



Food and Agriculture Organization
of the United Nations

TRADE POLICY REVIEW IN EUROPE AND CENTRAL ASIA

QUARTERLY BULLETIN No.8



OCTOBER-DECEMBER 2021

INTERNATIONAL COOPERATION

TRILATERAL COMMITTEE ON CUSTOMS ISSUES IS ESTABLISHED AMONG GOVERNMENTS OF AZERBAIJAN, TURKEY, AND GEORGIA

A trilateral meeting on customs issues among the Governments of Azerbaijan, Georgia and Turkey was held in Izmir, Turkey on 8 October 2021.

The meeting aimed to hold discussions to facilitate trade, increase transit potential and contribute to regional economic integration.

These discussions covered several issues related to customs cooperation, including strengthening of cooperation in the field of law enforcement and at customs checkpoints, digitization of TIR procedures, the Turkey-Nakhchivan-Azerbaijan-Georgia corridor, and the Baku-Tbilisi-Kars railway.

Parties stressed the importance of establishing a trilateral committee among the customs bodies of Turkey, Azerbaijan, and Georgia, and agreed to further strengthen cooperation.

Moreover, the parties expressed readiness to strengthen cooperation in the fight against smuggling and other offences. They agreed to establish a joint coordination centre to strengthen cooperation in the fight against smuggling and on issues related to security.

The participants of the meeting also expressed readiness to sign an agreement on exchanging advance information to facilitate transit customs procedures within the Baku-Tbilisi-Kars railway project.

At the close of the event, the heads of customs services of Azerbaijan, Georgia and Turkey signed the protocol of the meeting and the "Protocol on establishing the Trilateral Committee on Customs Issues among the Government of the Republic of Azerbaijan, the Government of the Republic of Turkey and the Government of Georgia."

This committee will coordinate cooperation in exploring ways and opportunities to strengthen cooperation on customs issues among all sides; in facilitating and simplifying border crossing procedures and ensuring their security; in sharing knowledge and best practices related to customs policies and procedures, executive functions, modernization programs and supply chain security; and in taking joint measures to fight smuggling. The committee will gather once a year.

11 October 2021: [Customs.gov.az](https://www.customs.gov.az)

**REPRESENTATIVES OF THE
MINISTRY OF AGRARIAN
POLICY AND FOOD OF
UKRAINE TAKE PART IN THE
REGULAR MEETING OF THE
UKRAINIAN-GEORGIAN
WORKING GROUP
ON AGRICULTURE**

On 21 October 2021 in Tbilisi, Georgia the representatives of the Ministry of Agrarian Policy and Food of Ukraine took part in the regular meeting of the Ukrainian-Georgian Working Group on Agriculture (hereinafter - the Working Group) at the Tenth Meeting of the Joint Intergovernmental Ukrainian-Georgian Commission on Economic Cooperation.

The meeting was chaired by the Deputy Minister of Economy of Ukraine - Trade Representative of Ukraine and the First Deputy Minister of Environment and Agriculture of Georgia.

Having established the results, the Parties have signed the minutes of the meeting of the Working Group.

During the event, the Parties discussed bilateral cooperation in several fields, including agriculture and rural development, aquaculture and fisheries, food safety, and winemaking.

23 October 2021: Minagro.gov.ua

**UKRAINE AND ISRAEL INTEND
TO EXPAND COOPERATION IN
THE FIELD OF DAIRY FARMING**

The state and prospects of bilateral cooperation between Ukraine and Israel in the field of dairy farming was the subject of a meeting between the Embassy of Ukraine to the State of Israel, the Ukrainian Association of Milk Producers, and the Israeli Association for Israel-Ukraine Cooperation.

The purpose of the event was to discuss the state and prospects of bilateral cooperation in the field of dairy farming. The Israeli side was acquainted with the state of, development prospects for and needs of this industry.

