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TRADE AGREEMENTS

UZBEKISTAN AND WTO HOLD MEETING ON COUNTRY'S WTO ACCESSION

After an almost 15-year hiatus, on 7 July 2020 Uzbekistan and the World Trade Organization (WTO) resumed meetings of the joint working group on Uzbekistan's accession to the WTO. Due to the COVID-19 pandemic, the meeting was held via video conference.

The working negotiations group on Uzbekistan's accession to the WTO was established in 1998. Since then, the working group has met three times. The last meeting was in October 2005. In February, The Ministry of Foreign Affairs of the Republic of Uzbekistan expected that the meetings of the working group would begin in late March or early April. However, due to the COVID-19 pandemic, meetings were postponed.

The Uzbekistan delegation was headed by the Deputy Prime Minister/Minister of Investment and Foreign Trade. The event was organized on 7 July 2020 online.

Shortly after the meeting, from 20 July to 31 July 2020, agreements were reached on conducting bilateral talks about access to markets of goods and services. The parties also agreed to move to the next stage of negotiations: preparation of a factual summary, which is the basis of the report of the working group on Uzbekistan's accession to the WTO.

The WTO Deputy Director-General reportedly welcomed the decision of Uzbekistan to resume the process of joining the organization and expressed its readiness to provide all necessary support for this initiative. Also, remarks on supporting Uzbekistan's accession to the WTO were made by representatives of several other countries, regional and thematic groups.

In July 2019, Uzbekistan submitted an updated memorandum on the foreign trade regime to the WTO for consideration of the application for the country's accession to the organization. According to the Ministry of Foreign Affairs, Uzbekistan intends to obtain the privileges of a developing country when it joins the WTO.

8 July 2020: The Tashkent times

THE WTO MEMBERS ENDORSE TURKMENISTAN'S WTO OBSERVER STATUS

At a meeting of the General Council on 22 July 2020 WTO members agreed to grant Turkmenistan observer status in the organization. Turkmenistan, a state in Central Asia with a population of about 6.2 million people, became the last former Soviet republic to establish a formal relationship with the WTO.

Turkmenistan submitted its request for observer status in May 2020, where it expressed its intent to initiate negotiations for WTO accession within a period of five years.

On behalf of all delegations, the chair of the General Council and Ambassador of New Zealand, welcomed the Ambassador and Permanent Representative of Turkmenistan in Geneva to the meeting, and invited him to take the floor as a new WTO observer government.

Turkmenistan's representative outlined the concrete benefits that future WTO membership would bring to his country, such as strengthening its foreign trade position and providing guarantees and transparency for investors and trading partners. It was noted that Turkmenistan will fully seize the opportunities of observer status to familiarize itself with WTO rules and procedures.

22 July 2020: WTO

COUNCIL OF EURASIAN ECONOMIC COMMISSION DISCUSSES NEW AGREEMENT ON EAEU TRANSIT SYSTEM

A session of the Council of the Eurasian Economic Commission took place on 10 July 2020.

Participants of the session discussed strategic directions of the development of Eurasian integration in the period until 2025. Work on draft international agreements was discussed, including agreements on the common transit system in the Eurasian Economic Union (EAEU), as well as issues related to the payment of customs duties, taxes, special duties, antidumping duties, and compensating duties while transporting goods in line with the customs transit procedure.

The plan for working out technical regulations of the Eurasian Economic Union was amended, as was the EAEU technical regulation on milk and dairy products and the resolution on the phytosanitary quarantine control procedure.

10 July 2020: KAZINFORM

INTERNATIONAL COOPERATION

BELARUS AND CHINA SIGN AN AGREEMENT ON COOPERATION IN THE AGRICULTURAL SECTOR

Belarus and China signed an agreement on cooperation in the agricultural sector as part of the Belt and Road initiative.

The signing took place during a video conference. Signatories include the Ministry of Agriculture, the Caofeidian District Comprehensive Bonded Zone, and the Belt and Road Committee of the Chinese Association of Small and Medium Enterprises. This agreement will help to meet targets of mutually beneficial cooperation between China and Belarus in terms of raising cattle and producing meat products.

Earlier, the Ministry of Agriculture and Food of Belarus and the Committee of the Chinese Association of Small and Medium Enterprises on the Belt and Road project signed a memorandum of intent on strategic cooperation for a period of five years. In line with the memorandum, the organization of the supply of Belarusian agricultural products in accordance with the trade zone of individual provinces of China on preferential terms for the development of e-commerce are being actively pursued.

17 August 2020: American beef club

UKRAINE AND SPAIN SIGN MEMORANDUM OF UNDERSTANDING IN THE AGRICULTURAL SECTOR

A memorandum of understanding was signed by the Ministry for Development of Economy, Trade and Agriculture of Ukraine and the Ministry of Agriculture and Fisheries and Food of the Kingdom of Spain in the field of agriculture and food industry. The document aims to help realize Ukrainian-Spanish potential for agricultural cooperation and open new opportunities for the exchange of experiences and best practices, as well as deepen cooperation.

10 September 2020: UKRINFORM

**SECOND ROUND OF
NEGOTIATIONS ON PLANT
PRODUCTS BETWEEN THE
ROSSELKHOZNADZOR AND
THE GENERAL CUSTOMS
ADMINISTRATION OF CHINA**

On 9 September 2020, Rosselkhoznadzor held negotiations via videoconference with representatives of the General Customs Administration of China. The consultations were held within the framework of the 9th meeting of the Russian-Chinese permanent working group on cooperation in the field of veterinary supervision, phytosanitary control and food safety.

The parties discussed issues of bilateral cooperation in the field of phytosanitary supervision and supplies of plant products.

The Rosselkhoznadzor regretted the systematically detected cases of quarantine objects in plant products supplied to the Russian Federation from China.

Repeated cases of supply of plant products contaminated with dangerous quarantine objects for the Russian Federation and the EAEU, led to a temporary restriction on the import of pome, stone fruit and citrus crops from China to the Russian Federation.

The Rosselkhoznadzor expressed confidence in the resumption of supplies of pome, stone fruit, and citrus crops to the Russian Federation from China, subject to mandatory compliance with phytosanitary requirements in force in the EAEU.

Representatives of China's General Customs Department took measures to correct deficiencies in the control system identified during the Russian inspections and to inform the Rosselkhoznadzor about them.

During the negotiations, the Rosselkhoznadzor announced there is interest on the part of Russian companies to export medicinal herbs to China. The parties agreed to agree on a draft protocol regulating such supplies, taking into account the requirements of Chinese legislation in terms of compliance with national technical regulations and Pharmacopoeia quality standards.

In addition, the negotiators discussed the prospects for the supply of willow tea and chaga for consumption purposes to China from the Russian Federation.

