0	33 726.1	27 609.9	34 234.8	38 408.9	-4 072.5	-4 994.9	-4 682.8
Georgia	2 113.7	2 735.5	3 354.5	7 235.8	7 939.2	9 123.1	-5 122.0	-5 203.8	-5 768.6
Kazakhstan	36 775.3	48 502.7	61 109.1	25 174.8	29 599.4	33 658.4	11 600.5	18 903.4	27 450.6
Kyrgyzstan	1 423.0	1 757.5	1 690.3	3 844.5	4 487.3	4 829.6	-2 421.4	-2 729.8	-3 139.2
Republic of Moldova	2 044.6	2 425.1	2 706.8	4 020.4	4 831.4	5 764.3	-1 975.7	-2 406.3	-3 057.5
Russian Federation	285 491.1	359 152.0	451 494.8	182 257.2	228 212.7	240 225.8	103 233.8	130 939.2	211 269.1
Tajikistan	898.7	1 198.0	1 073.3	3 031.2	2 774.9	3 151.0	-2 132.5	-1 576.9	-2 077.7
Turkmenistan	7 520.1	7 788.0	11 650.9	13 176.8	10 188.0	5 322.9	-5 656.7	-2 400.0	6 328.0
Uzbekistan	9 357.7	13 927.8	14 253.9	11 328.3	13 055.4	19 555.2	-1 970.6	872.4	-5 301.3
Ukraine	36 361.0	43 428.4	47 334.7	39 249.6	49 439.2	57 187.1	-2 888.6	-6 010.8	-9 852.4

TABLE 2A. MAIN DESTINATIONS OF AGRICULTURAL EXPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1), 2020, USD MILLION									
Exporting country	Export destinations								
	Belarus	Kazakhstan	Russian Federation	Ukraine	China	Other CIS countries	EU	Rest of the world	Total
Azerbaijan	12.3	8.0	561.9	17.4	2.9	15.2	63.1	214.9	895.7
Armenia	12.0	4.3	401.6	23.8	1.7	1.7	17.9	283.9	747.1
Belarus	-	287.4	4 245.3	196.8	424.5	184.9	340.8	40.5	5 720.2
Georgia	31.6	34.8	287.0	93.0	20.4	174.8	162.9	138.8	943.3
Kazakhstan	10.9	-	329.6	21.1	425.0	1 490.4	241.4	767.6	3 286.1
Kyrgyzstan	0.2	57.3	85.5	0.3	14.5	30.5	13.1	72.7	274.1
Republic of Moldova	52.2	7.8	138.1	19.2	11.6	4.1	579.9	280.4	1 093.2
Russian Federation	1 419.2	2 066.2	-	761.1	3 930.6	2 266.9	3 243.3	14 678.9	28 366.1
Tajikistan	1.0	14.2	18.2	0.4	10.0	9.0	-	119.7	172.5
Turkmenistan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	706.0
Uzbekistan	13.0	249.7	291.7	15.7	160.2	344.1	27.5	644.8	1 746.7
Ukraine	505.9	144.3	74.0	-	3 554.4	564.8	6 583.5	10 854.8	22 281.7

TABLE 2B. MAIN DESTINATIONS OF AGRICULTURAL EXPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1), 2019, USD MILLION									
Exporting country	Export destinations								
	Belarus	Kazakhstan	Russian Federation	Ukraine	China	Other CIS countries	EU	Rest of the world	Total
Azerbaijan	11.8	3.6	572.6	18.2	1.6	25.0	64.3	201.2	898.3
Armenia	11.0	3.6	397.3	19.2	1.7	4.4	15.5	323.5	776.1
Belarus	-	241.4	4 416.8	179.4	131.5	127.5	241.0	199.1	5 536.8
Georgia	29.8	32.2	296.4	89.6	27.7	169.4	129.5	115.7	890.4
Kazakhstan	13.2	-	439.8	18.7	388.6	1 386.1	292.4	844.1	3 382.8
Kyrgyzstan	0.7	57.3	88.5	0.7	27.4	13.2	13.2	95.4	296.4
Republic of Moldova	62.3	6.5	121.2	24.7	14.4	5.8	596.6	384.9	1 216.4
Russian Federation	1 383.5	1 849.3	-	711.1	3 195.3	2 009.0	2 835.4	12 938.1	24 921.7
Tajikistan	2.0	7.9	26.8	0.5	23.9	11.3	-	102.1	174.5
Turkmenistan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	729.6
Uzbekistan	11.6	306.6	207.5	40.0	255.7	467.6	34.7	626.6	1 950.5
Ukraine	599.1	158.0	68.7	-	1 954.4	384.9	7 372.4	11 683.1	22 220.6

TABLE 2C. MAIN DESTINATIONS OF AGRICULTURAL EXPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1), 2018, USD MILLION									
Exporting country	Export destinations								
	Belarus	Kazakhstan	Russian Federation	Ukraine	China	Other CIS countries	EU	Rest of the world	Total
Azerbaijan	14.4	3.6	522.5	15.3	0.9	31.3	46.1	152.6	786.7
Armenia	6.6	4.0	329.6	14.2	0.8	0.9	12.9	302.6	671.6
Belarus	-	310.7	4 135.3	122.1	82.4	147.6	233.5	203.3	5 234.9
Georgia	20.2	67.9	243.6	83.1	23.0	233.1	148.2	142.5	961.5
Kazakhstan	9.0	-	420.6	17.9	257.0	1 201.1	303.7	978.1	3 187.4
Kyrgyzstan	0.2	59.5	64.1	0.2	17.7	11.6	13.9	70.8	238.1
Republic of Moldova	57.5	12.3	114.6	34.9	14.9	3.0	640.0	297.8	1 174.9
Russian Federation	1 261.6	1 525.7	-	674.8	2 530.7	1 556.9	2 849.2	14 583.8	24 982.7
Tajikistan	3.2	6.9	26.5	0.3	18.1	4.1	-	133.6	192.7
Turkmenistan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	731.5
Uzbekistan	9.7	411.9	198.2	12.1	170.6	119.2	20.4	452.9	1 395.0
Ukraine	568.6	156.3	96.4	-	1 171.5	669.9	6 194.9	9 829.1	18 686.6

TABLE 3A. MAIN ORIGINS OF AGRICULTURAL IMPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1), 2020, USD MILLION

Importing country	Import origins								Total
	Belarus	Kazakhstan	Russian Federation	Ukraine	China	Other CIS countries	EU	Rest of the world	
Azerbaijan	32.4	13.7	736.9	230.6	17.1	14.9	181.6	678.7	1 906.0
Armenia	17.3	1.6	295.0	81.2	6.5	1.3	116.4	294.5	813.8
Belarus	-	17.2	1 428.6	532.6	93.8	91.3	1 084.2	982.8	4 230.5
Georgia	19.9	4.7	340.0	207.3	17.8	58.1	263.7	298.5	1 209.9
Kazakhstan	218.6	-	2 014.8	152.9	160.2	329.8	405.5	682.7	3 964.6
Kyrgyzstan	7.1	150.8	189.9	26.8	-	49.6	29.0	86.0	539.2
Republic of Moldova	17.6	0.5	80.0	201.3	12.8	1.9	382.0	153.5	849.6
Russian Federation	4 221.2	396.6	-	101.2	1 461.5	1 635.6	7 355.2	14 353.8	29 525.1
Tajikistan	12.7	310.6	304.8	14.0	9.6	50.8	-	116.5	819.0
Turkmenistan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	529.4
Uzbekistan	81.8	874.7	696.3	46.7	59.3	43.9	248.0	274.5	2 325.2
Ukraine	103.1	23.8	45.9	-	197.9	80.7	3 319.2	2 780.8	6 551.5

TABLE 3B. MAIN ORIGINS OF AGRICULTURAL IMPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1), 2019, USD MILLION

Importing country	Import origins								Total
	Belarus	Kazakhstan	Russian Federation	Ukraine	China	Other CIS countries	EU	Rest of the world	
Azerbaijan	30.5	72.6	685.7	275.3	15.1	13.3	185.4	653.8	1 931.6
Armenia	14.8	1.8	279.9	98.6	8.6	6.3	133.7	330.5	874.1
Belarus	-	22.2	1 481.2	679.5	118.6	105.4	1 144.9	1 103.9	4 655.8
Georgia	15.0	18.9	310.3	227.0	19.8	70.6	291.9	300.8	1 254.5
Kazakhstan	180.8	-	1 884.4	165.7	193.9	377.8	420.9	694.6	3 918.1
Kyrgyzstan	7.4	224.4	222.3	27.1	47.3	55.4	32.3	60.6	676.8
Republic of Moldova	20.0	0.8	78.7	198.1	14.0	3.2	359.1	145.6	819.6
Russian Federation	4 305.8	384.1	-	80.0	1 789.6	1 577.7	7 607.6	14 730.6	30 475.5
Tajikistan	8.4	300.2	229.5	23.8	6.1	64.6	-	125.4	758.0
Turkmenistan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	568.5
Uzbekistan	39.0	762.1	477.1	67.7	70.7	12.3	220.2	450.9	2 100.1
Ukraine	89.8	22.3	36.4	-	166.4	60.2	2 846.5	2 572.1	5 793.7