Ukrainian farmers expressed interest in expanding bilateral cooperation in several areas. Specifically, in the modernization of irrigation systems, the creation of a national breeding centre, the computerization of dairy farms, export-import of feed, construction of feed centres in Ukraine, and the processing of dairy products.

On a visit of a delegation of the Association of Milk Producers to Israel in early 2022 the parties discussed promising bilateral projects in priority areas with relevant Israeli state institutions and private agricultural companies.

12 November 2021: Interfax

TRADE POLICY MEASURES

RESTRICTIONS ON EXPORT OF SOME PRODUCTS FROM AZERBAIJAN TO TURKEY LIFTED

Restrictions on the export of animals and animal products from Azerbaijan to Turkey due to nodular dermatitis have been lifted.

Detailed information on measures to combat the disease was provided at the meeting between the delegations of the State Agency and the Ministry of Agriculture and Forestry of Turkey. Thanks to the measures taken, the disease was eliminated as of November 2014, and no nodular dermatitis has been found in the country since.

To prevent the spread of the disease to other countries, in accordance with the requirements of the World Organisation for Animal Health (OIE), Azerbaijan had been included on the list of restrictions on the export of animals and animal products to Turkey.

6 October 2021: Report.az

RUSSIAN FEDERATION BANS THE SUPPLY OF BEEF FROM THE UK

Russian Federation has imposed restrictions on the supply of cattle and beef from the United Kingdom of Great Britain and Northern Ireland (UK) after the outbreak of BSE (mad cow disease).

So, since 19 October 2021, temporary restrictions have been imposed on the supply of live cattle, blood and blood-containing products of cattle, beef on bones, and beef offal. It is also prohibited to import intestinal raw materials obtained from cattle, except for protected shells; beef obtained by mechanical deboning; processed cattle proteins intended for feed to productive animals and feed for productive animals, which includes processed cattle proteins, except for milk proteins; boneless beef obtained from cattle older than 30 months. In addition, the transit of live cattle from the UK through the territory of Russia is limited.

20 October 2021: Akm

UZBEKISTAN ABOLISHES VAT ON SALE AND IMPORT OF MEAT, LIVESTOCK, AND POTATOES

On 25 October 2021 the President of Uzbekistan signed a law on amendments to the Tax Code. The document was adopted by the Legislative Chamber on 19 October and approved by the Senate on 21 October.

In the period from 10 October to 31 December 2021 sale of meat (beef, lamb, chicken); live animals (livestock and poultry) and their slaughter products; potatoes and frozen fish and their import into the territory of Uzbekistan is exempt from value-added tax.

The law came into force on 26 October 2021, but it also applies to exchanges that took place from 10 October 2021.

26 October 2021: Uzreport.news

**ROSPOTREBNADZOR SUSPENDS
IMPORT OF TANGERINES
FROM TURKEY**

From 29 October 2021, Rospotrebnadzor suspended the import of tangerines from Turkey due to an excess of the maximum permissible level of the pesticide chlorpyrifos.

The Federal Service for Surveillance in the Sphere of Consumer Rights Protection and Welfare revealed violations of the mandatory requirements of the legislation in “fresh tangerines.” Residues of the pesticide chlorpyrifos were found in these tangerines, the concentration of which exceeds the permissible level.

The tangerines were imported from Turkey. In order to prevent the spread of infection, import was suspended. The situation is under the control of Rospotrebnadzor.

29 October 2021: News24

**MINISTRY OF AGRICULTURE OF
THE RUSSIAN FEDERATION TO
ABOLISH THE IMPORT DUTY
FOR MEAT**

The Russian Federation Ministry of Agriculture appealed to the government with a proposal to zero the import duty on frozen beef and pork into the country within the tariff quota of 200 thousand tons for each species.

This measure would help reduce rising meat prices and stabilize them.

Currently, for the import of foreign products, companies pay a 15 percent and 25 percent import duty for beef and pork, respectively.