The negotiators thanked each other for the fruitful work within the framework of the 9th meeting of the Russian-Chinese permanent working group, and expressed confidence in strengthening bilateral cooperation in the field of mutual supplies of products of plant origin.

11 September 2020: POTATO SYSTEM

TRADE POLICY MEASURES

UPDATES ON PROCEDURAL AND OTHER CUSTOMS DEVELOPMENTS IN THE EAEU

As of 1 July 2020, the export of grain crops to non-Eurasian Economic Union (EAEU) Member States is allowed without limitation. Government Resolution No. 385 dated 31 March 2020 which established a non-tariff quota on such exports, expired on 30 June 2020.

List of imported food products eligible for reduced 10 percent VAT rate expanded.

Government Resolution No. 250 dated 9 March 2020 came into effect on 1 July 2020, and expands the list of food product groups (in accordance with the Harmonized System (HS) of EAEU codes) that are eligible for the reduced 10 percent VAT rate when imported into the Russian Federation.

The list now includes milk-based products containing a milk fat substitute produced with a cheese-making technology, drinks that contain milk, cocktails, jelly, etc. The terms "milk-based" and "milk-based with milk fat substitute" are used in accordance with the technical regulations of the Customs Union (part of the Eurasian Economic Union) "On safety of milk and dairy products" (TR EAEU 033/2013).

Zero import customs duty rate for goods from the Republic of Moldova extended.

Government Resolution No. 736 dated 31 July 2014 established a list of goods originating from the Republic of Moldova and imported into the Russian Federation for which customs duties are applied at rates established by the EAEU Common Customs Tariff. The list primarily includes food products, such as beef, pork, corn, oats, barley, and natural grape wines.

However, from 1 January 2019 to 30 June 2020, zero import customs duty rates applied to goods such as vegetables and some edible root crops and tubers classified in commodity group 07 of the HS of the EAEU. These include apples, pears, cherries, sweet cherries, and some other goods. Government Resolution No. 945 dated 27 June 2020 came into effect on 8 July 2020 and extends the zero import customs duty rate until 31 December 2020. From 8 July 2020 to 31 December 2020, the zero rate also applies to crushed and uncrushed sunflower seeds classified under commodity subheading 120600 of the HS of the EAEU.

New procedures for issuance of preliminary decisions on origin and classification of goods.

Federal Customs Service (FCS) Order Nos. 381 of 20 April 2020 and 375 of 16 April 2020 introduces new administrative procedures for the issuance of preliminary decisions by the FCS on the origin and classification of goods as of 20 July 2020 and 23 July 2020, respectively. Under the new procedures the following is now true.

- Decisions may be requested by a declarant's duly authorized representative, as well as by the declarant.
- Preliminary decisions are provided in a new form and in the manner approved by the Eurasian Economic Commission's decisions.
- The response time is reduced from 90 days to 60 days.
- A definitive list of documents and information required for a decision can be released, together with a list of documents that may not be requested.

**EAEU IMPROVES MECHANISM
OF PHYTOSANITARY
QUARANTINE CONTROL**

The Eurasian Economic Commission’s (EEC) Council has approved amendments to the regulation on the procedure for implementing phytosanitary quarantine control (supervision) within the customs territory of the EAEC.

The amendments will enable an improvement in the efficiency of phytosanitary quarantine control and create more favourable conditions for the activities conducted by bona fide market participants who comply with the EAEU legislation.

The regulation has been supplemented with the terms “applicant” and “recipient” of quarantinable products. In practice, this will enable determining authorities responsible for presenting quarantinable products in destination countries when they are moved between the EAEU countries.

10 July 2020: Eurasian commission

**CHANGES TO
“ON FOOD SAFETY”
ENTER INTO FORCE
IN THE EAEU**

On 11 July 2020 amendments to the EAEU technical regulation “On Food Safety” entered into force.

The changes were adopted by the decision of the Council of the Eurasian Economic Commission dated 8 August 2019 No. 115.

Changes to the technical regulations provide for the addition of articles 7 and 19 to the requirements for unprocessed raw materials of animal origin (for food) and the processes for their production. Specifically, such raw materials necessary for the manufacture of food products must be from productive animals and recognized as fit for food according to the results of a veterinary and sanitary examination to be carried out in accordance with the technical regulations.

Certain safety indicators of food products were also adjusted for acceptable levels of residual amounts of antibiotics in food products and the list of plants prohibited for use as part of biologically active food additives.

Taking into account the “package principle” of applying the requirements for food products in the EAEU technical regulations, the requirements for grain and certain types of specialized food products, including dietary therapeutic and dietary preventive nutrition, are brought into line with similar requirements established in the technical regulations of the EAEU for individual food products.

As a result of the decision of the Commission Board No. 69 of 26 May 2020, a transitional period was determined in relation to these changes. Within 12 months from the date of entry into force of these changes, the production and issuance of food products in the customs territory of the EAEU are allowed in accordance with the mandatory requirements previously established by it. In this case, the circulation of products manufactured before the entry into force of amendments to the technical regulations is allowed during the expiration date established by its manufacturer.

12 July 2020: International business council

TRADE POLICY MEASURES

NEW SUBSIDIZED INSURANCE LAW APPROVED BY THE GOVERNMENT OF REPUBLIC OF MOLDOVA

A new law will regulate the relationship between insurers and agricultural producers.

On 20 July 2020, the Government of the Republic of Moldova approved a draft law on subsidized insurance in agriculture.

This law is intended to stimulate producers of agricultural products to ensure property interests against the risks inherent in agricultural activities, and to protect their interests in the insurance process.

The law will also regulate the relationship between insurers and agricultural producers arising from the process of insurance in agriculture, as well as the relationship established between them on the one, hand and government agencies on the other.

According to the Minister of Agriculture, Regional Development and the Environment, the agricultural sector is extremely vulnerable to natural disasters, and agricultural insurance is a reliable long-term mechanism, supported by the state, which can protect farmers.

20 July 2020: Agricultor.md

EAEU: ORIGIN OF GOODS INFORMATION NOW REFLECTED IN CUSTOMS DECLARATIONS

The members of the Eurasian Intergovernmental Council reached arrangements at a meeting in Minsk, Belarus on enacting relevant decisions adopted by the Board of the Eurasian Economic Commission on changing the procedure for filling in the declaration for goods.

Therefore, beginning 1 January 2021, participants of foreign economic activities will be able to simultaneously indicate in the customs declaration information about both non-preferential and preferential origin of their goods when importing them to the customs territory of the EAEU. For this purpose, a previously uncompleted subsection of column 34 "Country of Origin Code" will be used.

It bears reminding that these amendments were adopted by the EEC Board in July 2019. They adapt the procedure for reflecting information about their origin in the declaration for goods to the peculiarities established by the EAEU rules for determining origin. Along with that, the procedure for filling in the customs declaration will become clearer and the participants of foreign economic activities will be able to specify comprehensive information about the origin of goods they declare.

