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TRADE POLICY REVIEW IN EUROPE AND CENTRAL ASIA

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INTERNATIONAL COOPERATION

UKRAINE AND EUROPEAN UNION INTENSIFY COOPERATION ON ADAPTATION OF UKRAINIAN LEGISLATION IN THE FIELD OF SPS MEASURES

Representatives of the competent authorities of Ukraine and the European Union discussed the current state of implementation of European Union laws in the field of sanitary and phytosanitary measures in Ukrainian legislation in accordance with the Association Agreement.

On 20 February, a meeting was held between representatives of the Food Safety Directorate at the Ukrainian Economic Development Ministry; the State Service of Ukraine on Food Safety and Consumer Protection; representatives of the European Union project titled Improvement of Food Safety Control System in Ukraine; and the European Union Delegation to Ukraine.

The goal of the programme of activities of the Cabinet of Ministers of Ukraine known as 7.2. Ukrainian Consumers Receive Safe Goods and Services was in line with the implementation priorities of the comprehensive strategy regarding sanitary and phytosanitary measures of the Association Agreement.

Based on the results of the meeting, the parties updated their joint work plan and agreed to strengthen expert cooperation on adapting Ukrainian legislation as part of the comprehensive implementation strategy for Chapter IV of the Association Agreement (in the field of sanitary and phytosanitary measures).

21 February 2020: UKRINFORM

EUROPEAN UNION- KAZAKHSTAN ENHANCED PARTNERSHIP AND COOPERATION AGREEMENT EFFECTIVE 1 MARCH 2020

The European Union-Kazakhstan Enhanced Partnership and Cooperation Agreement (EPCA), ratified by all the European Union Member states and the European Parliament, has entered into force.

Since the EPCA was signed in December 2015, bilateral cooperation between Kazakhstan and the European Union has progressed steadily through many exchanges in Cooperation Committees, Cooperation Councils, Subcommittees and Dialogues. The European Union has become Kazakhstan's first trading partner and first foreign investor, representing over half of total foreign direct investment in Kazakhstan.

At the seventeenth European Union-Kazakhstan Cooperation Council, held in Brussels on 20 January 2020, the successful implementation of the EPCA in a number of areas was reviewed, including trade and customs, environment and climate change, energy as well as rule of law and judicial cooperation. It was an important opportunity to demonstrate the mutual commitment in further strengthening bilateral relations.

The entry into force of the EPCA has therefore been an important priority for the European Union and Kazakhstan. Starting 1 March, cooperation will be strengthened in areas which were previously not subject to the provisional application of the EPCA.

26 February 2020: KAZINFORM

**ARGENTINA AND
THE RUSSIAN FEDERATION
AGREE ON SCIENTIFIC
COOPERATION IN FISHERY**

Argentine and Russian parties agreed to develop scientific cooperation in the field of fishery. The parties also agreed to consider the possibility of joint development of krill in the Antarctic region.

Argentina has plans to increase volumes - with an 800 000 catch, they produce only 4 000 tonnes as part of sea farming. Additional research is currently underway to see which technologies may be applicable.

The Russian side offered Argentina cooperation in the field of new technologies for using crab production waste to produce chitosan and chitin. Argentina does not have such technologies.

In the first phase, the memorandum and a work plan for the first six months were prepared.

3 March 2020: RASSIAN NEWS AGENCY TASS

 **TRADE AGREEMENTS**

**AZERBAIJAN AND TURKEY
SIGN A PREFERENTIAL
TRADE AGREEMENT**

On 26 February Turkey and Azerbaijan signed a preferential trade agreement at a strategic cooperation summit.

The mutual customs exemption and discount on 15 different products was signed as part of a preferential trade agreement.

Turkish entrepreneurs in Azerbaijan consider that the preferential trade agreement will accelerate the development of trade relations between the two countries and greatly contribute to the trade volume.

26 February 2020: YENI SAFAK

TRADE POLICY MEASURES

THE RUSSIAN FEDERATION EXTENDS ZERO IMPORT DUTIES ON A NUMBER OF GOODS FROM THE REPUBLIC OF MOLDOVA

The Russian Federation government extended, until 30 June 2020, zero import duties on a number of goods from the Republic of Moldova, including vegetables, fruits and wine. The relevant resolution is published in [the official portal of legal information of the Russian Federation](#).

In accordance with the decree, the Federal Customs Service (FCS) was instructed to carry out monthly monitoring of the import of such goods into Russia and to inform the relevant ministries about the monitoring results. In addition, the FCS was instructed to make proposals, if necessary, by 20 June 2020, to change the deadline for the application of zero rates of import customs duty in relation to these goods.