The measures proposed by the Ministry of Agriculture will help slow the rise in prices.

8 November 2021: Tellerreport

TRADE POLICY MEASURES

RUSSIAN FEDERATION ADOPTS A PACKAGE OF MEASURES TO SUPPORT VEGETABLE PRODUCERS

Against the background of a sharp rise in prices for vegetables, the Ministry of Agriculture of the Russian Federation has adopted a package of “anti-crisis measures” for domestic vegetable growing. To reduce the cost of the “borscht set”, the department considers it necessary to gradually increase the volume of production, support for investors who are building vegetable stores, and subsidies for seed production. So far, the figure of 5 billion rubles in 2022 has been announced. Vegetable prices have broken all records this year.

According to Rosstat, for example, in June the cost of beets and carrots exceeded last year’s price tags by 178 percent and 105 percent, respectively. Moreover, the traditional decline in cost in the fall did not actually occur. The main reasons for the vegetable inflation were unfavourable weather conditions (summer drought in many regions), as well as rains during the harvesting period. Due to restrictions during the pandemic, many vegetable farms have lost seasonal workers. This also negatively affected the industry as a whole. To contain prices, the Ministry of Agriculture has developed a package of measures to support Russian vegetable growing. The first point in the departmental document is a gradual increase in the acreage of carrots, beets, cabbage, and potatoes.

23 Novembre 2021: Tridge

AZERBAIJAN LIMITS IMPORT OF POULTRY PRODUCTS

Azerbaijan’s Food Safety Agency has temporarily limited the transit of live poultry through Azerbaijan from four countries: the Netherlands, Poland, Slovakia, and Hungary.

According to the agency, following the information of the World Organization for Animal Health (OIE), highly pathogenic avian influenza was registered in Utrecht (Netherlands), Wielkopolska administrative territory (Poland), Trnava (Slovakia) and the administrative-territorial units Csongrad and Bekesh (Hungary).

In this regard, a temporary restriction was introduced on the transit through Azerbaijan of live poultry and hatching eggs; poultry meat; finished meat products; all types of poultry products; feed additives for poultry; and import of equipment used for cutting and processing poultry.

27 Novembre 2021: Azernews

**KAZAKHSTAN INTRODUCES
A BAN ON THE EXPORT OF
CATTLE, POTATOES,
AND CARROTS**

The intergovernmental commission for foreign trade policy and participation in the international economic organization took place on 25 November 2021. It focused on banning exports of livestock, potatoes, and vegetables, according to the Kazakhstan Agriculture Ministry press service reports. The commission decided to approve a total ban on exports of cattle and small ruminants for six months and exports of carrots and potatoes for three months. Currently, the domestic market shows price hikes for meat. This November beef prices hit KZT 2 239 per kilo. Since the beginning of the year the prices grew by 15 percent or by KZT 292. The utilization rate of the meat factories remains at a low level of 50 percent. For the past 10 months some 173 000 tons of meat were processed which is 18 percent of the total meat production.

30 November 2021: Tridge

**ROSSELKHOZNADZOR BANS
POULTRY PRODUCTS FROM A
NUMBER OF EU TERRITORIES**

The Rosselkhoznadzor has introduced temporary restrictions on the supply of live poultry and poultry products to the Russian Federation from the three administrative territories of the European Union countries that are unfavourable for bird flu.

Since 3 December 2021, it is impossible to import the specified products into the Russian Federation from the department of Normandy in France, since 1 December 2021; from the territory of the region of Cuxhaven of the federal state of Lower Saxony of Germany, as well as from the county of Sisačko-Moslavačka of Croatia and from the administrative territory of Austria; the federal state of Lower Austria. In addition, on 26 November 2021, a temporary ban was imposed on the import of poultry products from the Aurich and Cloppenburg regions of the federal state of Lower Saxony, Germany.