For reference: Initially, Decision No. 126 of the Board of the Eurasian Economic Commission dated 23 July 2019 "On amending the procedure for filling in the declaration for goods" was planned to come into force on 2 February 2020. However, due to disagreements between the Union States about its application, its enacting was "frozen" until a relevant decision was adopted by the Intergovernmental Council.

21 July 2020: Eurasian commission

**NEW FORMS OF
INTERNATIONAL CERTIFICATES
APPROVED FOR IMPORT
OF ANIMAL PRODUCTS TO
UKRAINE**

On 24 July 2020 the Ministry of Economic Development, Trade and Agriculture published Order No. 1329, which approved 72 forms of international certificates to support products of animal origin during their import (shipment) to the customs territory of Ukraine and to certify their safety.

New forms of international certificates cover the following product groups:

- fresh meat of different types – 16 forms;
- animal feed and feed materials for feed, including hay and straw – 11 forms;
- milk and dairy products – five forms;
- eggs and products from them – two forms; and
- fish, honey, bee products, snails, gelatin, collagen, down and feathers, fats and products of fat processing, and other animal products – 38 forms.

New forms of certificates both bring Ukrainian legislation closer to European and international standards, and simplify the procedure for importing food products into Ukraine.

The approved forms of certificates are already in the public domain, on the website of the State Service of Ukraine for Food Safety and Consumer Protection. They can be utilized by businesses even in the absence of forms of certificates agreed between the state authorities of Ukraine and the exporting country.

24 July 2020: Crane ip

**KAZAKHSTAN IMPOSES
RESTRICTIONS ON THE IMPORT
OF PRODUCTS FROM
THE RUSSIAN FEDERATION
DUE TO BIRD FLU**

The authorities of Kazakhstan have introduced temporary restrictions on the import of poultry meat and other products from the Chelyabinsk region of the Russian Federation in connection with the detection of the H5N8 avian influenza virus in this region.

The Committee for Veterinary Control and Supervision of the Ministry of Agriculture of Kazakhstan has introduced temporary restrictions on the import and transit from the Chelyabinsk region of live poultry, hatching eggs, down and feathers, poultry meat and all types of poultry products that have not undergone heat treatment, feed and feed additives for birds (except for feed additives of chemical and microbiological synthesis), hunting trophies that have not undergone taxidermy treatment (game birds), as well as used equipment for keeping, slaughtering and cutting birds. The epizootic situation in the border regions has been taken under special control by the veterinary services of the regions. Such measures were taken for the following reason: on 3-4 August 2020 the Chelyabinsk Department of the Federal Service for Veterinary and Phytosanitary Surveillance issued a message about the genetic material of the avian influenza virus detected in the region.

6 August 2020: Tridge

TRADE POLICY MEASURES

KAZAKHSTAN SUSPENDS PLUM IMPORTS FROM UZBEKISTAN

As of 6 August 2020, the State Inspection Committee in the agro-industrial complex of Kazakhstan's Ministry of Agriculture introduced temporary quarantine phytosanitary measures in the form of a ban on the import of plums from the territory of Uzbekistan. This decision is a result of the increased frequency of detection of quarantine objects in plums from Uzbekistan.

The measures were introduced to ensure a favourable phytosanitary situation in the territory of Kazakhstan in accordance with paragraph 4 of Article 56 of the Treaty on the Eurasian Economic Union and paragraph 25 of Appendix No. 12 to the Treaty on the Eurasian Economic Union, by which the member states of the association are given the right to develop and introduce temporary quarantine phytosanitary measures.

11 August 2020: Tridge

UKRAINIAN PRESIDENT SIGNS LAW ON DEVELOPMENT OF AGRICULTURAL COOPERATIVES

The president of Ukraine signed Law No. 819-IX "On Agricultural Cooperation", which the Verkhovna Rada adopted on 21 July 2020.

The document regulates legal relations for the creation, operation, and termination of agricultural cooperatives, and considers international standards and best practices from around the world.

The document also establishes principles for the creation and operation of agricultural cooperatives, in particular: democracy, voluntariness, and openness of cooperative membership; mandatory participation of a member in the economic and other activities of cooperatives and their associations; autonomy, independence, the cooperation of cooperatives; promoting their development (education, training, information) and taking into account the interests of the territorial community.

Amendments are also made to the Economic and Civil Codes of Ukraine, the laws of Ukraine "On Farming", "On Cooperation" and "On Personal Agriculture", which specifically provide for the elimination of legislative conflicts, the settlement of transitional relations between the activities of agricultural production cooperatives, agricultural cooperatives, and their associations at the time of entry into force of this law.

The introduction of the law will contribute to the development of agricultural cooperatives, and increase their market share in the production and sale of agricultural products. This law should also strengthen the competitiveness of small and medium-sized producers and accelerate the development of rural areas.

12 August 2020: 112 UA

**THE EUROPEAN UNION
SUSPENDS ARGENTINE CITRUS
IMPORTS UNTIL MAY 2021**

The European Union has suspended all imports of Argentine citrus until May 2021 following numerous detections of citrus black spot (CBS) over recent months. The decision, which was taken unilaterally and came into effect on 17 August 2020, applies to oranges, mandarins, lemons, and grapefruit until April 31 next year. The European Commission justified the move by saying that it needed to protect its region's growers from the fungus. In July 2020 Argentina suspended lemon exports to the European Union due to a high number of CBS detections in the market.

17 August 2020: Freshfruitportal

**ROSSELKHOZNADZOR
BANNED THE IMPORT OF
POULTRY PRODUCTS FROM
AUSTRALIA**

As of 12 August 2020, Rosselkhoznadzor introduced a ban on the import of poultry products from Australia due to the spread of bird flu in the country.

In connection with the deterioration of the epizootic situation in Australia for infection with highly pathogenic avian influenza viruses, temporary restrictions have been imposed on the import of the products to the Russian Federation from Australia.

Import of live poultry and hatching eggs, poultry meat, and all types of poultry products that have not undergone heat treatment, except for goods that have undergone processing that ensures the destruction of avian influenza viruses, is banned. The ban applies to finished poultry products or those containing poultry processing products, as well as feed and feed additives for poultry. The restriction also applies to the supply of used equipment for keeping, slaughtering, and cutting birds and the transit of live birds from Australia through the Russian Federation.

18 August 2020: Meatcommerce.com

TRADE POLICY MEASURES

MOLDOVAN GOVERNMENT IMPLEMENTS MEASURES TO SUPPORT FARMERS

After the Government's discussions with representatives of farmers' associations, the Agency for Intervention and Payments for Agriculture (AIPA) in the Republic of Moldova has already granted the first payments to agricultural producers for losses incurred on Group I crops. The amount of compensation is 1.6 million lei, calculated with 1 500 lei per hectare.