3 January 2020: Accent TV

UZBEKISTAN IMPOSES A BAN ON THE IMPORTS OF NON-ENRICHED FLOUR

Since 1 April 2020, Uzbekistan has imposed a ban on the imports of non-enriched flour to the country. Now Uzbekistan imports only 1-grade wheat flour enriched with micronutrients.

Prior to this, the share of wheat flour enriched with micronutrients formed 30 percent of the total volume of all varieties of flour produced and imported by Uzbekistan. Nearly 56 percent of the population consumes micronutrient-fortified flour, but the authorities plan to increase the figures to 90 percent, to prevent iron-deficiency anemia.

It's worth noting that since 1 January 2011, Uzbekistan produced and sold 1-grade wheat flour only in the form of enriched product with micronutrients.

9 January 2020: APK-INFORM

**THE RUSSIAN FEDERATION
REDUCES VAT RATE
FOR FRESH FRUITS AND
BERRIES IMPORTED FROM
UZBEKISTAN**

Russia has reduced the value added tax rate (VAT) for the import of fresh fruits and berries from Uzbekistan. The rate has been reduced from the current 20 percent to 10 percent.

According to [the Government Decree of the Russian Federation](#), 6 February 2020 changes are made to the list of food products subject to VAT at a rate of 10 percent. In particular, the list of food products imported into Russia that are subject to preferential VAT has been expanded.

The import of such fresh fruits as watermelons, melons, grapes, figs, apples, pears, quinces, apricots, cherries, peaches (including nectarines), plums and lemons will now be subject to VAT at a rate of 10 percent instead of the previous 20 percent.

The changes do not affect dried fruit and vegetables. For this category of goods, the VAT rate remains at 20 percent.

These changes to Russian legislation create an opportunity to increase the supply of fresh fruits and berries from Uzbekistan directly to the Russian market.

9 January 2020: KUN-UZ

**AZERBAIJAN
SIMPLIFIES
AGRICULTURAL
SUBSIDIES
MECHANISM**

The Cabinet of Ministers of Azerbaijan Decree on improving the mechanism of agricultural subsidies will ensure the stability, sustainability, and simplification of subsidies issued for farmers.

According to the decree, a new, more stable and long-term mechanism for issuing plastic cards is being built. Previously, three-year plastic subsidy cards were issued only to farmers engaged in the field of crop production, including tobacco growing and cotton growing, but those engaged in cattle breeding did not receive such cards.

The new unified rules provide for the issuing of three-year plastic cards to cattle breeders, as well. Instead of applying to two institutions for registration - the Ministry of Finance and the Ministry of Agriculture, farmers will need to contact only the Agrarian Credit and Development Agency under the Ministry of Agriculture.

The new rules provide mechanisms of state support to those working in the areas of cotton, tobacco and livestock; strengthen state support to agriculture; form a stable and easily predictable mechanism of state support; simplify registration with subsidies; and create an opportunity for farmers to establish a business plan for three years.

This, in turn, reduces the risks of investing in agricultural production, creates a favourable environment for attracting additional investment for a period of three years with guaranteed support from the state.

The process of issuing subsidies in Azerbaijan's agricultural sector has been carried out online starting in 2020. The new e-Agriculture Information System (EKTIS) is being introduced in the country.

10 January 2020: AZERNEWS

TRADE POLICY MEASURES

PRESIDENT OF THE RUSSIAN FEDERATION APPROVED THE NEW DOCTRINE OF FOOD SECURITY OF RUSSIAN FEDERATION

The President of the Russian Federation approved the new national doctrine of food security. The corresponding decree was published in the official portal of legal information.

The doctrine states that food security is one of the main pillars for ensuring national security in the long term, a factor in the preservation of the country's sovereignty, the most important component of socio-economic policy and a necessary condition for improving people's quality of life.

The doctrine mentions the strategic goal of food security: the state of socio-economic development of the country, which ensures the food independence of the Russian Federation, guarantees the physical and economic accessibility of food products for every citizen; self-sufficiency of the country in terms of the main types of domestic products, raw materials and food; rational food consumption standards; use of the food security indicator as an assessment of the degree of food security.

21 January 2020: HEND OF MOSCOW

BELARUS RESTRICTS PORK IMPORTS FROM SERBIA DUE TO AFRICAN SWINE FEVER

Belarus has restricted pork imports from two districts of Serbia because of the outbreak of African swine fever in boars.

On 24 January Belarus temporarily restricted the import of live pigs, zoo and circus animals, processed pork products, leather, horns and hoofs, raw casings, hog hair, wild boar meat, hunter's trophies, etc. from Serbia.

Belarus also introduced temporary restrictions on the import of vegetable fodder and feed additives.

Belarus also cancelled all previous permits on the import of the abovementioned products from Serbia.