Restrictions apply to live poultry, hatching eggs, poultry meat, finished poultry meat products (except for goods subject to processing that ensures the destruction of avian influenza viruses), feed and feed additives for birds (apart from feed and feed additives of plant origin, chemical and microbiological synthesis). The transit of live poultry through the territory of the Russian Federation is also limited.

4 December 2021: Lyricsweb

TRADE POLICY MEASURES

BELARUS TO INTRODUCE FOOD EMBARGO IN RESPONSE TO SANCTIONS

Belarus is introducing a food embargo for goods from countries pursuing sanctions against the country.

According to the decision made by the government, the food embargo was introduced from 1 January 2022 with respect to of a broad list of goods produced in countries-imposed sanctions.

According to the Cabinet decree, the ban covers certain goods from the European Union, the United States of America, Canada, Norway, Albania, Iceland, the United Kingdom of Great Britain and Northern Ireland, Montenegro, North Macedonia, and Switzerland. The list of such goods includes pigs and pork, horned cattle meat, salted, brined, dried or smoked meat, vegetables, fruits, nuts, sausages and similar products, confectionery, salt, etc.

7 December 2021: Tass

EU COUNCIL REACHES AGREEMENT ON UPDATED RULES FOR VAT RATES

On 6 December 2021, the EU Council reached an agreement on a proposal to update EU rules on rates of value added tax (VAT). The new rules reflect Member States' current needs and the EU's present policy objectives, which have changed considerably since the old rules were put in place. The updates ensure Member States are treated equally and give them more flexibility to apply reduced and zero VAT rates. The rules will also phase out preferential treatment for environmentally harmful goods.

The Council updated and modernised the list of goods and services for which reduced VAT rates are allowed (Annex III of the VAT directive), considering the digital transformation of the economy. The update of the list was driven by a few principles, such as the benefit of the final consumer and the general interest. However, to prevent a proliferation of reduced rates, the Council decided to limit the number of items to which reduced rates could be applied.

The Council also decided to ensure that all Member States are treated equally. To achieve this, existing derogations that allowed some Member States to apply preferential rates for certain products were opened to all Member States, if they were compatible with agreed principles.

A new provision in the VAT directive was also added to address possible future crises and to enable Member States to respond swiftly to exceptional circumstances, like pandemics, humanitarian crises or natural disasters.

The Council agreed to phase out reduced VAT rates or exemptions on fossil fuels and other goods with a similar impact on greenhouse gas emissions, by 1 January 2030. Reduced rates and exemptions for chemical fertilizers and chemical pesticides will end by 1 January 2032, to give small-scale farmers more time to adapt. In addition, the Council introduced environmentally friendly goods and services on the list for which reduced rates are allowed, such as solar panels, electric bicycles, and waste recycling services.

7 December 2021: Consilium

LAW ON THE VETERINARY EXPORT CONTROL OF AGRICULTURAL PRODUCTS IS SIGNED IN THE RUSSIAN FEDERATION

According to the new law, the Russian Federation Government will establish the inspection procedure for Russian exporters of livestock products. The assessment will be conducted at the request of an exporter and will be free of charge.

Under the new policy, the Russian competent authority will conduct inspection of exporters' facilities involved in breeding and maintaining of animals, as well as in production, storage and processing of livestock products intended for export. With respect to inspection, Rosselkhozadzor will undertake responsibility to conduct assessment of exporters' production facilities to ensure they comply with the regulatory import requirements.

In particular, this will include facility inspection, evaluation of production process and relevant documentation, and review of animal disease situation reports in the country where the facility is located.

12 December 2021: Vetandlife

BELARUS BANS WHEAT AND FLOUR EXPORTS

The Belarusian Government has imposed a temporary ban on the export of soft wheat and spelled flour. The decree was published on the national legal Internet portal on 11 December 2021. The document introduces a temporary ban on the export of this category of goods, regardless of the country of origin, both outside the customs territory of the Eurasian Economic Union (EAEU) and in EAEU Member States.