TABLE 3C. MAIN ORIGINS OF AGRICULTURAL IMPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1), 2018, USD MILLION

Importing country	Import origins								Total
	Belarus	Kazakhstan	Russian Federation	Ukraine	China	Other CIS countries	EU	Rest of the world	
Azerbaijan	32.1	59.7	477.7	296.7	11.9	10.1	183.7	635.2	1 707.0
Armenia	12.7	1.6	283.6	87.8	6.5	1.7	114.9	299.5	808.3
Belarus	-	8.9	1 332.8	613.1	94.6	93.8	973.3	1 289.1	4 405.6
Georgia	19.5	21.1	305.6	284.4	18.7	63.5	305.9	338.4	1 357.1
Kazakhstan	152.4	-	1 550.4	171.0	168.2	506.5	409.2	696.8	3 654.4
Kyrgyzstan	6.7	194.7	211.0	16.6	25.2	65.3	29.3	50.2	599.0
Republic of Moldova	15.1	0.8	64.5	197.9	14.3	2.1	336.2	146.9	777.8
Russian Federation	4 066.7	340.5	-	140.0	1 975.3	1 392.9	7 541.9	14 723.8	30 181.0
Tajikistan	10.9	240.5	174.5	17.5	9.1	28.4	-	137.6	618.5
Turkmenistan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	491.3
Uzbekistan	21.8	612.6	401.0	132.8	74.7	8.0	204.1	262.9	1 718.0
Ukraine	42.9	21.2	48.0	-	157.9	65.6	2 469.1	2 319.5	5 124.2

TABLE 4A.  
AGRICULTURAL EXPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1) BETWEEN THE EAEU COUNTRIES, 2020, USD MILLION

	Export destinations				
Exporting country	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russian Federation
Armenia	-	12.0	4.3	0.9	401.6
Belarus	24.8	-	287.4	25.4	4 358.9
Kazakhstan	2.3	10.9	-	158.5	329.6
Kyrgyzstan	0.1	0.2	57.3	-	85.5
Russian Federation	295.6	1 419.2	2 066.2	288.2	-

TABLE 4B.  
AGRICULTURAL EXPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1) BETWEEN THE EAEU COUNTRIES, 2019, USD MILLION

	Export destinations				
Exporting country	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russian Federation
Armenia	-	11.0	3.6	2.3	397.3
Belarus	19.6	-	241.4	12.6	4 416.8
Kazakhstan	7.5	13.2	-	184.9	439.8
Kyrgyzstan	0.2	0.7	57.3	-	88.5
Russian Federation	283.3	1 383.5	1 849.3	254.1	-

TABLE 4C.  
AGRICULTURAL EXPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1) BETWEEN THE EAEU COUNTRIES, 2018, USD MILLION

	Export destinations				
Exporting country	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russian Federation
Armenia	-	6.6	4.0	0.1	329.6
Belarus	13.0	-	310.7	66.5	4 135.3
Kazakhstan	1.7	9.0	-	173.6	420.6
Kyrgyzstan	0.1	0.2	59.5	-	64.1
Russian Federation	234.8	1 261.6	1 525.7	239.1	-

**TABLE 5A.**  
**AGRICULTURAL IMPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1) BETWEEN THE EAEU COUNTRIES, 2020, USD MILLION**

	Import origins				
Importing country	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russian Federation
Armenia	-	17.3	1.6	0.2	295.0
Belarus	14.1	-	17.2	1.3	1 428.6
Kazakhstan	4.3	218.6	-	50.5	2 014.8
Kyrgyzstan	0.6	7.1	150.8	-	189.9
Russian Federation	377.8	4 221.2	393.6	74.8	-

**TABLE 5B.**  
**AGRICULTURAL IMPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1) BETWEEN THE EAEU COUNTRIES, 2019, USD MILLION**

	Import origins				
Importing country	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russian Federation
Armenia	-	14.8	1.8	2.4	279.9
Belarus	12.0	-	22.2	1.6	1 481.2
Kazakhstan	3.8	180.8	-	45.1	1 884.4
Kyrgyzstan	0.3	7.4	224.4	-	222.3
Russian Federation	400.0	4 305.8	384.1	75.0	-

**TABLE 5C.**  
**AGRICULTURAL IMPORTS (HS CODES ACCORDING TO THE LIST IN ANNEX 1) BETWEEN THE EAEU COUNTRIES, 2018, USD MILLION**

	Import origins				
Importing country	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russian Federation
Armenia	-	12.7	1.6	0.3	283.6
Belarus	6.9	-	8.9	2.1	1 332.8
Kazakhstan	4.5	152.4	-	51.1	1 550.4
Kyrgyzstan	0.0	6.7	194.7	-	211.0
Russian Federation	313.3	4 066.7	340.5	51.1	-

TABLE 6. AZERBAIJAN							
Azerbaijan: structure of agricultural imports and exports and trade balance, 2019–2020, USD million							
Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	0.1	59.8	-59.6	0.2	68.3	-68,2
02	Meat	0.6	79.4	-78.8	0.1	78.7	-78,6
03	Fish	0.7	23.8	-23.1	1.3	21.1	-19,9
04	Dairy produce, eggs, honey	20.3	135.9	-115.6	15.3	153.3	-138,0
05	Other animal originated products	1.5	0.7	0.8	2.6	1.2	1,4
06	Trees and other plants	0.4	27.4	-27.0	0.4	20.0	-19,6
07	Vegetables	243.2	69.8	173.5	254.4	79.4	175,0
08	Fruit and nuts	362.6	124.6	238.0	353.1	124.4	228,7
09	Coffee, tea	9.5	61.9	-52.4	9.6	63.0	-53,4
10	Cereals	3.0	401.1	-398.1	0.0	360.5	-360,5
11	Products of the milling industry	0.4	20.1	-19.6	0.5	21.8	-21,3
12	Oil seeds and oleaginous fruits	5.3	38.8	-33.6	4.6	43.3	-38,7
13	Lac; gums, resins	1.2	0.9	0.3	0.8	1.0	-0,2
14	Vegetable plaiting materials	0.2	1.1	-0.9	0.9	1.1	-0,2
15	Fats and oils	18.5	141.2	-122.8	24.7	161.9	-137,2
16	Meat and fish preparations	0.4	28.7	-28.3	0.3	33.7	-33,4
17	Sugars and sugar confectionery	28.0	160.9	-133.0	27.4	138.0	-110,6
18	Cocoa and cocoa preparations	5.4	73.8	-68.4	3.9	76.0	-72,1
19	Preparations of cereals, pastrycooks' products	2.0	105.2	-103.2	2.7	107.3	-104,6
20	Preparations of vegetables, fruit, nuts or other parts of plants	20.4	39.0	-18.6	24.5	38.3	-13,8
21	Miscellaneous edible preparations	1.7	87.6	-85.8	2.0	97.0	-95,0
22	Beverages and spirits	23.7	67.4	-43.7	12.1	61.0	-49,0
23	Residues and wastes of food industries	7.8	59.9	-52.0	3.8	67.9	-64,2
24	Tobacco	15.3	117.1	-101.8	14.7	85.5	-70,8
<b>Total - HS codes 1-24</b>		<b>772.2</b>	<b>1 926.1</b>	<b>-1 153.9</b>	<b>759.9</b>	<b>1 903.8</b>	<b>-1 143.9</b>
290543	Mannitol	-	0.0	-	-	-	0,0
290544	D-glucitol (sorbitol)	-	0.0	-	-	0.0	-0,0
3301	Essential oils	0.2	0.4	-0.2	0.4	0.3	0,1
3501	Casein, caseinates and other casein derivatives; casein glues	-	0.0	-	-	0.0	-0,0
3502	Albumins	-	0.1	-	-	0.0	-0,0
3503	Gelatin	-	0.1	-	-	0.1	-0,1
3504	Peptones and their derivatives	-	1.0	-	-	1.0	-1,0
3505	Dextrins and other modified starches	0.0	1.3	-1.3	-	-	0,0
380910	Finishing agents	-	0.2	-	-	0.1	-0,1
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	-	-	-	0.1	0.0	0,0
4102	Raw skins of sheep or lambs	1.2	-	-	1.0	-	1,0
4103	Raw hides and skins n.e.c	0.0	-	-	0.0	0.0	0,0
4301	Raw fur skins	-	0.0	-	-	-	0,0
5001	Silk-worm cocoons	-	-	-	0.8	-	0,8
5002	Raw silk	0.7	-	-	0.1	-	0,1
5003	Silk waste	0.1	-	-	0.2	-	0,2
5101	Wool	-	0.1	-	-	0.0	-0,0
5102	Fine or coarse animal hair	-	0.0	-	-	-	0,0
5103	Waste of wool or of fine or coarse animal	-	0.0	-	-	-	0,0
5201	Cotton; not carded or combed	122.4	0.0	122.3	131.9	0.0	131,9
5202	Cotton waste	1.6	0.0	1.6	1.3	0.0	1,3
5203	Cotton, carded or combed	-	0.0	-	-	-	0,0
5301	Flax, raw or processed	-	0.0	-	-	0.0	-0,0
5302	True hemp (cannabis sativa L.)	-	-	-	-	-	0,0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total – HS codes 290543-5302</b>		<b>126.1</b>	<b>5.6</b>	<b>120.6</b>	<b>135.8</b>	<b>2.1</b>	<b>133.6</b>
<b>Total</b>		<b>898.3</b>	<b>1 931.6</b>	<b>-1 033.3</b>	<b>895.7</b>	<b>1 906.0</b>	<b>-1 010.3</b>