According to the Veterinary and Food Control Department, it is essential to take additional measures to ensure the biological protection of large swine breeding complexes and farms of all forms of ownership.

African swine fever (ASF) is a severe viral disease affecting domestic and wild pigs. It is responsible for serious production and economic losses. There is no approved vaccine against it. ASF is not a risk to human health.

24 January 2020: BELTA

**THE EURASIAN
ECONOMIC COMMISSION
COUNCIL ADOPTED
CREATING EQUAL
CONDITIONS WHEN
CHARGING VAT
FOR THE UNION'S AND
THIRD-COUNTRY GOODS**

The Eurasian Economic Commission Council has adopted amendments to be introduced into the Treaty on the Eurasian Economic Union, which allow for paying VAT in respect of the Union's goods imported into free economic zones (FEZs) of the Russian Federation, on a deferred basis. Together with this, the delay in VAT payment is granted for 180 calendar days.

No VAT is due if the goods imported into the Union's FEZ are sold within 180 calendar days. If such goods are not sold within the specified time limit, the VAT is payable at the rate of 20 percent no later than the twentieth day of the month following that in which 180 calendar days expire from the date of their registration.

21 February 2020: EEC

**THE EURASIAN
ECONOMIC COMMISSION
(EEC) COUNCIL
ESTABLISHES ZERO RATE
OF IMPORT CUSTOMS DUTY
ON SURIMI OF CERTAIN
FISH SPECIES**

The rate will be applied until 30 April 2023. It will affect surimi made of such fish families as Bregmacerotidae, Eulichthyidae, Gadidae, Macrouridae, Melanonidae, Merlucciidae, Moridae and Muraenolepididae, except for walleye pollock (*Theragra chalcogramma*).

The zero rate with respect to these goods was effective from 2 May 2018 to 31 December 2019 and had a positive socio-economic effect.

On the Belarusian side, this measure enabled the increase in the finished-product output of the republic's fish processing enterprises by 4 percent to 11 percent, depending on the product type.

Moreover, exports to other EAEU countries were maintained at the level of 60 percent to 80 percent. The fish surimi is delivered to Belarus exclusively from third countries. The share of imported goods in their consumption is 100 percent.

The EEC Council Decision will come into effect after 30 calendar days have elapsed from the date of its official publication.

25 February 2020: EEC

TRADE POLICY MEASURES

THE MINISTRY OF AGRICULTURE OF THE RUSSIAN FEDERATION INCREASED THE QUOTA FOR THE IMPORT OF TURKISH TOMATOES TO 200 000 TONNES

The Ministry of Agriculture of the Russian Federation increased the quota for the import of tomatoes from Turkey to Russia to 200 000 tonnes. Prior to this, the quota was 150 000 tonnes. From 1 January 2016, Russia banned the import of vegetables and fruits from Turkey.

Gradually, the ban was lifted, however tomatoes, which were the main product of Turkish vegetable exporters to the Russian Federation, remained under the ban. Their import resumed on 1 November 2017 after lengthy negotiations. A quota of 50 000 tonnes was established for Turkish suppliers, then it was increased to 100 000 tonnes, in April 2019 – up to 150 000 tonnes.

26 February 2020: NH logistics

THE EEC ADOPTS RECOMMENDATION ON STANDARDIZING FOOD SAFETY INDICATORS

The EEC Board adopted a recommendation that contains methodology guidelines for establishing and justifying hygienic standards for the content of chemical impurities and biological agents in food products according to human health risk criteria. The document ensures the practical implementation of risk assessment methodology with regard to public health and includes an algorithm for conducting the toxicological and microbiological trials necessary for standardization.

Thus, the EAEU states receive a tool allowing them to establish food safety requirements with due regard to the principles laid down in the agreements of the World Trade Organization (WTO) and Codex Alimentarius standards. Using the recommendation, the Union countries will be able to develop new standards and revise the existing ones concerning food safety indicators based on human health risk criteria.

The document will allow the authorized bodies of the EAEU states to use the same principles when assessing public health risks.

26 February 2020: EEC

KAZAKHSTAN SUSPENDS IMPORTS OF SOME FRUITS FROM CHINA

Beginning 2 March 2020, the Agro-industrial complex state inspection committee of the Kazakh Agriculture Ministry has imposed temporary restrictions on the import of stone fruit crops, pome fruits and citrus fruit crops from China.

5 March 2020: KAZINFORM

**IRAQ
LIFTS
UKRAINIAN
POULTRY MEAT
IMPORT RESTRICTIONS**

The Iraqi competent authority has lifted the restrictions on poultry meat imports from Ukraine imposed as a result of bird flu cases.

Earlier, the European Commission approved a decision to include Ukraine on the list of countries subject to zoning principles when registering a bird flu outbreak, which entered into force on 7 March 2020.