However, the ban does not apply to goods exported outside Belarus as international humanitarian assistance to foreign countries based on government decisions, nor to stocks. The resolution comes into force after its official publication and is valid for three months.

14 December 2021: Tridge

TRADE POLICY MEASURES

CHINA CHANGES FOOD IMPORT RULES

China's new rules on food imports take effect on 1 January 2022.

Food imports into China from 1 January 2022 will have to meet new registration, inspection and labelling requirements, customs authorities said in a notice dated 13 December 2021. The measures, which were first announced in April 2021, cover a broad range of products from royal jelly to vegetable oils, to infant food.

The new rules require all overseas food manufacturers, processors, and storage facilities to be registered with Chinese customs. Producers of goods that belong to 18 specific categories would require recommendations by authorities in their home countries, while others must self-register via an online platform.

China has said the move will help create an effective food safety and sanitation management system and ensure that food imports meet national regulations and food safety standards.

14 December 2021: Bloomberg

RUSSIAN FEDERATION BANS POULTRY FROM THE CZECH REPUBLIC AND GERMANY

Roselkhoznadzor has introduced temporary restrictions on the supply of live poultry and poultry products to the Russian Federation from areas of Germany and the Czech Republic that are more at risk for bird flu.

In connection with the deterioration of the epizootic situation for avian influenza in Germany and the Czech Republic, the Roselkhoznadzor is taking measures to prevent its introduction into the territory of the Russian Federation. To ensure the biological safety of the country, the department introduces temporary restrictions on the import of live poultry and poultry products from the territories of these countries that are unfavourable for disease.

Thus, from December 10, 2021, the Service introduced a temporary ban on the import of these products into the Russian Federation from the districts of Harburg (federal state of Lower Saxony), Altenburg (federal state of Thuringia) and the federal state of North Rhine-Westphalia of Germany.

Starting on the same date, deliveries of live poultry and poultry products are prohibited from the South Moravian and Liberec regions of the Czech Republic.

15 December 2021: Meatcommerce

CHINA TO LEVY HIGHER TARIFFS ON PORK IMPORTS IN 2022 AMID EXCESS OF SUPPLY

China would raise import tariffs on most pork products next year, the finance ministry of China said on 12 December 2021, after the world's top producer rapidly expanded domestic production and reduced its needs for imports.

Import tariffs for most favoured nations (MFN) will return to 12 percent on 1 January 2022, from 8 percent currently, according to a ministry statement.

China lowered its import tariffs on frozen pork in 2020 from 12 percent to 8 percent as the country faced soaring domestic meat prices in the aftermath of a devastating outbreak of African swine fever, a pig disease.

Imports surged to a record high and remained at high levels through the first half of the year, even as the hog herd recovered and prices fell below production cost by the third quarter.

Adjusting rates in a timely manner can help secure supplies and stabilize prices in the domestic market by reasonably using the international market.

The higher rates will further slow imports from top exporters like the United States of America and Spain that have already dropped sharply in recent months.

October pork arrivals in China fell by 40 percent on the prior year to 200 000 tonnes, though imports in the year to date have only slipped 8 percent on a year ago to 3.34 million tonnes, according to customs data.

15 December 2021: Reuters

RUSSIAN FEDERATION MAINTAINS POULTRY IMPORT QUOTAS AS PRODUCTION SHRINKS

The Russian Federation government maintained the 2022 poultry import quota at 2021 year's level of 364 000 tonnes. Shrinking production and record-breaking domestic demand led to this decision.

The quota structure also remained the same, including 100 000 tonnes of minced meat, 250 000 tonnes of half or a quarter carcass, and 14 000 tonnes of frozen boneless turkey meat. There is zero duty within the quota, while outside the quota, the duty is set at 65 percent.