The Government has earmarked 300 million lei to partially compensate the farmers' losses, and to ensure the country's food security. The Government approved a set of measures to support farmers. Their estimated value is 1.65 billion lei, up by 700 million compared to the previous year.

Subsidization of farmers' loans has been extended, including those previously accessed. The decision was taken to reimburse the VAT for the subsidy of tax payments related to salaries and compensation of land tax. The procedure for getting aid by farmers has been simplified. By 31 December 2020, a moratorium on fiscal control of economic operators in agriculture will be set up. The Prime Minister of the Republic of Moldova noted the willingness of financial institutions to be cooperative in rescheduling loans to agricultural producers.

Thus, the government has effectively met commitments to the agricultural sector representatives. The Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova has started assessments to determine losses to second-group crops.

21 August 2020: Government.md

UKRAINE'S GRAIN MEMORANDUM SETS MAXIMUM VOLUME OF WHEAT EXPORTS

On 17 August, The Ministry of Economic Development, Trade and Agriculture of Ukraine signed an annex to the grain memorandum with grain market participants and agreed on the maximum grain export volume in the 2020/2021 marketing year (MY, July-June) at the level of 17.5 million tonnes of wheat and 1 000 tonnes of rye.

In addition, depending on weather conditions and the final data on wheat production from the state statistics service, the forecast grain market balances may be revised by the signatories of the memorandum in the fourth quarter.

Now the Ministry predicts the grain harvest in Ukraine this year at 72.1 million tonnes.

The Ministry clarified that the grain memorandum has been signed annually since 2011. The document provides for interaction of grain market participants, exchanges of information, and monitoring of the grain market.

24 August 2020: Interfax.com

**EUROPEAN UNION IMPORT
DUTIES FOR MAIZE, SORGHUM
AND RYE UPDATED
AT ZERO EURO PER TONNE**

Following a reduced forecast of the 2020/21 maize harvest that led to an increase of maize prices in the United States of America, the import duty for maize, sorghum and rye in the European Union as of 27 August 2020 is set at zero euro per tonne.

The revised tariff, published on 27 August 2020 in the European Union Official Journal, is calculated based on the difference between the European reference price and the world benchmark for maize (i.e. the USA cif price – cost, insurance and freight included – at the port of Rotterdam), in line with the rule set in the European Union regulation 642/2010.

The tariff for maize, sorghum and rye has been updated multiple times over the past months, starting with the import duty increasing from zero to 5.27 euro per tonne at the end of April 2020 due to a significant drop of the USA cif maize price, mainly as a result of the collapse of bioethanol demand in the USA. The last update set it at 5.48 euro per tonne on 12 August 2020, again due to both the USA price for maize and the US dollar falling against the euro.

The United States' maize prices increased again due to various factors including the damages to maize caused by the 10 August 2020 storm in the Midwest of the United States of America as well as dry and hot weather, both leading to a decrease in the maize harvest forecast for 2020/21 in that country.

24 August 2020: European commission

**RUSSIAN FEDERATION BANS
TRANSIT OF UKRAINIAN
CATTLE AND POULTRY**

The Federal Service for Veterinary and Phytosanitary Supervision (Rosselkhoznadzor) of the Russian Federation banned the transit of cattle and poultry through the country's territory from 4 September 2020.

The Russian Federation's agriculture safety supervisory authority reported that the ban is introduced to reduce the risks of African Swine Fever (ASF), highly pathogenic avian influenza, and spongiform cattle encephalopathy during the transportation of live animals and products in transit through the Russian Federation.

In the absence of a response from the Ukrainian party to requests by Rosselkhoznadzor on measures taken to prevent the spread of avian influenza, ASF and bluetongue, as well as in connection with violations at the border during the transit of live animals, as of 4 September 2020, temporary restrictions on transit through the territory of the Russian Federation from Ukraine were introduced.

The new restrictions apply to the transit of cattle, pigs, poultry and livestock products.

4 September 2020: Latifundist

TRADE POLICY MEASURES

BELARUS TEMPORARILY BANS IMPORTS OF UKRAINIAN PORK FROM IVANO-FRANKIVSK OBLAST OF UKRAINE

Belarus has introduced a temporary ban on pork supplies from Ivano-Frankivsk oblast due to African swine fever (ASF). This is evidenced by the corresponding decision published on the website of the Department of Veterinary and Food Supervision of the Ministry of Agriculture and Food. According to the World Organization for Animal Health (OIE), cases of ASF in susceptible animal species have been registered in the Ivano-Frankivsk oblast of Ukraine.

Consequently, as of 10 September 2020, Belarus introduced restrictions on the import of live pigs, zoo and circus animals, susceptible animal species, boar semen and pig embryos; pork meat (including wild boar meat) and other edible pig-breeding raw materials, as well as products of their processing; leather, horn-hoofed, intestinal raw materials and bristles; game trophies obtained from animals of susceptible species; feed and feed additives of animal origin, including poultry and fish and other products. Recall that the Rosselkhoznadzor has banned the transit of livestock and poultry from Ukraine through the territory of the Russian Federation since 4 September 2020.

12 September 2020: Tridge

UKRAINE SEEKS TO REDUCE VAT FOR AGRICULTURAL PRODUCERS FROM 20 PERCENT TO 14 PERCENT

The Verkhovna Rada of Ukraine at first reading passed a law No. 3656 on amending the Tax Code of Ukraine with regard to the rate of value added tax on transactions for the supply of certain agricultural products that proposes to reduce the VAT rate from 20 percent to 14 percent for the agricultural sector.

The document provides for amending Paragraph 193.1 of Article 193 of the Tax Code of Ukraine by adding a new subparagraph 'g' and establishing 14 percent VAT on operations for supply to the customs territory and admission into the customs territory of Ukraine of agricultural products classified by the following foreign economic activity codes: 0102 (live bovine animals); 0103 (live swine); 0401 (regarding whole milk), 1001 (wheat), 1002 (rye), 1003 (barley), 1004 (oats), 1005 (corn), 1201 (soybeans), 120400 (linseed), 1205 (rapeseeds), 1206 00 (sunflower seeds), 1207 (other oil seeds and oleaginous fruits,), 1212 91 (sugar beet).

Such a reduction will reduce the tax burden on agricultural producers that in turn will reduce the cost of raw materials.

17 September 2020: Open4business.com.ua

STATE SUPPORT PROGRAMS FOR 2021-2023 PRESENTED AT THE AGRARIAN COMMITTEE OF THE PARLIAMENT OF UKRAINE

On 17 September 2020, at the sitting of the Verkhovna Rada (the Parliament) Committee of Ukraine on Agrarian Policy and Land Relations, the Ministry of Economic Development, Trade and Agriculture proposals on state support of the agricultural sector for 2021-2023 were presented. The Strategy of the Ministry envisages extending the support with new programs and expanding directions of existing programs.