According to the report, the European Commission lifted the restrictions on certification of poultry products for export to the European Union member states from Ukraine, which means that from 7 March 2020, the export of Ukrainian chicken to the European Union resumes.

Taking into account the report submitted to the World Organisation for Animal Health (OIE), the Competent Authority of Iraq has also lifted the restrictions with regard to bird flu in Ukraine.

12 March 2020: LATIFUNDIST.COM

**IN RUSSIA,
THE LIST OF FRUITS
AND BERRIES TAXED
AT A REDUCED VAT
IS APPROVED**

New Harmonized System (HS) codes were added to the list of food products taxed at a reduced VAT rate (the decree of the Government of the Russian Federation No. 1952 dated 12/31/2019). Fruits and berries from the list are subject to 10 percent VAT instead of 20 percent from October 2019.

This applies to Russian and imported fresh fruits: apples, pears, quinces, all categories of citrus fruits, grapes, apricots, cherries, peaches, nectarines, plums, thorns and cherry plums, watermelons, melons, papaya, avocados, dates, figs, pineapples, guava, mango, mangosteens, kiwi, persimmon, barberry, feijoa, medlar; berries: strawberries, raspberries, blackberries, black, white or red currants, gooseberries, cranberries, blueberries, cornel, wild berries; as well as planting material of fruit and berry crops: seeds, seedlings, roots, cuttings, and layering.

Bananas, plantains, nuts, as well as any kind of fruit and berry processing products, are not included in the list.

19 March 2020: CRIPCONSULTING

TRADE POLICY MEASURES

ROSSELKHOZNADZOR EXPANDS OPPORTUNITIES FOR RUSSIAN POULTRY EXPORTERS TO VIET NAM

The Rosselkhoznadzor and the Veterinary Department of the Ministry of Agriculture and Agrarian Development of Viet Nam (DAH) have agreed on a veterinary certificate for poultry meat and offal exported from the Russian Federation to Viet Nam.

With a letter dated 12 March 2020, the Department of Veterinary Medicine of the Ministry of Agriculture and Agrarian Development of Viet Nam officially announced its consent to amend the previously agreed certificate for chicken meat and offal, extending its effect to products from all types of poultry. Each batch of products shipped to Viet Nam must be accompanied by the specified certificate.

Deliveries can be made from enterprises certified by DAH, a list of which is available on the website of the competent authority in Viet Nam.

26 March 2020: MEATCOMMERCE.COM

TRADE POLICY MEASURES DUE TO COVID-19

KAZAKH CUSTOMS OPENS GREEN CORRIDOR FOR IMPORT OF ESSENTIAL PRODUCTS

In connection with the global epidemiological situation, announced in Kazakhstan, the Revenue Committee of the country's Finance Ministry has established a "green corridor" at the customs borders for the import of socially significant products.

The measures are aimed at ensuring an uninterrupted supply of essential goods to the population.

The goods include 165 000 tonnes (USD 55.9 million) of sugar, 148 000 tonnes (USD 143 million) of poultry meat, 133 000 tonnes (USD 30.5 million) of onions, 118 000 tonnes (USD 56.8 million) of milk, 85 000 tonnes (USD 24 million) of cabbage, 78 000 tonnes (USD 14.6 million) of carrots, 322 tonnes (USD 284 000) of flour. A total of 19 items have been classified as socially significant.

The leading importers of socially significant goods are exempted from the application of customs control forms during clearance (customs inspection, examination, and control of the customs value of goods).

18 March 2020: REPORT.AZ

**KYRGYZSTAN
IMPOSES TEMPORARY BAN
ON THE EXPORT OF CERTAIN
TYPES OF GOODS**

A temporary six-month ban on the export of certain types of goods from Kyrgyzstan has been introduced. The corresponding decree was signed by the Prime Minister of Kyrgyzstan.

These goods include: wheat and meslin, wheat flour, vegetable oil, rice, pasta, sugar, eggs, food-grade iodized salt, animal feed (hay, straw, compound feed, bran and grain feed), napkins and other antibacterial agents, disinfectants.

23 March 2020: KABAR

**KAZAKHSTAN
BANS THE EXPORTS
OF FLOUR AND
SUNFLOWER OIL**

The Ministry of Agriculture of Kazakhstan imposed the ban on the exports of certain types of food products, in particular wheat flour, sunflower seed and sunflower oil. The Ministerial decree #103 dd. 22 March 2020, was signed by the Minister of Agriculture and published on the website of the Official Publication of Laws and Regulations of the Republic of Kazakhstan.

The authorities imposed the measures, in accordance with the subparagraph 2) of the paragraph 2 of the Decree of the President of Kazakhstan #287 dd. 16 March 2020, "On the further stabilization measures".