TABLE 7. ARMENIA

Armenia: structure of agricultural imports and exports and trade balance, 2019–2020, USD million

Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	7.4	6.5	0.9	15.7	6.4	9.4
02	Meat	8.3	82.0	-73.7	0.1	59.0	-58.9
03	Fish	26.9	4.7	22.2	46.5	3.4	43.2
04	Dairy produce, eggs, honey	8.7	48.0	-39.3	12.8	55.3	-42.5
05	Other animal originated products	0.1	8.1	-8.1	0.0	7.6	-7.6
06	Trees and other plants	7.4	14.0	-6.5	7.4	5.9	1.4
07	Vegetables	37.6	17.9	19.7	42.7	18.5	24.2
08	Fruit and nuts	32.0	63.7	-31.7	57.1	69.7	-12.6
09	Coffee, tea	4.3	28.5	-24.2	5.3	27.0	-21.7
10	Cereals	0.0	73.6	-73.6	0.0	79.7	-79.7
11	Products of the milling industry	0.1	12.7	-12.6	0.4	15.3	-15.0
12	Oil seeds and oleaginous fruits	0.5	14.0	-13.6	0.6	10.9	-10.4
13	Lac; gums, resins	-	8.5	-	0.0	7.6	-7.5
14	Vegetable plaiting materials	-	0.1	-	0.0	0.1	-0.1
15	Fats and oils	0.1	51.2	-51.1	0.1	52.3	-52.2
16	Meat and fish preparations	8.0	9.5	-1.5	8.4	9.9	-1.5
17	Sugars and sugar confectionery	0.9	32.4	-31.6	0.7	40.8	-40.1
18	Cocoa and cocoa preparations	18.4	51.8	-33.4	13.3	41.9	-28.6
19	Preparations of cereals, pastrycooks' products	1.1	36.8	-35.6	1.5	38.6	-37.1
20	Preparations of vegetables, fruit, nuts or other parts of plants	26.4	22.1	4.4	33.7	22.9	10.7
21	Miscellaneous edible preparations	3.8	31.3	-27.6	6.2	30.2	-24.0
22	Beverages and spirits	293.0	55.5	237.5	238.4	32.0	206.4
23	Residues and wastes of food industries	0.1	48.6	-48.5	1.1	50.2	-49.1
24	Tobacco	290.5	149.5	140.9	254.6	125.4	129.2
<b>Total - HS codes 1-24</b>		<b>775.5</b>	<b>871.0</b>	<b>-95.5</b>	<b>746.7</b>	<b>810.8</b>	<b>-64.0</b>
290543	Mannitol	-	0.0	-0.0	-	0.0	-0.0
290544	D-glucitol (sorbitol)	-	0.0	-	-	0.0	-0.0
3301	Essential oils	0.0	0.2	-0.2	0.1	0.2	-0.1
3501	Casein, caseinates and other casein derivatives; casein glues	-	0.0	-	-	0.0	-0.0
3502	Albumins	-	0.1	-	-	0.0	-0.0
3503	Gelatin	-	0.1	-	-	0.2	-0.2
3504	Peptones and their derivatives	-	1.7	-	-	1.7	-1.7
3505	Dextrins and other modified starches	0.0	0.4	-0.4	-	0.4	-0.4
380910	Finishing agents	0.0	0.0	-0.0	0.0	0.0	-0.0
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	0.5	0.0	0.5	0.3	-	0.3
4102	Raw skins of sheep or lambs	-	0.0	-	0.0	0.0	-0.0
4103	Raw hides and skins n.e.c	-	0.1	-	-	0.0	-0.0
4301	Raw fur skins	0.1	0.0	0.1	-	-	0.0
5001	Silk-worm cocoons	-	-	-	-	-	0.0
5002	Raw silk	-	-	-	-	-	0.0
5003	Silk waste	-	-	-	-	-	0.0
5101	Wool	0.0	0.0	0.0	-	0.0	-0.0
5102	Fine or coarse animal hair	0.0	-	-	-	-	0.0
5103	Waste of wool or of fine or coarse animal	-	-	-	-	-	0.0
5201	Cotton; not carded or combed	-	0.3	-	-	0.3	-0.3
5202	Cotton waste	-	0.1	-	-	0.2	-0.2
5203	Cotton, carded or combed	-	0.0	-	-	0.0	-0.0
5301	Flax, raw or processed	-	0.0	-	-	0.0	-0.0
5302	True hemp (cannabis sativa L.)	-	0.0	-	-	0.0	-0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total - HS codes 290543-5302</b>		<b>0.6</b>	<b>3.1</b>	<b>-2.5</b>	<b>0.3</b>	<b>3.1</b>	<b>-2.7</b>
<b>Total</b>		<b>776.1</b>	<b>874.1</b>	<b>-97.9</b>	<b>747.1</b>	<b>813.8</b>	<b>-66.8</b>

TABLE 8. BELARUS							
Belarus: structure of agricultural imports and exports and trade balance, 2019–2020, USD million							
Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	7.7	22.7	-15.0	5.7	19.9	-14.2
02	Meat	784.2	142.1	642.1	804.7	124.4	680.3
03	Fish	131.3	372.3	-241.1	113.5	370.5	-257.0
04	Dairy produce, eggs, honey	2 367.5	63.5	2 304.0	2 417.9	60.2	2 357.6
05	Other animal originated products	11.0	11.6	-0.5	11.0	8.9	2.1
06	Trees and other plants	109.3	466.3	-357.0	155.0	442.5	-287.6
07	Vegetables	319.7	205.5	114.2	229.3	158.4	70.9
08	Fruit and nuts	161.2	683.8	-522.5	144.3	527.4	-383.1
09	Coffee, tea	5.2	98.4	-93.1	6.4	95.9	-89.4
10	Cereals	2.9	220.5	-217.7	16.0	109.3	-93.3
11	Products of the milling industry	44.0	45.3	-1.3	49.7	34.6	15.1
12	Oil seeds and oleaginous fruits	17.1	383.7	-366.7	17.5	412.8	-395.4
13	Lac; gums, resins	2.0	14.8	-12.8	2.3	13.2	-10.9
14	Vegetable plaiting materials	0.3	0.5	-0.2	0.2	0.5	-0.4
15	Fats and oils	276.0	139.5	136.5	340.3	143.6	196.7
16	Meat and fish preparations	378.3	92.1	286.2	389.0	68.5	320.5
17	Sugars and sugar confectionery	130.9	115.1	15.8	173.3	89.9	83.4
18	Cocoa and cocoa preparations	77.4	169.7	-92.3	81.3	155.8	-74.6
19	Preparations of cereals, pastrycooks' products	95.2	219.8	-124.6	71.2	199.3	-128.0
20	Preparations of vegetables, fruit, nuts or other parts of plants	98.0	161.4	-63.4	108.9	161.1	-52.1
21	Miscellaneous edible preparations	71.7	303.8	-232.0	100.4	304.8	-204.4
22	Beverages and spirits	210.5	299.8	-89.2	178.3	288.2	-109.9
23	Residues and wastes of food industries	182.0	379.8	-197.7	245.5	402.1	-156.7
24	Tobacco	-	-	-	-	-	0.0
<b>Total - HS codes 1-24</b>		<b>5 483.6</b>	<b>4 612.1</b>	<b>871.5</b>	<b>5 661.7</b>	<b>4 192.0</b>	<b>1 469.7</b>
290543	Mannitol	0.1	0.2	-0.1	0.0	0.4	-0.4
290544	D-glucitol (sorbitol)	0.0	0.3	-0.3	0.0	0.4	-0.4
3301	Essential oils	0.2	1.1	-0.9	0.4	1.7	-1.3
3501	Casein, caseinates and other casein derivatives; casein glues	7.5	0.2	7.3	10.9	0.1	10.9
3502	Albumins	1.4	1.2	0.3	0.8	1.2	-0.4
3503	Gelatin	8.1	1.3	6.8	8.9	1.4	7.5
3504	Peptones and their derivatives	0.2	4.8	-4.6	0.6	3.6	-3.0
3505	Dextrins and other modified starches	0.7	5.0	-4.3	0.9	5.0	-4.1
380910	Finishing agents	0.0	0.0	-0.0	0.0	0.0	-0.0
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	0.0	0.0	-0.0	0.7	-	0.7
4102	Raw skins of sheep or lambs	-	0.3	-	-	0.1	-0.1
4103	Raw hides and skins n.e.c	0.0	-	-	-	-	0.0
4301	Raw fur skins	8.5	1.6	6.9	10.9	0.6	10.3
5001	Silk-worm cocoons	-	-	-	-	-	0.0
5002	Raw silk	-	-	-	-	-	0.0
5003	Silk waste	-	-	-	-	-	0.0
5101	Wool	3.2	9.8	-6.6	2.1	8.1	-6.1
5102	Fine or coarse animal hair	-	-	-	-	0.0	-0.0
5103	Waste of wool or of fine or coarse animal	0.4	0.1	0.2	0.2	0.1	0.1
5201	Cotton; not carded or combed	-	11.7	-	0.2	12.1	-11.9
5202	Cotton waste	0.1	0.1	0.0	0.1	0.1	0.0
5203	Cotton, carded or combed	0.0	0.1	-0.1	0.0	0.1	-0.1
5301	Flax, raw or processed	22.8	5.5	17.3	21.7	2.9	18.7
5302	True hemp (cannabis sativa L.)	-	0.1	-	-	0.1	-0.1
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total – HS codes 290543-5302</b>		<b>53.2</b>	<b>43.7</b>	<b>9.4</b>	<b>58.5</b>	<b>38.4</b>	<b>20.1</b>
<b>Total</b>		<b>5 536.8</b>	<b>4 655.8</b>	<b>880.9</b>	<b>5 720.2</b>	<b>4 230.5</b>	<b>1 489.7</b>