In particular, seven main support programs are planned:

- financial support of measures in the agrarian sector (loans, insurance);
- support for the production of niche crops (food security);
- support for farmers;
- support for horticulture, viticulture, hop growing;
- potato growing;
- livestock breeding support; and
- partial compensation for the cost of agricultural equipment.

Thus, state support is supplemented by programs for the development of industrial potato growing and support for the production of niche crops. Also, with today's demand, under the program of cheaper loans, farmers are offered new areas: insurance for agricultural products and compensation for the purchase of agricultural land. Support for farmers is complemented by organic production, and support for livestock development is also expanding.

17 September 2020: Gov.ua

EEC AGREED TO EXTEND THE TERM OF STATE REGULATION OF PRICES FOR BUCKWHEAT GROATS IN BELARUS

At a meeting on 29 September 2020, the Board of the Eurasian Economic Commission (EEC) agreed to extend the term of state regulation of prices for buckwheat in Belarus.

Earlier, in order to curb the rise in prices for socially significant goods in Belarus for 90 days (from 1 November 2019 to 29 January 2020), temporary state regulation of prices for buckwheat was introduced by limiting the level of the maximum trade mark-up to 25 percent of the value of goods.

The introduction of state price regulation was due to a decrease in the gross harvest of buckwheat in the Russian Federation and, as a result, an increase in prices for buckwheat.

In 2020, price regulation was renewed twice in agreement with the Commission and, currently, is valid until 30 September 2020.

On 27 August 2020, the Commission received an appeal from the Chairman of the Council of the Commission with a proposal to extend the period of price regulation to Belarus until 31 December 2020 inclusive.

The adopted decision of the EEC Board contributes to ensuring the availability of a socially significant product for the population.

30 September 2020: Foreignaffairs.co.nz

TRADE POLICY MEASURES DUE TO COVID-19

GRAIN EXPORTS FROM THE RUSSIAN FEDERATION WITH NO RESTRICTIONS

The quota for the export of grain crops from the Russian Federation, which was established in April 2020, has ceased to be in effect: as of 1 July 2020 it is possible to export grain from the Russian Federation without restrictions.

At the end of March, the Government of the Russian Federation signed a decree establishing a quantitative quota for the export of several grain crops from the Russian Federation. The document was published on 2 April 2020. The quota volume was 7 million tons; it was set for a period from 1 April to 30 June 2020 inclusive. The restriction applied to exports outside the Russian Federation to states that are not members of the EAEU. These included wheat, rye, meslin, barley, and corn. However, on 26 April 2020, the Ministry of Agriculture of the Russian Federation announced that grain exporters had completely taken up the quota, and the issue of new declarations for export was discontinued.

02 July 2020: Tridge

EAEU LIFTS BAN ON EXPORT OF CEREALS, FLOUR AND GARLIC

A temporary ban on the export from the countries of the Eurasian Economic Union (EAEU) of certain types of food products has been cancelled.

Specifically, the ban on the export of onions, garlic, turnips, rye, rice, buckwheat, millet, cereals, wholemeal, and cereal grains was lifted.

Earlier, the board of the Eurasian Economic Commission (EEC) decided to ban the export of certain types of food products from the EAEU countries until 30 June 2020 in response to the COVID-19 pandemic. The ban came into force on 12 April 2020.

03 July 2020: Arminfo

EEC AND WHO JOIN FORCES TO PREVENT THE SPREAD OF COVID-19

Preventing the spread of COVID-19, food safety in the consumer market, regulating the circulation of medicines and medical products, as well as the pharmacopoeia of the EAEU and sustainable development goals are all topics that were discussed by the EEC's Member of the Board - Minister in Charge of Technical Regulation of the Eurasian Economic Commission (EEC) and WHO's regional director for Europe, at EEC headquarters.

The EEC maintains close cooperation with the WHO in elaborating draft documents in the field of product safety. Since 2018, WHO representatives have been participating in the public discussion of all draft documents in the field of medicine circulation elaborated by the EEC. Joint video conferences are held on quality control issues, given developments of the EAEU's pharmacopoeia and the international pharmacopoeia. There is interaction on issues related to the competence of the Department for Sanitary, Phytosanitary and Veterinary Measures. The EEC representatives attend meetings of the WHO authorities as observers.

The EEC also believes it is important to interact with the WHO and exchange data on food safety control in the consumer market. This entails ensuring the safety of food products in terms of identifying and rationing the content of veterinary medicines residues in them as well as the adopted approaches to organizing control (supervision) in the market for the remains of medicinal products for veterinary use.

The meeting attendees expressed their readiness to sign the memorandum of understanding between the EEC and the WHO Regional Office for Europe, as agreed by the EAEU countries, by the end of 2020.

The memorandum will enable the exchange of normative and technical documentation, consultations on issues of mutual interest, and joint participation in conferences, seminars and meetings.

25 September 2020: European commission

EXPERT OPINION



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PROSPECTS: CHINA'S MARKET FOR RUSSIAN FEDERATION AGRI-FOOD EXPORTS¹

One of the main goals of modern agri-food policy in the Russian Federation is a significant increase in agri-food exports. In 2019, the Russian Federation President set a goal of achieving USD 45 billion in agricultural and food exports by 2024. In this context, the main long-term task now is to increase exports and win sustainable competitive positions for agricultural products in the global space.

In the Russian Federation's agricultural export development plans, China is viewed as the most promising market. China leads the world in terms of imports for certain agricultural products: around 60 percent for soybeans, 45 percent for powdered milk, and 20 percent for pork. Another factor in China's attractiveness to the Russian Federation is that China is more interested in importing raw materials than products in advanced processing stages. The Russian Federation's opportunities to increase its exports to the Chinese market are also driven by its convenient geographical location relative to China. However, entrance into the Chinese market faces a number of constraints. In addition to the standard difficulties associated with the Russian Federation's agricultural and food exports (export infrastructure constraints, expensive logistics, and import bans on certain Russian products), there are fundamental constraints on supplying to China in the long-term. The Russian Federation is entering global food markets at a time of changing priorities in China's agricultural policy, social and economic difficulties in China's domestic economy, and increasing geopolitical risks that, cumulatively, may affect China's role in the current trade. Given this scenario, the conditions for the Russian Federation's entry into the Chinese market become more uncertain.