The list of products banned for exports includes buckwheat, white sugar, potatoes and certain types of vegetables.

The decree comes into effect from the date of its signature.

23 March 2020: APK-INFORM

**ROSSELKHOZNADZOR
LIFTS TEMPORARY BAN
ON EXPORT OF CEREALS
FROM RUSSIA**

On 24 March 2020 Rosselkhoznadzor lifted the ban on the export of cereal grains from the Russian Federation imposed on 20 March. Originally, this restriction was to be valid for ten days. The ban covered all types of cereals. Representatives of the cereal industry opposed this decision. They reported that there was no need to limit exports, since the stocks of cereals were sufficient for both domestic consumption and the export programme, even against the backdrop of increased demand due to COVID-19. In addition, of all the cereals, only rice is the main export commodity.

24 March 2020: INTERFAX

TRADE POLICY MEASURES DUE TO COVID-19

THE MINISTRY OF AGRICULTURE OF THE RUSSIAN FEDERATION MASTERMINDS TOOLKIT TO MAINTAIN STABILITY ALL ACROSS FOOD MARKET

In light of the current economic conditions in the Russian Federation and other EAEU countries, the Ministry of Agriculture laid out measures aimed at keeping food market stability to meet domestic demand for grain and its processed products.

The Ministry, together with major domestic grain exporters, developed a restrictive export quoting mechanism concerning the key crop items for the Russian market: wheat, corn, barley and rye. In addition, since 27 March the Ministry of Agriculture of the Russian Federation has started preparing for commodity interventions, taking into account the price caps for 2020-21.

The draft resolution of the Russian Federation Government "On the introduction of temporary quantitative restrictions concerning grain crops export to the Eurasian Economic Union non-members" provides for a 7 million tonne quota for the export of wheat and meslin, rye, barley and corn, excluding cereal seeds, for the period from 1 April to 30 June 2020.

Given the current situation, the food security issues certainly come to the fore. The set of proposed measures should ensure the necessary volume of grain in the domestic market and prevent price runup for key crop items, as well as home consumer prices for flour, cereal, baking, meat and dairy final output.

As the Russian Federation accounts for more than 80 percent of total production and about 79 percent of grain consumption in the EAEU, the quota should become a significant tool for these markets. According to the Russian Federation Ministry of Agriculture, the proposed revisions would affect neither the accomplishment of the Russian Federation national programmes goals nor agricultural export totals in 2020.

27 March 2020: MCX.RU

GEORGIA AND THE RUSSIAN FEDERATION TO PROVIDE "GREEN CORRIDOR" FOR ARMENIAN CARGO

On 29 March, the Prime Minister of Armenia informed the heads of large enterprises of importers and exporters of Armenia that Georgia and the Russian Federation will provide "green corridor" for Armenian cargo.

The restrictions that the Russian Federation imposed in connection with the development of the COVID-19 pandemic situation do not affect the EAEU, in particular Armenia, in accordance with the agreement reached. The Russian side is also interested in ensuring a normal mode of supply of products to the shelves of shops and consumer markets of the Russian Federation.

The prime minister instructed the Minister of Economy of the Republic of Armenia to develop a mechanism for continuous communication with business entities in order to promptly respond to emerging problems and find solutions. It is important to note that the Russian Federation acts as the main trade partner of the Republic of Armenia, and the only land route for delivering goods from Armenia to Russia and vice versa is the transport corridor.

30 March 2020: ARMINFO

**BELARUS
BANS EXPORT
OF SOME
STAPLE FOOD**

Belarus has introduced a temporary ban on the export of certain types of staple foods. The decision is laid out in the Council of Ministers' decree No. 185 of 31 March 2020.

The list of goods subject to a temporary ban includes buckwheat, buckwheat groats, set onion, garden onion and garlic. These goods are prohibited for export regardless of their country of origin, including when placed under customs procedures for export, temporary export, processing outside the customs territory and re-export.

The prohibition also applies to goods that have been placed under customs procedures prior to the entry into force of this regulation and whose actual export from the territory of Belarus is carried out in line with the customs procedures after the document goes into effect.

The Belarusian Ministry of Foreign Affairs has been instructed to inform the Eurasian Economic Commission about the ban and submit to it a proposal on the application of similar measures by other EAEU member states.

The main provisions of the resolution come into force after its official publication and are valid for the next three months.

1 April 2020: AGRONEWS

EXPERT OPINION



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THE EXPORT OF AGRICULTURAL PRODUCTS FROM GEORGIA, THE REPUBLIC OF MOLDOVA AND UKRAINE TO THE EUROPEAN UNION: WHAT HAS CHANGED SINCE THE SIGNATURES OF THE ASSOCIATION AGREEMENTS?