TABLE 9. GEORGIA

Georgia: structure of agricultural imports and exports and trade balance, 2019–2020, USD million

Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	38.7	16.6	22.1	50.7	16.6	34.1
02	Meat	28.0	119.4	-91.4	25.0	112.3	-87.3
03	Fish	3.0	34.6	-31.6	6.9	32.1	-25.2
04	Dairy produce, eggs, honey	4.5	75.4	-71.0	10.8	79.1	-68.2
05	Other animal originated products	1.1	4.1	-3.0	0.6	2.7	-2.1
06	Trees and other plants	1.1	18.0	-16.9	1.2	17.7	-16.5
07	Vegetables	11.5	38.7	-27.1	10.3	39.6	-29.3
08	Fruit and nuts	121.8	66.1	55.7	171.8	59.5	112.2
09	Coffee, tea	15.2	29.7	-14.5	16.4	29.0	-12.6
10	Cereals	3.4	137.9	-134.5	1.3	145.2	-143.9
11	Products of the milling industry	3.2	19.5	-16.3	3.6	18.8	-15.3
12	Oil seeds and oleaginous fruits	5.0	15.2	-10.3	3.9	14.2	-10.2
13	Lac; gums, resins	0.3	0.8	-0.5	0.8	1.1	-0.3
14	Vegetable plaiting materials	0.0	0.2	-0.2	0.0	0.2	-0.1
15	Fats and oils	10.7	72.2	-61.6	21.9	77.5	-55.6
16	Meat and fish preparations	0.1	23.6	-23.5	0.1	20.8	-20.7
17	Sugars and sugar confectionery	1.2	69.8	-68.6	3.2	69.6	-66.4
18	Cocoa and cocoa preparations	1.9	56.3	-54.5	1.9	46.4	-44.5
19	Preparations of cereals, pastrycooks' products	1.3	75.1	-73.8	2.2	76.6	-74.5
20	Preparations of vegetables, fruit, nuts or other parts of plants	21.7	38.1	-16.3	25.2	36.4	-11.2
21	Miscellaneous edible preparations	9.5	86.1	-76.6	10.1	79.1	-68.9
22	Beverages and spirits	516.8	81.7	435.1	498.1	72.9	425.2
23	Residues and wastes of food industries	18.8	46.2	-27.3	32.4	59.4	-27.0
24	Tobacco	70.0	126.1	-56.1	44.1	100.6	-56.5
Total - HS codes 1-24		888.9	1 251.5	-362.5	942.2	1 207.3	-265.1
290543	Mannitol	0.0	0.0	0.0	-	0.0	-0.0
290544	D-glucitol (sorbitol)	-	0.0	-	-	0.0	-0.0
3301	Essential oils	0.1	0.2	-0.1	0.0	0.2	-0.2
3501	Casein, caseinates and other casein derivatives; casein glues	0.0	0.7	-0.7	0.0	0.4	-0.4
3502	Albumins	-	0.0	-	-	0.0	-0.0
3503	Gelatin	0.0	0.3	-0.3	-	0.4	-0.4
3504	Peptones and their derivatives	0.0	0.6	-0.6	0.0	0.7	-0.6
3505	Dextrins and other modified starches	0.0	0.5	-0.5	-	0.4	-0.4
380910	Finishing agents	-	0.0	-	-	0.0	-0.0
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	0.9	0.1	0.8	0.6	0.0	0.6
4102	Raw skins of sheep or lambs	0.1	-	-	0.0	-	0.0
4103	Raw hides and skins n.e.c	-	-	-	-	-	0.0
4301	Raw fur skins	-	0.0	-	-	-	0.0
5001	Silk-worm cocoons	-	-	-	-	-	0.0
5002	Raw silk	-	-	-	-	-	0.0
5003	Silk waste	-	-	-	-	-	0.0
5101	Wool	0.4	0.1	0.3	0.4	0.0	0.4
5102	Fine or coarse animal hair	0.0	-	-	-	-	0.0
5103	Waste of wool or of fine or coarse animal	-	-	-	-	-	0.0
5201	Cotton; not carded or combed	-	0.0	-	0.0	0.0	0.0
5202	Cotton waste	-	0.0	-	-	-	0.0
5203	Cotton, carded or combed	-	0.0	-	-	0.0	-0.0
5301	Flax, raw or processed	-	0.0	-	-	0.0	-0.0
5302	True hemp (cannabis sativa L.)	-	0.0	-	-	-	0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
Total – HS codes 290543-5302		1.5	3.0	-1.5	1.1	2.6	-1.5
Total		890.4	1 254.5	-364.1	943.3	1 209.9	-266.6

TABLE 10. KAZAKHSTAN							
Kazakhstan: structure of agricultural imports and exports and trade balance, 2019–2020, USD million							
Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	38.7	16.6	22.1	50.7	16.6	34.1
02	Meat	28.0	119.4	-91.4	25.0	112.3	-87.3
03	Fish	3.0	34.6	-31.6	6.9	32.1	-25.2
04	Dairy produce, eggs, honey	4.5	75.4	-71.0	10.8	79.1	-68.2
05	Other animal originated products	1.1	4.1	-3.0	0.6	2.7	-2.1
06	Trees and other plants	1.1	18.0	-16.9	1.2	17.7	-16.5
07	Vegetables	11.5	38.7	-27.1	10.3	39.6	-29.3
08	Fruit and nuts	121.8	66.1	55.7	171.8	59.5	112.2
09	Coffee, tea	15.2	29.7	-14.5	16.4	29.0	-12.6
10	Cereals	3.4	137.9	-134.5	1.3	145.2	-143.9
11	Products of the milling industry	3.2	19.5	-16.3	3.6	18.8	-15.3
12	Oil seeds and oleaginous fruits	5.0	15.2	-10.3	3.9	14.2	-10.2
13	Lac; gums, resins	0.3	0.8	-0.5	0.8	1.1	-0.3
14	Vegetable plaiting materials	0.0	0.2	-0.2	0.0	0.2	-0.1
15	Fats and oils	10.7	72.2	-61.6	21.9	77.5	-55.6
16	Meat and fish preparations	0.1	23.6	-23.5	0.1	20.8	-20.7
17	Sugars and sugar confectionery	1.2	69.8	-68.6	3.2	69.6	-66.4
18	Cocoa and cocoa preparations	1.9	56.3	-54.5	1.9	46.4	-44.5
19	Preparations of cereals, pastrycooks' products	1.3	75.1	-73.8	2.2	76.6	-74.5
20	Preparations of vegetables, fruit, nuts or other parts of plants	21.7	38.1	-16.3	25.2	36.4	-11.2
21	Miscellaneous edible preparations	9.5	86.1	-76.6	10.1	79.1	-68.9
22	Beverages and spirits	516.8	81.7	435.1	498.1	72.9	425.2
23	Residues and wastes of food industries	18.8	46.2	-27.3	32.4	59.4	-27.0
24	Tobacco	70.0	126.1	-56.1	44.1	100.6	-56.5
Total - HS codes 1-24		888.9	1 251.5	-362.5	942.2	1 207.3	-265.1
290543	Mannitol	0.0	0.0	0.0	-	0.0	-0.0
290544	D-glucitol (sorbitol)	-	0.0	-	-	0.0	-0.0
3301	Essential oils	0.1	0.2	-0.1	0.0	0.2	-0.2
3501	Casein, caseinates and other casein derivatives; casein glues	0.0	0.7	-0.7	0.0	0.4	-0.4
3502	Albumins	-	0.0	-	-	0.0	-0.0
3503	Gelatin	0.0	0.3	-0.3	-	0.4	-0.4
3504	Peptones and their derivatives	0.0	0.6	-0.6	0.0	0.7	-0.6
3505	Dextrins and other modified starches	0.0	0.5	-0.5	-	0.4	-0.4
380910	Finishing agents	-	0.0	-	-	0.0	-0.0
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	0.9	0.1	0.8	0.6	0.0	0.6
4102	Raw skins of sheep or lambs	0.1	-	-	0.0	-	0.0
4103	Raw hides and skins n.e.c	-	-	-	-	-	0.0
4301	Raw fur skins	-	0.0	-	-	-	0.0
5001	Silk-worm cocoons	-	-	-	-	-	0.0
5002	Raw silk	-	-	-	-	-	0.0
5003	Silk waste	-	-	-	-	-	0.0
5101	Wool	0.4	0.1	0.3	0.4	0.0	0.4
5102	Fine or coarse animal hair	0.0	-	-	-	-	0.0
5103	Waste of wool or of fine or coarse animal	-	-	-	-	-	0.0
5201	Cotton; not carded or combed	-	0.0	-	0.0	0.0	0.0
5202	Cotton waste	-	0.0	-	-	-	0.0
5203	Cotton, carded or combed	-	0.0	-	-	0.0	-0.0
5301	Flax, raw or processed	-	0.0	-	-	0.0	-0.0
5302	True hemp (cannabis sativa L.)	-	0.0	-	-	-	0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
Total – HS codes 290543-5302		1.5	3.0	-1.5	1.1	2.6	-1.5
Total		890.4	1 254.5	-364.1	943.3	1 209.9	-266.6