STATUS QUO

The Chinese market has been the largest recipient of the Russian Federation's food exports in recent years, accounting for 10 percent, or USD 2.5 billion in 2018, according to Federal Customs Service (FCS) data. At the same time, Russian products have not yet become common in the Chinese market, accounting for only 2 percent² of total imported agricultural and food products. The plan is to increase exports to that country more than threefold (to USD 7.7 billion) by 2024.³ As a result, the share of China in the countries' structure of Russian agri-food exports will increase to 17 percent, and the volume of exports will be comparable to the volume of deliveries to the CIS countries. Given that the Russian Federation's overall food exports are expected to increase by 1.8 times during the same period,⁴ the plan to expand exports to China looks more than ambitious (Fig. 1). Fish and seafood currently represent a significant share (around 60 percent) of Russian Federation exports to China. The plans for 2024 call for increasing the shares of oil and fat products (to 35 percent), animal products (to 5 percent), cereals (to 8 percent), and beverages (to 2 percent) out of total supplies, while reducing the shares of fish and seafood (to 36 percent) and confectionery products (to 4 percent). Along these lines, the exports to China would account for about a third of all Russian exports of vegetable oil and fat products. In addition, China is expected to significantly strengthen its role as a market for non-traditional Russian exports (pork, poultry, and dairy products) (Fig. 2).

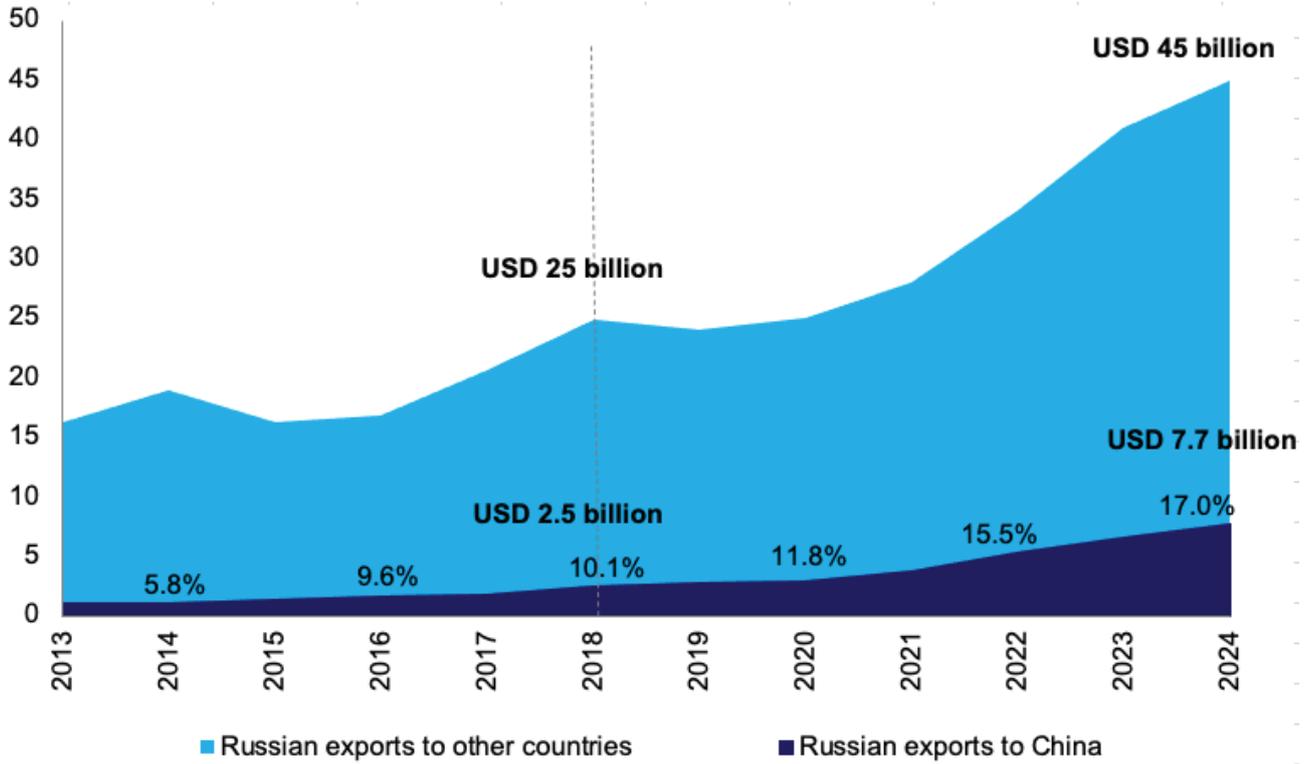
² According to Comtrade data.

³ In accordance with projections of RF MoA on targets for agri-food exports.

⁴ Presidential Executive Order No. 204 dated May 7, 2018 "On national goals and strategic objectives of the Russian Federation through to 2024."

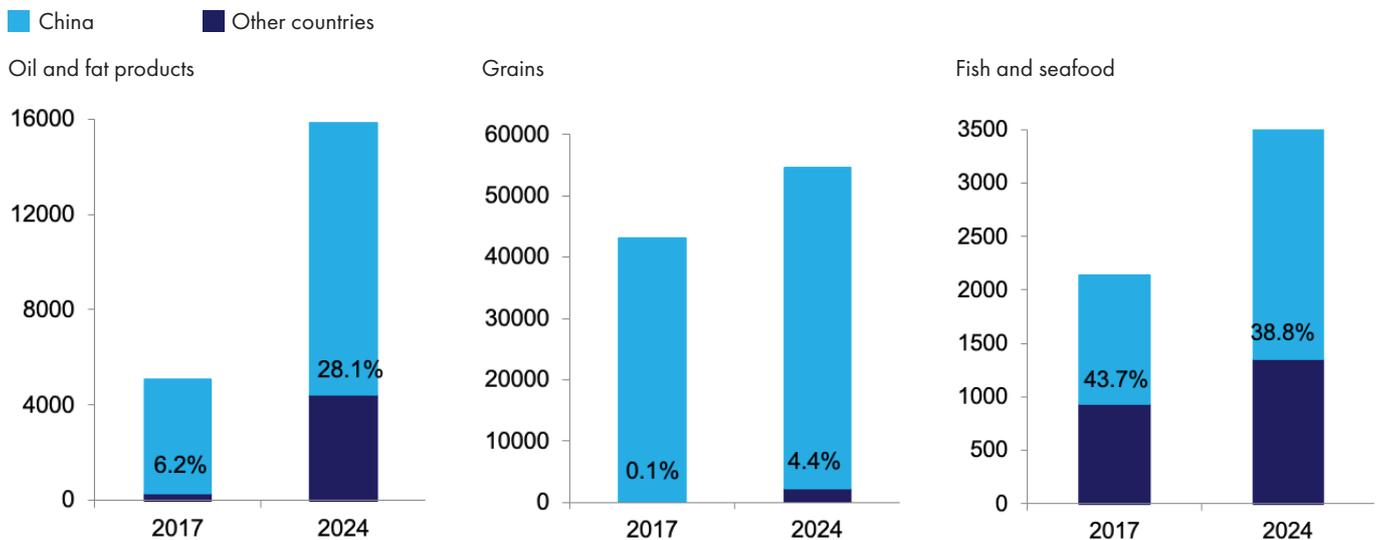
¹ The full version of the article was published in: *Russian Journal of Economics* 6 (2020) 56–75 DOI 10.32609/rj.e.6.50824 Publication date: 25 March 2020.