Agriculture is an essential component of the economies of Georgia, the Republic of Moldova and Ukraine. The expected increase in agricultural exports to the European Union thanks to lower tariff and non-tariff barriers was among the important arguments for signing the Association Agreements and the Deep and Comprehensive Free Trade Areas (DCFTA) with the European Union¹. Have expectations been met?

This paper aims to analyse changes in agri-food exports² after the establishment of the DCFTAs. The paper considers changes in exports of goods that occurred between 2013 and 2018. The year 2013 was chosen as a baseline since it is the last year before the DCFTAs and therefore a reasonable date to compare the situation "before" and "after" the signing³. The article first examines the situation in each country separately and then concludes with a brief comparative analysis.

GEORGIA

The DCFTA between the European Union and Georgia is the most liberal of the three. The partners agreed to reduce practically all, with a few exceptions, import duties to zero, without transition periods. The exceptions relate to access to the European Union market and, in principle, are insignificant: the tariff quota for garlic (not an essential product for Georgia) and the entry price for some categories of vegetables and fruits. The opening of the European market is expected to be a good incentive for increasing exports.

However, in 2018, Georgia exported USD 120 million of agri-food products⁴ to the European Union, which was 31 percent less than in the base year 2013, which led to a decrease in the European Union's share in Georgia's agri-food exports from 25 percent to 17 percent. This result is entirely contrary to expectations associated with trade liberalization with the European Union thanks to the DCFTA. What happened?

This drop has nothing to do with the DCFTA; it is the result of a sharp decline in hazelnut exports (by 71 percent between 2013 and 2018) due to the attack of the brown marmorated stinkbug, which destroyed a significant part of the crop in 2017-2018. Already in 2019, thanks to active measures to combat the pest, hazelnut harvest and its export partially recovered. Georgia's agri-food export to the European Union, excluding hazelnuts, has grown fast, increasing by 50 percent or USD 29 million in 2013-2018.

Hazelnuts have remained the main export product from Georgia to the European Union (Table 1). It accounts for 28 percent of total agri-food exports. The next three positions in the list of the top ten export goods with a combined share of 43 percent are taken by beverages - wine, spirits and mineral water, the traditional products of Georgian exports.

¹ Georgia, the Republic of Moldova, and Ukraine signed Association Agreements, including Deep and Comprehensive Free Trade Areas (DCFTA), in 2014. The DCFTAs with Georgia and the Republic of Moldova were applied provisionally in the same year of 2014, and in 2016, after the ratification procedures were completed, the Association Agreements and the DCFTAs entered into full force.

In the case of Ukraine, the provisional application of the DCFTA began only in January 2016, while from April 2014 until the end of December 2015, the European Union autonomous trade preferences were in place, fully replicating the conditions for market access within the first year of the DCFTA. The Association Agreement between Ukraine and the European Union entered into force in 2017.

² Export values for all countries do not include re-exports. Data source: WITS.

³ In the case of Ukraine, in 2014-2015, the European Union operated autonomous trade preferences, which allows us to consider 2013 as the base year for all three countries.

⁴ In this paper, agrifood products are defined as goods included in categories 1-24 of the Harmonized Commodity Nomenclature (HS).

Table 1: Commodity structure of Georgia's agro-food export to the European Union, 2018

HS	DESCRIPTION	EXPORTS TO THE EUROPEAN UNION (USD MILLION)	AGRO-FOOD EXPORTS TO EUROPEAN UNION	GROWTH 2018/2013	RANK 2013	RANK 2018
080222	Hazelnuts, fresh or dried, peeled	34	28%	-71%	1	1
220421	Fresh grape wine, <= 2 L (excluding sparkling wine)	18	15%	80%	3	2
220820	Spirits obtained by distillation of grapevine	18	15%	-9%	2	3
220110	Mineral and sparkling water, without sugar	16	13%	88%	4	4
200819	Nuts and other seeds, including ready mixes	7	6%	141%	5	5
200799	Jams, jelly, marmalade	6	5%	198 times	36	6
220710	Ethyl alcohol not denatured	3	3%	--	74	7
110630	Flour, meal and powder from products of Section 8	3	2%	2%	6	8
200979	Apple juice, unfermented	2	2%	32%	10	9
120999	Seeds, fruits and spores, for sowing	1	1%	-37%	7	10

Source: WITS, author's estimates

There has been a rapid increase in the export of some products to the European Union, primarily jams and marmalades, as well as ethyl alcohol, which were virtually absent in 2013. While in 2013, Georgia supplied 73 products⁵ at six-digit HS to the European Union, in 2018, there were 122 products; thus, the product range grew significantly. However, despite the presence of new goods, exports to the European Union remained highly concentrated. The top ten products accounted for 91 percent of all agri-food exports in 2018, although it was less than 96 percent in 2013.