In the first 11 months of 2021, the Russian Federation imported 198 900 tonnes of poultry, 1.6 percent higher compared to the same period of the previous year. In monetary terms, supplies totalled USD 339.3 million, 21.1 percent more on a year-to-year comparison, the Russian Federation Federal Customs Service estimated.

Most of the imported poultry meat in the Russian Federation is used in the meat-processing industry to produce semi-finished and ready-to-cook products.

30 December 2021: Poultryworld

EXPERT OPINION



Photo Credit: ©FAO/A. Sharafeyeva

Alfinura Sharafeyeva,
Agri-food trade policy consultant, FAO

AGRI-FOOD EXPORTS DIVERSIFICATION IN CENTRAL ASIA BEFORE AND DURING THE COVID-19 PANDEMIC

Countries can strategize their international trade development policies in four dimensions: more trade in goods that existing trading partners already exchange (the intensive margin); introduction of new product varieties (the product extensive margin); an increase in the unit values of traded goods (the quality margin); and creation of trading relationships between new partners (the geographical extensive margin)[1]. According to research, extensive dimensions in international trade development policies have a larger positive effect on developing economies than on developed countries [2]. Moreover, econometric analysis shows that for developing countries, diversification of export destinations promotes economic growth more than the expansion of new commodity lines in a single export destination [3].

Since 2015, after the collapse of world energy prices and a significant depreciation of national currencies, Central Asian countries increased their focus on export diversification and the development and implementation of new agri-food export promotion policies. Despite being a landlocked region, Central Asia has an important geographical location at the crossroads of the Eurasian continent, which allows the region to be a key link for trade flow between the Russian Federation, China, the Middle East, and Europe.

This article provides a brief overview of Central Asian countries' export promotion policies before and after 2015, as well as an analysis of geographical export diversification and agri-food export volumes, and changes in these indicators in the first year of the global spread of the COVID-19 pandemic.

OPPORTUNITIES FOR AGRI-FOOD EXPORTS DEVELOPMENT IN CENTRAL ASIA

Agri-food products from Central Asia can be attractive to foreign market customers, since agricultural production in this region is perceived to be "environmentally friendly,

safe and natural" [4] [5]. This perception can increase the value of agri-food exports from Central Asia, resulting in improved terms of trade for the region. According to forecasts [6], growing demand from China and the Russian Federation for value-added agri-food products is providing favourable circumstances for the development of Central Asian agri-food exports. At the same time, food imports are becoming crucial for food security in sub-Saharan Africa, in North Africa and the Middle East [7]. Moreover, global trends, such as population growth, changes in nutrition structure, growth in animal protein consumption, as well as the limited capacity of North African and Southeast Asian countries to develop their own agricultural production, are likely to stimulate the development of agri-food exports from the post-Soviet region, including the Central Asian countries [8].

Central Asian countries continue their integration into global markets. For example, Kazakhstan has joined the World Trade Organization (WTO) (30 November 2015), and Kyrgyzstan has become a member of the Eurasian Economic Union (EAEU) (12 August 2015). Moreover, since 2015, the countries of the region have been actively developing and implementing export diversification and agri-food export promotion programs [6]. In 2017, Central Asian countries that are members of the WTO¹ committed to fulfilling the main provisions of the WTO Trade Facilitation Agreement, with technical assistance and support from the WTO.

In 2019, Turkmenistan approved the "Program for international trade development in Turkmenistan for 2020-2025" aimed at increasing the competitiveness of their domestic goods in world markets, while in 2020, Uzbekistan re-activated the negotiation process on the country's accession to the WTO.

¹ Kazakhstan, Kyrgyzstan, and Tajikistan (as of 2/11/2021)

During the COVID-19 pandemic, the countries of the region felt compelled to impose various restrictions on agri-food exports, which was done in some cases without notifying trading partners, nor domestic exporters. For example, in 2020 Kazakhstan introduced short-term bans and restrictions on exports of grains and oilseeds, as well as on other agricultural goods. Export restrictions on certain agri-food products were also introduced in Tajikistan for reasons of food security.