TABLE 11. KYRGYZSTAN

Kyrgyzstan: structure of agricultural imports and exports and trade balance, 2019–2020, USD million

Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	4.1	1.6	2.5	17.4	7.4	10.0
02	Meat	4.5	38.7	-34.1	0.6	32.7	-32.2
03	Fish	4.2	5.6	-1.4	6.3	4.0	2.3
04	Dairy produce, eggs, honey	47.5	11.9	35.6	47.0	13.2	33.8
05	Other animal originated products	2.5	0.4	2.1	2.7	0.3	2.4
06	Trees and other plants	0.3	4.2	-4.0	0.2	5.3	-5.1
07	Vegetables	89.7	25.3	64.4	77.1	37.8	39.3
08	Fruit and nuts	42.8	83.5	-40.7	43.2	53.0	-9.8
09	Coffee, tea	0.7	13.7	-12.9	0.8	13.1	-12.3
10	Cereals	0.5	46.4	-45.9	1.2	34.0	-32.8
11	Products of the milling industry	0.0	26.4	-26.4	0.2	26.5	-26.3
12	Oil seeds and oleaginous fruits	1.5	4.5	-3.0	1.5	5.7	-4.2
13	Lac; gums, resins	0.2	0.1	0.0	0.1	0.2	-0.1
14	Vegetable plaiting materials	0.0	0.2	-0.2	0.0	0.1	-0.1
15	Fats and oils	0.8	53.7	-52.8	0.3	44.3	-44.0
16	Meat and fish preparations	1.6	8.7	-7.1	1.2	3.7	-2.5
17	Sugars and sugar confectionery	1.5	28.7	-27.1	1.1	18.0	-16.9
18	Cocoa and cocoa preparations	0.6	42.2	-41.5	1.1	28.9	-27.7
19	Preparations of cereals, pastrycooks' products	15.5	62.0	-46.5	17.8	49.6	-31.7
20	Preparations of vegetables, fruit, nuts or other parts of plants	2.7	17.7	-15.0	2.0	13.8	-11.8
21	Miscellaneous edible preparations	5.4	48.0	-42.6	6.5	39.6	-33.1
22	Beverages and spirits	5.7	60.5	-54.8	4.9	44.2	-39.3
23	Residues and wastes of food industries	0.3	10.4	-10.1	0.1	8.8	-8.7
24	Tobacco	25.0	79.0	-54.0	13.2	53.3	-40.1
<b>Total - HS codes 1-24</b>		<b>257.9</b>	<b>673.3</b>	<b>-415.5</b>	<b>246.5</b>	<b>537.6</b>	<b>-291.1</b>
290543	Mannitol	-	-	-	-	-	0.0
290544	D-glucitol (sorbitol)	-	0.0	-	-	0.0	-0.0
3301	Essential oils	-	0.3	-	0.0	0.1	-0.1
3501	Casein, caseinates and other casein derivatives; casein glues	-	0.1	-	0.0	0.1	-0.1
3502	Albumins	-	0.0	-	-	0.0	-0.0
3503	Gelatin	0.0	0.0	-0.0	0.2	0.1	0.1
3504	Peptones and their derivatives	-	0.5	-	-	0.6	-0.6
3505	Dextrins and other modified starches	0.0	1.1	-1.1	-	-	0.0
380910	Finishing agents	-	0.0	-	-	0.0	-0.0
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	0.6	0.0	0.6	0.5	0.0	0.4
4102	Raw skins of sheep or lambs	0.1	0.1	0.0	0.0	0.0	-0.0
4103	Raw hides and skins n.e.c	0.0	0.0	0.0	0.1	0.0	0.0
4301	Raw fur skins	0.3	0.1	0.2	-	-	0.0
5001	Silk-worm cocoons	0.4	0.4	0.0	0.0	0.0	0.0
5002	Raw silk	0.3	0.3	0.0	0.3	0.3	0.0
5003	Silk waste	0.2	0.2	-0.0	-	0.0	-0.0
5101	Wool	0.8	0.1	0.8	-	0.0	-0.0
5102	Fine or coarse animal hair	0.0	0.0	0.0	-	0.0	-0.0
5103	Waste of wool or of fine or coarse animal	-	-	-	-	-	0.0
5201	Cotton; not carded or combed	35.7	0.0	35.7	26.4	-	26.4
5202	Cotton waste	-	0.2	-	-	0.1	-0.1
5203	Cotton, carded or combed	-	-	-	-	0.0	-0.0
5301	Flax, raw or processed	-	0.0	-	-	0.0	-0.0
5302	True hemp (cannabis sativa L.)	-	0.0	-	-	-	0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total - HS codes 290543-5302</b>		<b>38.5</b>	<b>3.4</b>	<b>35.0</b>	<b>27.5</b>	<b>1.6</b>	<b>25.9</b>
<b>Total</b>		<b>296.4</b>	<b>676.8</b>	<b>-380.4</b>	<b>274.1</b>	<b>539.2</b>	<b>-265.1</b>

TABLE 12. REPUBLIC OF MOLDOVA							
Republic of Moldova: structure of agricultural imports and exports and trade balance, 2019–2020, USD million							
Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	10.0	5.5	4.5	9.9	6.2	3.7
02	Meat	8.7	41.8	-33.0	6.1	36.7	-30.6
03	Fish	-	47.3	-	0.0	48.1	-48.1
04	Dairy produce, eggs, honey	19.0	64.6	-45.6	17.4	75.8	-58.4
05	Other animal originated products	0.4	7.0	-6.5	0.5	5.5	-5.0
06	Trees and other plants	2.0	20.0	-18.0	2.2	19.0	-16.8
07	Vegetables	9.4	65.9	-56.6	3.2	61.5	-58.3
08	Fruit and nuts	211.6	71.3	140.4	226.1	82.4	143.7
09	Coffee, tea	1.7	17.9	-16.2	1.1	18.6	-17.5
10	Cereals	232.1	22.6	209.6	112.9	33.1	79.8
11	Products of the milling industry	1.5	24.2	-22.7	1.5	26.4	-24.9
12	Oil seeds and oleaginous fruits	261.5	37.2	224.4	223.7	43.6	180.1
13	Lac; gums, resins	0.0	1.3	-1.3	0.0	1.0	-0.9
14	Vegetable plaiting materials	1.1	0.2	0.9	0.8	0.2	0.6
15	Fats and oils	70.0	19.7	50.2	103.5	21.5	82.0
16	Meat and fish preparations	0.0	17.3	-17.3	0.0	19.0	-18.9
17	Sugars and sugar confectionery	10.1	17.8	-7.7	9.9	19.9	-10.0
18	Cocoa and cocoa preparations	8.5	25.8	-17.4	7.2	26.8	-19.6
19	Preparations of cereals, pastrycooks' products	16.6	50.4	-33.8	17.8	53.7	-36.0
20	Preparations of vegetables, fruit, nuts or other parts of plants	72.8	26.8	46.0	74.5	26.4	48.1
21	Miscellaneous edible preparations	8.7	71.1	-62.4	6.4	75.5	-69.1
22	Beverages and spirits	217.4	62.9	154.5	222.8	54.9	167.9
23	Residues and wastes of food industries	25.5	31.8	-6.4	31.8	38.5	-6.7
24	Tobacco	22.4	65.3	-42.9	8.6	52.0	-43.4
<b>Total - HS codes 1-24</b>		<b>1 211.1</b>	<b>815.9</b>	<b>395.2</b>	<b>1 087.8</b>	<b>846.1</b>	<b>241.7</b>
290543	Mannitol	-	0.0	-	-	0.0	-0.0
290544	D-glucitol (sorbitol)	-	0.0	-	-	0.0	-0.0
3301	Essential oils	3.3	0.9	2.4	4.0	0.6	3.4
3501	Casein, caseinates and other casein derivatives; casein glues	-	0.0	-	0.0	0.0	-0.0
3502	Albumins	-	0.0	-	-	0.2	-0.2
3503	Gelatin	0.0	0.5	-0.5	-	0.7	-0.7
3504	Peptones and their derivatives	-	0.9	-	0.0	1.2	-1.1
3505	Dextrins and other modified starches	0.0	0.5	-0.5	-	-	0.0
380910	Finishing agents	-	0.0	-	-	0.0	-0.0
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	1.4	0.0	1.4	1.2	0.0	1.1
4102	Raw skins of sheep or lambs	0.0	0.0	0.0	-	0.0	-0.0
4103	Raw hides and skins n.e.c	-	-	-	-	-	0.0
4301	Raw fur skins	0.2	-	-	-	-	0.0
5001	Silk-worm cocoons	-	-	-	-	-	0.0
5002	Raw silk	-	-	-	-	-	0.0
5003	Silk waste	-	-	-	-	-	0.0
5101	Wool	0.3	0.7	-0.5	0.1	0.7	-0.6
5102	Fine or coarse animal hair	-	-	-	-	-	0.0
5103	Waste of wool or of fine or coarse animal	0.0	-	-	0.0	-	0.0
5201	Cotton; not carded or combed	-	0.0	-	-	-	0.0
5202	Cotton waste	-	0.0	-	-	-	0.0
5203	Cotton, carded or combed	-	-	-	-	-	0.0
5301	Flax, raw or processed	-	0.1	-	-	0.0	-0.0
5302	True hemp (cannabis sativa L.)	-	0.0	-	-	0.0	-0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total – HS codes 290543-5302</b>		<b>5.3</b>	<b>3.7</b>	<b>1.6</b>	<b>5.4</b>	<b>3.5</b>	<b>1.9</b>
<b>Total</b>		<b>1 216.4</b>	<b>819.6</b>	<b>396.8</b>	<b>1 093.2</b>	<b>849.6</b>	<b>243.6</b>