To what extent can export growth be associated with the liberalization of tariff access to the European Union market? Only partially, since Georgia was eligible to GSP+ before signing the Association Agreement and DCFTA, and therefore had significant preferences on import duties. Nevertheless, some exporters have come out on top: among the top ten products, wine and jams in particular, for which the European Union applies non-zero import duties outside the DCFTA.

THE REPUBLIC OF MOLDOVA

The conditions for the access of Moldovan goods to the European Union market within the DCFTA are, more or less, midway between the terms outlined in the European Union agreements with Georgia and Ukraine. However, the conditions are closer to those of Georgia. The DCFTA between the Republic of Moldova and the European Union provides for the immediate opening of the European Union market for most goods, six tariff rate quotas (TRQs) for vegetable products, and the regulation

of entry prices for several categories of fruits and vegetables. Before the Association Agreement, Moldovan goods' access to the European Union market was regulated by autonomous trade preferences which reduced the potential effect of tariff liberalization under the DCFTA.

However, between 2013 and 2018, the Republic of Moldova's agri-food exports to the European Union grew by an impressive 66 percent and reached USD 576 million. Exports to other countries decreased, partly due to the problems with the access to the Russian Federation market. As a result, the European Union share in the Republic of Moldova's agri-food exports went from 46 percent to 60 percent.

Like in Georgia, the Republic of Moldova's exports remained quite concentrated, although the concentration has also been gradually lowering. In 2018, the top ten products accounted for 81 percent of agri-food exports to the European Union, compared to 87 percent in 2013. At the same time, in the Republic of Moldova, the number of products grew slower than in Georgia and, as we see later, in Ukraine. The Republic of Moldova imported 153 products into the European Union in 2013 and 167 in 2018.

⁵ In this paper, we consider any registered exports with a positive value as existing in a given year

Table 2: Commodity structure of the Republic of Moldova's agro-food export to the European Union, 2018

HS	DESCRIPTION	EXPORTS TO THE EUROPEAN UNION (USD MILLION)	AGRO-FOOD EXPORTS TO EUROPEAN UNION	GROWTH 2018/2013	RANK 2013	RANK 2018
120600	Sunflower seeds	123 848	21%	167%	3	1
080232	Walnuts, peeled	85 646	15%	3%	1	2
100590	Maize	68 473	12%	768%	9	3
100190	Wheat except durum	60 508	11%	164%	5	4
151211	Sunflower-seed oil, crude	56 208	10%	37%	4	5
200979	Apple juice, unfermented	20 622	4%	-56%	2	6
120590	Rape seeds	16 519	3%	252%	12	7
080610	Grape fresh	12 209	2%	13 times	28	8
100300	Barley	11 360	2%	83%	11	9
220710	Ethyl alcohol not denatured	11 315	2%	--	154	10

Source: WITS, author's estimates

Raw materials, such as sunflower seeds, walnuts and corn, to which the European Union applies zero import duties for all trading partners, dominate the Moldovan agro-food exports to the European Union. The top ten also included food products, namely sunflower oil, apple juice and ethyl alcohol. The top ten has one product subject to the TRQ: fresh grapes, whose exports to the European Union snowballed in 2013-2018.

UKRAINE

As noted above, the DCFTA between Ukraine and the European Union provides for the most significant number of exceptions to the free trade regime when accessing the European Union market. The DCFTA includes the immediate

reduction to zero of most import duties, the regulation of entry prices for selected fruits, as well as 36 TRQs, including for many products of animal origin.

Before the signing of the Association Agreement, the European Union import duty rates for many goods from Ukraine were higher than in Georgia and in the Republic of Moldova, since Ukraine used the standard GSP system rather than GSP+ or autonomous trade preferences. Accordingly, in Ukraine, the most significant changes in exports to the European Union could be expected.

In 2018, exports of Ukrainian agri-food products to the European Union amounted to USD 6 127 million, an increase of 37 percent compared with 2013, despite the political, economic

Table 3: Commodity structure of Ukraine's agro-food export to the European Union, 2018

HS	DESCRIPTION	EXPORTS TO THE EUROPEAN UNION (USD MILLION)	AGRO-FOOD EXPORTS TO EUROPEAN UNION	GROWTH 2018/2013	RANK 2013	RANK 2018
100590	Maize	1 911 577	31%	15%	1	1
151211	Sunflower-seed oil, crude	927 141	15%	132%	4	2
120510	Low erucic acid rapeseed seeds	884 504	14%	8%	2	3
230630	Cake and other solid residues	406 250	7%	-13%	3	4
100190	Wheat except durum	254 469	4%	829%	14	5
120100	Soy beans	200 002	3%	-47%	5	6
020713	Parts of carcasses and offal of Gallus domesticus species, fresh and chilled	138 353	2%	107 751 times	271	7
151219	Sunflower-seed oil, except crude	79 561	1%	288%	15	8
040900	Natural honey	78 301	1%	87%	9	9
020714	Parts of carcasses and offal of Gallus domesticus species, frozen	77 570	1%	106 times	79	10

Source: WITS, author's estimates

and territorial crises happening in the same period. The absolute increase in agricultural exports amounted to USD 1 645 million.