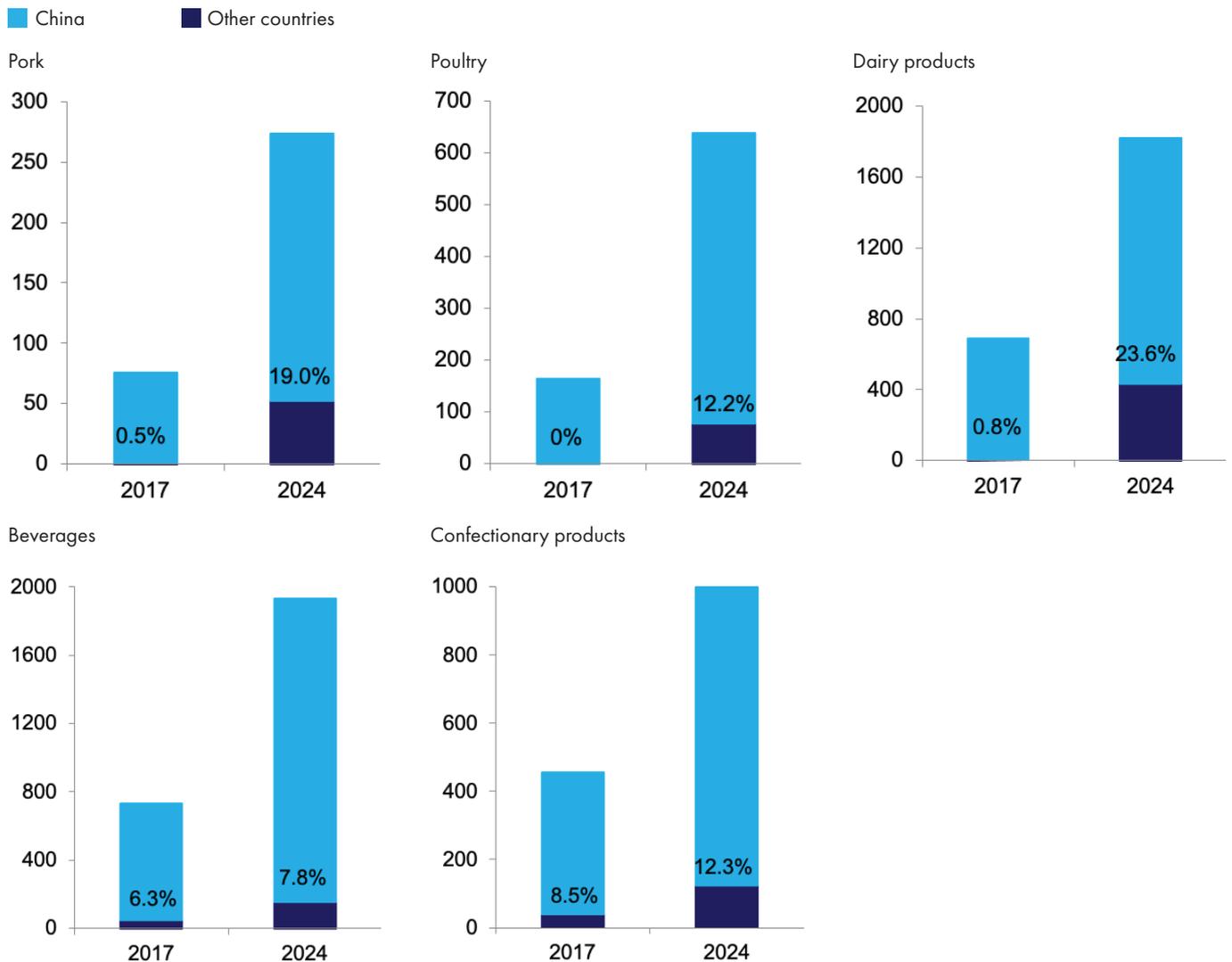
Figure 1: Russian Federation agri-food exports: share of China, 2013–2024 (USD billions)



Source: 2013–2018: authors’ calculations based on FCS data; 2019–2024: authors’ calculations based on Russian Federation Ministry of Agriculture data presented as per the national project “International cooperation and export.”

Figure 2: Projected exports of Russian Federation agri-food products (1000s of tonnes)





Source: Authors' calculations based on Russian Federation Ministry of Agriculture data presented as per the national project "International cooperation and export."

COMPARATIVE ADVANTAGES

Among foreign countries serving as the main target markets for Russian agricultural products, China stands out due to a significant number of goods where the Russian Federation has succeeded in realizing its comparative advantages: 30 export items in the agriculture and food category in 2018. These are mainly raw (fish and crustaceans, grain and oilseeds) and medium-sized crop products (wheat flour, vegetable oils), as well as a limited range of processed food products (chocolate, ice cream, beer). However, opportunities to further increase exports in these areas are limited due to the high market saturation for certain product types. At the same time, the Russian Federation exports a relatively large volume of agricultural and food products to China where it does not yet have comparative advantages in the market (89 items).

HIGH COMPETITION IN THE CHINESE MARKET

Another constraint on exports to China is the low diversification of import product suppliers, which is partly due to China's centralized foreign trade system. The presence of one or two major supplier countries that occupy a significant market share makes penetrating Chinese markets more difficult, as it entails high costs for both entering a market and expanding its existing share. Oil and fat products are the primary segment for expanding exports to China. The Russian Federation already supplies a third of China's sunflower and soybean oil imports, but growth prospects may be hindered by the presence of major competitors in these markets (Ukraine in sunflower oil and Brazil in soybean oil). For a number of other goods (rapeseed oil, sunflower seeds, rapeseeds, soybeans, poultry, and dairy products), where the Russian Federation is not well-represented, the dominant position of major players is also evident.

CHINESE TARGETS ON SELF-SUFFICIENCY

One of the main trends in global trade during the past decade has been the strengthening of the role played by global product chains. At the same time, China and certain developing countries have sought to create their own value chains in recent years. This trend will be enhanced by achieving the country's main food security principle based on self-sufficient domestic grain production. China's 2019 official report on food security states that the country satisfies 95 percent of its domestic grain demand, while 75.4 percent of its imports consist of soy, with wheat and rice accounting for less than 6 percent (SCIO, 2019). Soybean consumption in the country is more than 80 percent met by imports.

Having achieved self-sufficiency in grain, China will be reorienting itself to develop its own production in livestock and poultry and establishing internal supply chains to meet the needs of the population for meat and dairy products.