TABLE 13. RUSSIAN FEDERATION

Russian Federation: structure of agricultural imports and exports and trade balance, 2019–2020, USD million

Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	51.3	301.5	-250.2	56.8	214.6	-157.9
02	Meat	593.1	1 888.7	-1 295.6	862.7	1 436.6	-573.9
03	Fish	4 101.5	1 805.2	2 296.3	3 974.8	1 652.6	2 322.3
04	Dairy produce, eggs, honey	280.1	3 015.3	-2 735.2	303.6	2 873.1	-2 569.5
05	Other animal originated products	116.1	73.6	42.4	96.5	81.4	15.2
06	Trees and other plants	5.6	563.5	-557.9	4.1	524.8	-520.8
07	Vegetables	470.6	1 840.0	-1 369.4	458.3	1 538.6	-1 080.3
08	Fruit and nuts	123.6	5 113.4	-4 989.8	137.0	5 188.9	-5 051.9
09	Coffee, tea	172.0	1 158.8	-986.7	192.2	1 183.1	-990.9
10	Cereals	7 927.9	281.4	7 646.5	9 340.5	328.7	9 011.8
11	Products of the milling industry	329.5	121.1	208.4	354.8	112.9	241.9
12	Oil seeds and oleaginous fruits	1 015.4	1 723.1	-707.8	1 634.1	1 872.3	-238.3
13	Lac; gums, resins	11.5	232.2	-220.8	10.3	216.6	-206.4
14	Vegetable plaiting materials	18.8	6.9	11.9	17.8	10.8	7.0
15	Fats and oils	3 440.8	1 274.9	2 165.8	3 890.5	1 402.8	2 487.7
16	Meat and fish preparations	760.1	526.4	233.6	896.4	557.9	338.6
17	Sugars and sugar confectionery	520.1	362.7	157.4	731.6	314.4	417.2
18	Cocoa and cocoa preparations	730.3	1 250.3	-520.1	740.9	1 221.3	-480.4
19	Preparations of cereals, pastrycooks' products	691.3	881.4	-190.1	754.9	851.3	-96.4
20	Preparations of vegetables, fruit, nuts or other parts of plants	344.2	1 236.7	-892.5	414.5	1 144.5	-730.1
21	Miscellaneous edible preparations	702.3	1 445.1	-742.8	819.9	1 502.7	-682.9
22	Beverages and spirits	618.9	3 035.2	-2 416.3	624.6	2 829.4	-2 204.8
23	Residues and wastes of food industries	1 261.1	952.3	308.9	1 430.6	1 118.4	312.2
24	Tobacco	543.5	875.4	-331.9	539.9	836.9	-297.0
<b>Total - HS codes 1-24</b>		<b>24 829.6</b>	<b>24 829.6</b>	<b>29 965.2</b>	<b>-5 135.6</b>	<b>28 287.1</b>	<b>29 014.5</b>
290543	Mannitol	0.0	3.9	-3.9	0.3	5.2	-4.8
290544	D-glucitol (sorbitol)	0.2	25.1	-24.9	0.3	24.2	-23.9
3301	Essential oils	12.4	16.3	-3.9	18.4	24.6	-6.1
3501	Casein, caseinates and other casein derivatives; casein glues	0.1	42.2	-42.1	0.4	50.5	-50.1
3502	Albumins	1.6	23.5	-21.9	1.6	19.7	-18.1
3503	Gelatin	2.6	51.1	-48.5	3.2	63.6	-60.4
3504	Peptones and their derivatives	5.1	108.8	-103.7	9.8	111.5	-101.8
3505	Dextrins and other modified starches	7.3	121.9	-114.6	7.1	123.1	-116.0
380910	Finishing agents	0.0	0.5	-0.4	0.0	0.4	-0.4
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	0.0	1.3	-1.3	-	0.5	-
4102	Raw skins of sheep or lambs	0.0	7.0	-7.0	0.1	1.4	-1.3
4103	Raw hides and skins n.e.c	0.5	-	-	0.4	-	-
4301	Raw fur skins	41.7	31.3	10.4	24.9	17.0	7.9
5001	Silk-worm cocoons	-	-	-	-	-	0.0
5002	Raw silk	0.0	0.0	0.0	-	0.0	-0.0
5003	Silk waste	0.0	0.0	-0.0	-	-	0.0
5101	Wool	13.2	5.4	7.8	7.5	3.5	4.0
5102	Fine or coarse animal hair	0.1	-	-	0.0	0.0	0.0
5103	Waste of wool or of fine or coarse animal	0.5	0.2	0.4	0.1	0.1	0.0
5201	Cotton; not carded or combed	0.6	34.5	-33.9	1.5	35.9	-34.4
5202	Cotton waste	0.1	10.4	-10.4	0.0	8.0	-8.0
5203	Cotton, carded or combed	0.8	14.7	-13.9	0.1	11.1	-11.1
5301	Flax, raw or processed	5.2	4.7	0.5	3.1	3.8	-0.7
5302	True hemp (cannabis sativa L.)	0.0	0.0	0.0	0.1	0.0	0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total - HS codes 290543-5302</b>		<b>93.8</b>	<b>92.1</b>	<b>510.2</b>	<b>-418.1</b>	<b>79.0</b>	<b>510.6</b>
<b>Total</b>		<b>24 921.7</b>	<b>30 475.5</b>	<b>-5 553.8</b>	<b>28 366.1</b>	<b>29 525.1</b>	<b>-1 159.0</b>

TABLE 14. TAJIKISTAN							
Tajikistan: structure of agricultural imports and exports and trade balance, 2019–2020, USD million							
Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	0.1	4.1	-4.0	-	5.8	-5.8
02	Meat	0.3	43.3	-43.0	-	32.2	-32.2
03	Fish	-	4.4	-4.4	-	5.1	-5.1
04	Dairy produce, eggs, honey	-	15.6	-15.6	0.2	13.8	-13.6
05	Other animal originated products	0.6	0.2	0.4	0.2	0.3	-0.1
06	Trees and other plants	0.4	4.7	-4.3	-	12.2	-12.2
07	Vegetables	8.0	2.6	5.4	7.8	7.9	-0.1
08	Fruit and nuts	9.5	16.3	-6.8	10.9	18.2	-7.3
09	Coffee, tea	-	7.5	-7.5	-	7.8	-7.8
10	Cereals	0.1	237.5	-237.4	-	263.2	-263.2
11	Products of the milling industry	0.8	28.3	-27.5	0.1	34.0	-33.9
12	Oil seeds and oleaginous fruits	0.8	8.0	-7.2	1.0	7.5	-6.5
13	Lac; gums, resins	7.3	0.1	7.2	6.0	0.1	5.9
14	Vegetable plaiting materials	-	0.5	-0.5	-	0.5	-0.5
15	Fats and oils	0.1	106.4	-106.3	-	114.4	-114.4
16	Meat and fish preparations	0.4	9.1	-8.7	-	8.5	-8.5
17	Sugars and sugar confectionery	-	86.7	-86.7	-	71.7	-71.7
18	Cocoa and cocoa preparations	0.1	33.1	-33.0	-	31.1	-31.1
19	Preparations of cereals, pastrycooks' products	0.4	48.7	-48.3	0.3	55.8	-55.5
20	Preparations of vegetables, fruit, nuts or other parts of plants	0.1	9.4	-9.3	0.3	11.2	-10.9
21	Miscellaneous edible preparations	-	20.8	-20.8	-	23.0	-23.0
22	Beverages and spirits	1.5	24.8	-23.3	3.3	31.1	-27.8
23	Residues and wastes of food industries	-	31.1	-31.1	0.3	50.0	-49.7
24	Tobacco	2.6	13.7	-11.1	4.6	12.9	-8.3
<b>Total - HS codes 1-24</b>		<b>33.1</b>	<b>756.9</b>	<b>-723.8</b>	<b>35.0</b>	<b>818.3</b>	<b>-783.3</b>
290543	Mannitol	-	-	0.0	-	-	0.0
290544	D-glucitol (sorbitol)	-	0.0	-0.0	-	-	0.0
3301	Essential oils	-	0.0	-0.0	-	0.0	-0.0
3501	Casein, caseinates and other casein derivatives; casein glues	-	-	0.0	-	-	0.0
3502	Albumins	-	0.1	-0.1	-	-	0.0
3503	Gelatin	-	0.1	-0.1	-	-	0.0
3504	Peptones and their derivatives	-	0.0	-0.0	0.4	0.6	-0.2
3505	Dextrins and other modified starches	-	0.2	-0.2	-	0.2	-0.2
380910	Finishing agents	-	-	0.0	-	-	0.0
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	-	-	0.0	-	-	0.0
4102	Raw skins of sheep or lambs	0.0	-	0.0	0.0	-	0.0
4103	Raw hides and skins n.e.c	-	-	0.0	-	-	0.0
4301	Raw fur skins	-	-	0.0	-	-	0.0
5001	Silk-worm cocoons	0.7	-	0.7	0.0	-	0.0
5002	Raw silk	0.2	-	0.2	0.4	-	0.4
5003	Silk waste	0.0	0.0	0.0	0.0	-	0.0
5101	Wool	-	-	0.0	-	-	0.0
5102	Fine or coarse animal hair	-	-	0.0	-	-	0.0
5103	Waste of wool or of fine or coarse animal	-	-	0.0	-	-	0.0
5201	Cotton; not carded or combed	139.6	0.7	138.9	135.9	0.1	135.8
5202	Cotton waste	0.9	0.0	0.9	0.5	-	0.5
5203	Cotton, carded or combed	-	-	0.0	-	-	0.0
5301	Flax, raw or processed	-	-	0.0	-	-	0.0
5302	True hemp (cannabis sativa L.)	-	-	0.0	-	-	0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total – HS codes 290543-5302</b>		<b>141.5</b>	<b>1.2</b>	<b>140.3</b>	<b>137.3</b>	<b>0.9</b>	<b>136.4</b>
<b>Total</b>		<b>174.6</b>	<b>758.1</b>	<b>- 583.5</b>	<b>172.3</b>	<b>819.2</b>	<b>- 646.9</b>