However, the composition of the top ten export products has changed slightly. Maize, sunflower oil, rapeseed and oilcake seeds stayed at the top, although thanks to the abolition of import duties under the DCFTA, sunflower oil moved from fourth to second rank in exports to the European Union.

Export concentration also remained high, though in decline: 81 percent in 2018 compared with 90 percent in 2013, the most significant drop among the three countries. The product range to the European Union has expanded from 417 products in 2013 to 487 in 2018.

Ukraine has actively used the opportunities provided by even the partial liberalization of access to the most closed European Union markets. The top ten includes four products for which tariff quotas apply - chilled poultry, frozen poultry, honey and wheat.

The situation with poultry deserves attention. In the original text of the agreement, not all tariff lines related to this product were included in the relevant tariff rate quota, which created the possibility of duty-free imports for the “missed” position. This fact has made poultry a leader in export growth. However, a sharp increase in supplies to the European Union ultimately led trading partners to require revision of the TRQ. In 2019, the parties agreed to increase the TRQ total volume but to include the controversial tariff line in the poultry TRQ, which could set a cap on future exports to the European Union.

CONCLUSIONS:

A comparison of trends and commodity structure of exports in Georgia, the Republic of Moldova and Ukraine leads to several conclusions. First, in all three countries, there was a significant increase in exports of agri-food products to the European Union (in the case of Georgia, this applies to exports excluding hazelnuts, whose production was severely affected by a pest). Second, there is a gradual decrease in the concentration of exports, although the top ten products still occupy more than 80 percent of the total value of export shipments of agri-food products. Third, the product range is growing, although the rate of increase in the assortment is quite different. Fourth, the observed changes are primarily linked to the liberalization of tariff access to the European Union market under the DCFTA, which is especially pronounced for goods for which the import duty under the most-favoured-nation regime is virtually prohibitive—as in the case of the export of poultry meat from Ukraine.

Thus, as expected, the first years of the DCFTA have confirmed the positive impact of the agreements on agri-food exports from Georgia, the Republic of Moldova and Ukraine to the European Union. At the same time, all three countries are far from completing the transformation of their food safety system and other sanitary and phytosanitary measures, which would reduce non-tariff restrictions on trade. In terms of access to the European Union market for animal products, Ukraine has made the most progress out of the three countries, but still, it has a lot to do. The reduction of non-tariff restrictions should give new impetus to the growth of exports, but it will be more difficult to achieve than the abolishment of import duties.

UPCOMING EVENTS

FAO-UNITAR ONLINE COURSE ON “TRADE, FOOD SECURITY AND NUTRITION”

11 MAY TO 12 JUNE 2020

The FAO-UNITAR joint online course on Trade, Food Security and Nutrition will be delivered in the Russian language for officials across Europe and Central Asia from 11 May 2020 to 12 June 2020.

It will be an updated version of the same course delivered in 2018 which generated great interest across the region. In 2018 the course was able to accommodate only 25 percent of the applications received.

This course seeks to strengthen the capacities of FAO member countries in Europe and Central Asia to develop and implement trade policies, taking into consideration their implications for food security and nutrition within the context of global governance.

The course is designed to assist representatives from Ministries of Agriculture as well as other government ministries and officials directly involved in the formulation and implementation of trade, agricultural, and food security policies and programmes in the post-Soviet countries.

The deadline for course registration is **22 April 2020**. Apply here: <http://tfsn-ru.unitar.org/>

AGRICULTURAL TRADE EXPERT NETWORK IN EUROPE AND CENTRAL ASIA

A mixture of globalisation and political and economic change in post-Soviet countries has transformed agricultural markets and deepened domestic and external trade integration. These countries are often engaged in simultaneous trade negotiations, each with their own challenges and benefits.

Many European and Central Asian countries joined the World Trade Organization (WTO) as a way to enhance their participation in global agricultural trade. Now the region is an increasingly important supplier of agricultural commodities to international markets.

FAO created the Agricultural Trade Expert Network in Europe and Central Asia to facilitate knowledge sharing and policy decisions in trade development, as part of the Regional Initiative on Agrifood Trade and Market Integration in Europe and Central Asia.

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