Despite China being a major importer of meat (primarily pork) on the world market, the country has already achieved high self-sufficiency rates for this product (97.2 percent for pork and 100.4 percent for poultry meat as of 2018), and the main volumes of meat consumed are produced domestically. Thus, the potential for increasing meat imports to the country will be determined by the correlation between the dynamics of Chinese consumer demand for meat products and the increase in domestic production in the livestock sector. Optimism about the potential of the Chinese food market for Russian exporters is associated with a sharp decline in pork production in China due to the recent ASF (African swine fever) crisis. With the reduction of its own livestock in China, production losses of pork in 2019 might have reached 25–35 percent. This led to a sharp increase in consumer prices for meat, which at the end of 2019 increased by almost 70 percent in annual terms. Domestic pork supplies in China may reach a 27-year low in the first half of 2020 (McCracken et al., 2019).

In addition, against the background of ASF in China, structural changes in the consumption of animal protein are expected. The ASF problem will contribute to a rapid change in the structure of agriculture in China: large-scale production will replace small-scale individual farming. Due to the shrinking of many small pork farmers and corresponding governmental restrictions for small pork holders, China's pork industry will make a rapid transition to larger scale and to industrialization. From the point of view of food security and secure supplies, downstream sector (pork packing plants, catering, and retailers) are beginning to cooperate with modern producers and slaughterhouses, which also contributes to the change in the supply chain and displacement of smallholders. The Rural Land Transfer Reform that began in China at the end of 2016, is also targeted at the enlargement of holdings in agriculture (Li et al., 2018). These processes will contribute to the development of the agricultural sector in China and increase its competitiveness, gradually reducing the country's dependence on imported agricultural.

Another way to eliminate China's reliance on imports is through outward investments. A commonly known fact is the growing demand for dairy products in China. The country is actively investing in the dairy industry abroad for supplies of powdered milk, whey, cheese, and other dairy products (Gooch et al., 2017), which also limits the Russian Federation's prospects in these markets.

SPECIFICITY OF CHINA'S DOMESTIC CONSUMER MARKETS

A specific trait of the Chinese market is its high consumer segmentation, caused by inequalities between income and age groups, and by the diversity of food preferences between provinces. Successful operations in China's markets will require a clear understanding of one's target consumer and the factors that drive purchase decisions. A selective approach to each consumer segment is shaping various market entry strategies, including promotion and sales channels (brick and mortar stores, e-commerce, and social networks) and is forcing producers operating in the Chinese market to formulate differentiated pricing policies across the entire product line. China is an e-commerce leader, which poses certain requirements on product promotion channels in the Chinese market. In 2019, online retail sales reached USD 1.5 trillion, which is equivalent to one-fourth of total retail sales. The advanced state of e-commerce development in the Chinese consumer market has led to high customer service standards based on an individualized approach to the consumer, tailored to preferences. Food producers operating in the Russian Federation, where e-commerce is not as well-developed as in China, have insufficient experience in promoting products via online platforms.

Growing household incomes against the backdrop of unfavourable environmental and aggravated epizootic situations within the country are shaping special consumer product quality requirements, and creating an increasing demand for organic and fresh products. The close attention paid by Chinese consumers to the quality of food products goes beyond the mere safety of food products. Sixty percent of consumers in large cities are choosing healthier foods, taking into account the composition of the product during purchase (McKinsey, 2019a). Among other product quality factors, Chinese consumers value a product's freshness, absence of GMOs, taste, organic certificates, and the conditions of packaging. However, the notion of a healthy lifestyle in cities varies across different standards of living. Accordingly, Russian companies entering Chinese markets should clearly understand the target consumer segment for their products and the key purchase factors, which determine their choice. It should also be noted that negative attitudes towards products containing GMOs present certain advantages for Russian products, since GMOs are forbidden in the Russian Federation.

MACROECONOMIC AND POLITICAL FACTORS

Due to the tension between China and the United States of America, certain niches have opened up in the domestic Chinese market that may be of interest to Russian producers. However, when the trade conflict between the world's two largest economies is resolved, the position of Russian suppliers may weaken.

The falling yuan rate will push down the country's demand for imported goods and support exports, which have a high imported value added. Under these conditions, China will attempt to develop its own agricultural raw material production and create domestic supply chains (SCIO, 2019).

China's demographic situation will hold back consumption growth within the country (Roberts and Mehlman, 2018) and the development of new consumer trends (increased demand for meat, promoting a healthy lifestyle). In recent years, there has been a decline in the size of China's working-age population, which has continued to grow over the past 50 years. International experts predict that this trend will continue over the next 10 years (Capital Economics, 2019).

Prospects for further consumption growth in China may be affected by a saturation factor. The composition of spending by urban Chinese citizens has significantly changed since 2000, with the share of food spending decreasing from 50 percent to 25 percent in 2017 (McKinsey, 2019b).

The spread of COVID-19 has made China's economic growth prospects even more uncertain.

Thus, the strategy for developing Russian exports of agricultural products to China should have a long-term view of the prospects of this market for the Russian Federation, taking into account all possible risks and uncertainties.

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UPCOMING EVENTS

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

27-28 OCTOBER 2020 (ONLINE)

At the Sixth Annual Meeting of the Agricultural Trade Expert Network in Europe and Central Asia participants will discuss the recent changes in agricultural trade in the context of the COVID-19 pandemic, as well as trade and economic measures and ways to overcome the negative consequences of the pandemic for the economies and agriculture of Europe and Central Asia.

One of the sessions of the meeting will be dedicated to multilateral and regional trade agreements, their impact on agro-trade, and challenges in a crisis. Participants will also get acquainted with presentations on the topic innovative technologies in the agricultural sector and on global trends in digital technologies in retail and food supply chains. Also, during the event, the ATEN experts will discuss the forthcoming FAO publication on agri-food trade policy in the post-Soviet countries, thematic chapters for this publication, as well as the Network achievements and its plans for 2021.

FAO AND UNITAR JOINT ONLINE COURSE “AGRICULTURE IN INTERNATIONAL TRADE AGREEMENTS”

2–27 NOVEMBER 2020 (IN RUSSIAN LANGUAGE)

The objective of this course is to increase participants’ knowledge and improve understanding of the international regulatory frameworks governing trade and its implementation mechanism as well as the eventual implications of the recent WTO ministerial conferences. The significance of non-tariff measures (NTMs) on international trade and the relevance of WTO agreements regarding such measures on national trade policies will be discussed. Participants will learn about the main obligations on agriculture that the post-Soviet countries undertake upon accession to the WTO and within the framework of regional trade agreements. Recent changes in policies to regulate agri-food trade and to support agribusiness in relation to the COVID-19 pandemic will be discussed during the course discussion forum.

Deadline for the course registration: 22 October 2020

For more information: <http://aita-ru2020.unitar.org/>

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