TABLE 15. TURKMENISTAN

Turkmenistan: structure of agricultural imports and exports and trade balance, 2019–2020, USD million

Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	-	35.1	-35.1	-	39.2	-39.2
02	Meat	-	105.5	-105.5	-	91.9	-91.9
03	Fish	-	25.4	-25.4	-	21.5	-21.5
04	Dairy produce, eggs, honey	-	17.9	-17.9	1.4	20.2	-18.8
05	Other animal originated products	-	0.4	-0.4	-	0.5	-0.5
06	Trees and other plants	-	16.8	-16.8	-	22.4	-22.4
07	Vegetables	30.6	32.7	-2.1	44.0	35.6	8.4
08	Fruit and nuts	3.0	52.9	-49.9	0.9	37.6	-36.7
09	Coffee, tea	-	14.5	-14.5	-	7.4	-7.4
10	Cereals	130.6	22.2	108.4	119.7	23.5	96.2
11	Products of the milling industry	-	11.3	-11.3	-	11.3	-11.3
12	Oil seeds and oleaginous fruits	-	-	0.0	-	-	0.0
13	Lac; gums, resins	-	-	0.0	-	-	0.0
14	Vegetable plaiting materials	-	-	0.0	-	-	0.0
15	Fats and oils	81.9	3.3	78.6	81.7	5.6	76.1
16	Meat and fish preparations	-	1.6	-1.6	-	3.1	-3.1
17	Sugars and sugar confectionery	1.1	59.8	-58.7	0.7	61.9	-61.2
18	Cocoa and cocoa preparations	1.4	15.7	-14.3	1.0	16.9	-15.9
19	Preparations of cereals, pastrycooks' products	3.2	18.6	-15.4	1.9	21.3	-19.4
20	Preparations of vegetables, fruit, nuts or other parts of plants	1.7	4.1	-2.4	1.2	3.3	-2.1
21	Miscellaneous edible preparations	4.2	27.7	-23.5	5.2	26.0	-20.8
22	Beverages and spirits	0.2	22.9	-22.7	0.1	20.1	-20.0
23	Residues and wastes of food industries	-	-	0.0	-	-	0.0
24	Tobacco	-	80.1	-80.1	-	60.1	-60.1
<b>Total - HS codes 1-24</b>		<b>257.9</b>	<b>568.5</b>	<b>-310.6</b>	<b>257.8</b>	<b>529.4</b>	<b>-271.6</b>
290543	Mannitol	-	-	0.0	-	-	0.0
290544	D-glucitol (sorbitol)	-	-	0.0	-	-	0.0
3301	Essential oils	-	-	0.0	-	-	0.0
3501	Casein, caseinates and other casein derivatives; casein glues	-	-	0.0	-	-	0.0
3502	Albumins	-	-	0.0	-	-	0.0
3503	Gelatin	-	-	0.0	-	-	0.0
3504	Peptones and their derivatives	-	-	0.0	-	-	0.0
3505	Dextrins and other modified starches	-	-	0.0	-	-	0.0
380910	Finishing agents	-	-	0.0	-	-	0.0
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	-	-	0.0	-	-	0.0
4102	Raw skins of sheep or lambs	10.3	-	10.3	5.9	-	5.9
4103	Raw hides and skins n.e.c	-	-	0.0	-	-	0.0
4301	Raw fur skins	-	-	0.0	-	-	0.0
5001	Silk-worm cocoons	-	-	0.0	-	-	0.0
5002	Raw silk	6.6	-	6.6	6.2	-	6.2
5003	Silk waste	-	-	0.0	-	-	0.0
5101	Wool	4.1	-	4.1	2.9	-	2.9
5102	Fine or coarse animal hair	-	-	0.0	-	-	0.0
5103	Waste of wool or of fine or coarse animal	-	-	0.0	-	-	0.0
5201	Cotton; not carded or combed	98.6	-	98.6	44.8	-	44.8
5202	Cotton waste	21.1	-	21.1	18.4	-	18.4
5203	Cotton, carded or combed	331.0	-	331.0	392.4	-	392.4
5301	Flax, raw or processed	-	-	0.0	-	-	0.0
5302	True hemp (cannabis sativa L.)	-	-	0.0	-	-	0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total – HS codes 290543-5302</b>		<b>471,7</b>	<b>-</b>	<b>471,7</b>	<b>470,6</b>	<b>-</b>	<b>470,6</b>
<b>Total</b>		<b>729.6</b>	<b>568.5</b>	<b>161.1</b>	<b>728.4</b>	<b>529.4</b>	<b>199.0</b>

TABLE 16. UZBEKISTAN							
Uzbekistan: structure of agricultural imports and exports and trade balance, 2019–2020, USD million							
Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	2.3	164.5	-162.2	5.3	109.9	-104.6
02	Meat	0.2	39.8	-39.6	0.1	97.3	-97.2
03	Fish	0.5	9.5	-9.0	0.6	8.1	-7.5
04	Dairy produce, eggs, honey	8.8	32.7	-24.0	7.8	43.1	-35.3
05	Other animal originated products	6.0	5.6	0.5	12.3	3.7	8.6
06	Trees and other plants	47.9	31.0	16.8	64.3	28.1	36.2
07	Vegetables	475.9	29.7	446.2	400.5	47.7	352.8
08	Fruit and nuts	646.7	55.9	590.8	578.4	44.3	534.1
09	Coffee, tea	82.3	51.6	30.7	14.8	48.3	-33.5
10	Cereals	27.0	411.3	-384.4	16.0	592.4	-576.4
11	Products of the milling industry	104.9	111.9	-7.1	219.5	117.4	102.1
12	Oil seeds and oleaginous fruits	27.5	108.4	-80.9	30.7	63.3	-32.6
13	Lac; gums, resins	33.8	3.3	30.5	35.1	2.8	32.3
14	Vegetable plaiting materials	0.4	0.1	0.3	0.3	0.2	0.1
15	Fats and oils	16.1	313.2	-297.1	30.9	332.9	-302.0
16	Meat and fish preparations	0.2	7.6	-7.4	0.3	10.5	-10.2
17	Sugars and sugar confectionery	4.8	283.8	-279.0	5.6	258.9	-253.3
18	Cocoa and cocoa preparations	7.1	61.5	-54.5	4.9	79.5	-74.6
19	Preparations of cereals, pastrycooks' products	6.4	76.4	-70.0	8.2	91.1	-82.9
20	Preparations of vegetables, fruit, nuts or other parts of plants	47.9	28.1	19.8	35.4	30.3	5.1
21	Miscellaneous edible preparations	1.9	85.1	-83.2	2.7	96.5	-93.8
22	Beverages and spirits	12.9	17.9	-5.1	17.7	21.3	-3.6
23	Residues and wastes of food industries	14.2	130.8	-116.6	22.2	147.4	-125.2
24	Tobacco	17.1	26.3	-9.1	10.6	28.4	-17.9
<b>Total - HS codes 1-24</b>		<b>1 592.8</b>	<b>2 086.2</b>	<b>-493.4</b>	<b>1 524.0</b>	<b>2 303.4</b>	<b>-779.4</b>
290543	Mannitol	-	0.1	-	-	0.1	-0.1
290544	D-glucitol (sorbitol)	-	1.9	-	-	2.5	-2.5
3301	Essential oils	-	0.1	-	-	0.2	-0.2
3501	Casein, caseinates and other casein derivatives; casein glues	-	0.4	-	-	0.2	-0.2
3502	Albumins	-	0.2	-	-	0.2	-0.2
3503	Gelatin	0.3	0.6	-0.3	1.8	0.6	1.2
3504	Peptones and their derivatives	0.0	5.5	-5.5	1.5	4.4	-2.8
3505	Dextrins and other modified starches	0.0	4.1	-4.1	-	-	0.0
380910	Finishing agents	-	0.0	-	-	0.0	-0.0
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	-	0.0	-	0.0	0.2	-0.2
4102	Raw skins of sheep or lambs	-	0.0	-	-	0.0	-0.0
4103	Raw hides and skins n.e.c	-	-	-	-	-	0.0
4301	Raw fur skins	-	0.3	-	-	-	0.0
5001	Silk-worm cocoons	-	0.0	-	-	-	0.0
5002	Raw silk	30.4	0.0	30.4	18.1	-	18.1
5003	Silk waste	27.2	0.0	27.2	37.0	0.0	37.0
5101	Wool	1.7	-	-	1.3	-	1.3
5102	Fine or coarse animal hair	-	-	-	-	-	0.0
5103	Waste of wool or of fine or coarse animal	-	-	-	0.0	-	0.0
5201	Cotton; not carded or combed	281.6	0.4	281.2	147.3	12.6	134.7
5202	Cotton waste	16.4	0.0	16.4	15.7	0.7	15.0
5203	Cotton, carded or combed	0.0	0.0	-0.0	-	0.0	-0.0
5301	Flax, raw or processed	-	0.0	-	-	-	0.0
5302	True hemp (cannabis sativa L.)	-	-	-	-	-	0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total – HS codes 290543-5302</b>		<b>357.7</b>	<b>13.8</b>	<b>343.9</b>	<b>222.7</b>	<b>21.7</b>	<b>201.0</b>
<b>Total</b>		<b>1 950.5</b>	<b>2 100.1</b>	<b>-149.6</b>	<b>1 746.7</b>	<b>2 325.2</b>	<b>-578.4</b>

TABLE 17. UKRAINE

Ukraine: structure of agricultural imports and exports and trade balance, 2019–2020, USD million

Code	Name	2019			2020		
		Exports	Imports	Balance	Exports	Imports	Balance
01	Live animals	62.7	76.6	-13.9	51.8	80.9	-29.1
02	Meat	712.3	158.6	553.7	655.1	165.0	490.1
03	Fish	33.6	644.1	-610.5	42.3	679.9	-637.7
04	Dairy produce, eggs, honey	454.6	169.5	285.2	427.4	307.7	119.7
05	Other animal originated products	15.1	22.1	-7.0	15.8	23.2	-7.4
06	Trees and other plants	6.5	40.9	-34.3	5.7	48.8	-43.0
07	Vegetables	184.6	212.3	-27.7	168.3	261.3	-93.0
08	Fruit and nuts	260.4	672.3	-411.9	238.6	794.0	-555.3
09	Coffee, tea	11.7	222.2	-210.4	15.0	251.2	-236.2
10	Cereals	9 635.1	180.8	9 454.3	9 417.7	178.8	9 238.8
11	Products of the milling industry	202.5	35.1	167.4	154.9	35.1	119.9
12	Oil seeds and oleaginous fruits	2 563.7	400.8	2 162.9	1 842.6	387.6	1 455.0
13	Lac; gums, resins	0.8	28.2	-27.4	0.9	28.0	-27.1
14	Vegetable plaiting materials	52.2	0.7	51.5	47.4	0.7	46.7
15	Fats and oils	4 734.8	253.3	4 481.5	5 760.2	280.4	5 479.9
16	Meat and fish preparations	22.8	127.3	-104.5	22.7	160.5	-137.8
17	Sugars and sugar confectionery	254.6	70.5	184.1	250.4	74.1	176.2
18	Cocoa and cocoa preparations	204.7	327.1	-122.5	201.5	375.9	-174.4
19	Preparations of cereals, pastrycooks' products	269.5	200.7	68.7	313.2	241.4	71.8
20	Preparations of vegetables, fruit, nuts or other parts of plants	192.1	190.0	2.1	172.9	209.2	-36.4
21	Miscellaneous edible preparations	142.8	439.7	-296.8	159.7	484.7	-324.9
22	Beverages and spirits	210.9	533.1	-322.2	223.7	587.7	-364.0
23	Residues and wastes of food industries	1 486.9	231.5	1 255.4	1 575.6	278.0	1 297.6
24	Tobacco	437.9	491.0	-53.2	441.4	553.8	-112.5
<b>Total - HS codes 1-24</b>		<b>22 153.2</b>	<b>5 728.5</b>	<b>16 424.6</b>	<b>22 204.9</b>	<b>6 488.0</b>	<b>15 716.9</b>
290543	Mannitol	0.0	0.5	-0.5	-	0.7	-0.7
290544	D-glucitol (sorbitol)	0.0	2.0	-2.0	0.0	2.0	-2.0
3301	Essential oils	2.8	3.8	-1.0	3.3	5.7	-2.4
3501	Casein, caseinates and other casein derivatives; casein glues	34.4	0.7	33.7	37.8	0.9	36.9
3502	Albumins	2.0	3.2	-1.3	3.2	3.4	-0.2
3503	Gelatin	3.4	5.2	-1.8	4.3	6.5	-2.1
3504	Peptones and their derivatives	1.3	12.1	-10.8	1.2	12.9	-11.7
3505	Dextrins and other modified starches	2.2	23.5	-21.3	3.3	22.3	-19.0
380910	Finishing agents	0.9	0.1	0.8	0.8	0.1	0.8
382460	Sorbitol	-	-	-	-	-	-
4101	Raw hides and skins of bovine	0.2	5.6	-5.4	0.1	3.2	-3.2
4102	Raw skins of sheep or lambs	-	-	0.0	-	-	0.0
4103	Raw hides and skins n.e.c	0.0	-	0.0	0.0	0.0	-0.0
4301	Raw fur skins	19.0	0.1	18.8	21.7	0.1	21.6
5001	Silk-worm cocoons	-	-	0.0	-	-	0.0
5002	Raw silk	-	-	0.0	-	0.0	-0.0
5003	Silk waste	-	-	0.0	-	-	0.0
5101	Wool	0.2	1.6	-1.4	0.1	0.8	-0.7
5102	Fine or coarse animal hair	0.3	0.4	-0.1	0.4	0.3	0.1
5103	Waste of wool or of fine or coarse animal	-	0.7	-0.7	-	0.1	-0.1
5201	Cotton; not carded or combed	-	1.0	-1.0	-	1.3	-1.3
5202	Cotton waste	-	2.6	-2.6	-	1.3	-1.3
5203	Cotton, carded or combed	0.0	0.6	-0.6	-	0.1	-0.1
5301	Flax, raw or processed	0.8	0.2	0.6	0.4	0.3	0.1
5302	True hemp (cannabis sativa L.)	0.0	-	0.0	0.1	0.0	0.0
5303	Jute and other textile bast fibres	-	-	-	-	-	-
<b>Total - HS codes 290543-5302</b>		<b>67.5</b>	<b>65.2</b>	<b>2.3</b>	<b>76.9</b>	<b>63.6</b>	<b>13.3</b>
<b>Total</b>		<b>22 220.6</b>	<b>5 793.7</b>	<b>16 426.9</b>	<b>22 281.7</b>	<b>6 551.5</b>	<b>15 730.2</b>

## Data sources for tables in Annex 2.

### Tables 1A-B, 2A-C, 3A-C, 4A-C, 5A-C, 6-17

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#### **Armenia**

United Nations Comtrade Database - International Trade Statistics, downloaded through WITS (World Integrated Trade Solution) (<https://wits.worldbank.org>).

#### **Azerbaijan**

United Nations Comtrade Database - International Trade Statistics, downloaded through WITS (World Integrated Trade Solution) (<https://wits.worldbank.org>).

#### **Belarus**

United Nations Comtrade Database - International Trade Statistics, downloaded through WITS (World Integrated Trade Solution) (<https://wits.worldbank.org>).

#### **Georgia**

United Nations Comtrade Database - International Trade Statistics, downloaded through WITS (World Integrated Trade Solution) (<https://wits.worldbank.org>).

#### **Kazakhstan**

United Nations Comtrade Database - International Trade Statistics, downloaded through WITS (World Integrated Trade Solution) (<https://wits.worldbank.org>).

#### **Kyrgyzstan**

United Nations Comtrade Database - International Trade Statistics, downloaded through WITS (World Integrated Trade Solution) (<https://wits.worldbank.org>).

#### **Republic of Moldova**

United Nations Comtrade Database - International Trade Statistics, downloaded through WITS (World Integrated Trade Solution) (<https://wits.worldbank.org>).

#### **Russian Federation**

United Nations Comtrade Database - International Trade Statistics, downloaded through WITS (World Integrated Trade Solution) (<https://wits.worldbank.org>).

#### **Tajikistan**

The Statistical Agency under President of the Republic of Tajikistan

#### **Turkmenistan**

State Committee for Statistics of Turkmenistan

#### **Ukraine**

United Nations Comtrade Database - International Trade Statistics, downloaded through WITS (World Integrated Trade Solution) (<https://wits.worldbank.org>).

#### **Uzbekistan**

State Committee of the Republic of Uzbekistan on Statistics





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