At the same time, however, both Kazakhstan and Tajikistan were actively developing online services for international trade transactions, implementing a 'single window' export portal – a digital platform for interaction between exporters and government agencies. Moreover, Kazakhstan has developed an acceleration program², which includes an analysis of the export capacity of the country's domestic enterprises, training of the staff of the selected enterprises, as well as providing support until export contracts have been signed with foreign buyers.

Kyrgyzstan, as a response to the COVID-19 pandemic, introduced temporary export bans on goods that are traditionally imported by the country, hence these bans did not affect the outflow of these products from the domestic market. Uzbekistan, on the contrary, did not impose any export restrictions, and continued agri-food export support programs that had been initiated in 2019. In 2020 the country introduced state support to cover part of the transportation costs related to exports of fruits and vegetables, eggs and poultry meat, natural grape wines, and brandy distillates.

AGRI-FOOD EXPORT DESTINATIONS IN CENTRAL ASIA

In Central Asia between 2010 to 2014 there was a gradual increase in aggregate agri-food³ exports (Figure 1). But between 2014 and 2015, against the backdrop of the financial crisis in the Russian Federation, falling commodity prices and devaluations of national currencies, there was a sharp decline in the value of the exports, from USD 3.8 to 2.9 billion. Since 2016, trade volumes have begun to recover, partially facilitated by the strengthening of the countries' integration into regional and global markets, the expansion of customs unions and the creation of free trade zones. Thus, by 2019, total agri-food exports in the region had almost doubled from their 2015 level, reaching USD 4.8 billion for the period under review (2010-2020). However, in 2020

the COVID-19 pandemic led to a sharp reduction in total agri-food exports from Central Asia, which fell 30 percent from the 2019 level, dropping to USD 3.4 billion, close to 2010 levels. Nevertheless, exports remained stronger than they had been in 2015 when they only returned USD 2.9 billion.

The geography of Central Asian agri-food export destinations. From 2010 to 2020, the largest volume of agri-food exports occurred between the countries of Central Asia, and the intra-Central Asian exports share in total agri-food exports from 2010 to 2020 increased from 20 to 40 percent, respectively. Outside intra-regional trade the annual top five export destinations from Central Asia were Afghanistan, the Russian Federation, Iran (Islamic Republic of) and, since 2015, China.

Exports to the Russian Federation from Central Asia have gradually decreased, falling from 25 percent of the region's exports in 2010 to 10 percent in 2020. Among the reasons for such a reduction is the loss of competitiveness of the Central Asian products on the Russian market as a result of increased costs to export, which have been particularly high for perishable agri-food goods [9]. From 2010 to 2014, almost 85 percent of all agri-food exports from the region were sent to the top-five trading-partners, whereas the remaining 15 percent went in small quantities to other countries, including the neighbouring Commonwealth of Independent States (CIS) countries, as well as non-common destinations for this region, such as the Bahamas (see Figure 4, Tajikistan). In 2020, during the COVID-19 pandemic, agri-food exports from Central Asia not only decreased in value terms, but also in terms of the volume of exports to other countries globally. Traditional supplies to Iran (Islamic Republic of) declined, for example, while intraregional exports increased by 10 percent compared to 2019 levels.

² <https://www.fao.org/3/cb3296ru/cb3296ru.pdf>

³ In this analysis agri-food and agricultural goods are used interchangeably and refer to the HS-1 aggregated section, which includes live animals, animal products, fruits, vegetables, food products and timber. Cotton is not included in this section. The HS1 section was selected due to availability of the data for 2020 for all 5 countries of Central Asia. Data at disaggregated level is not available for 2020.

Figure 1. Key destinations and value of agri-food exports in Central Asian countries from 2010 to 2020, percent and million US dollars (Source: Based on The Growth Lab at Harvard (2019) data)

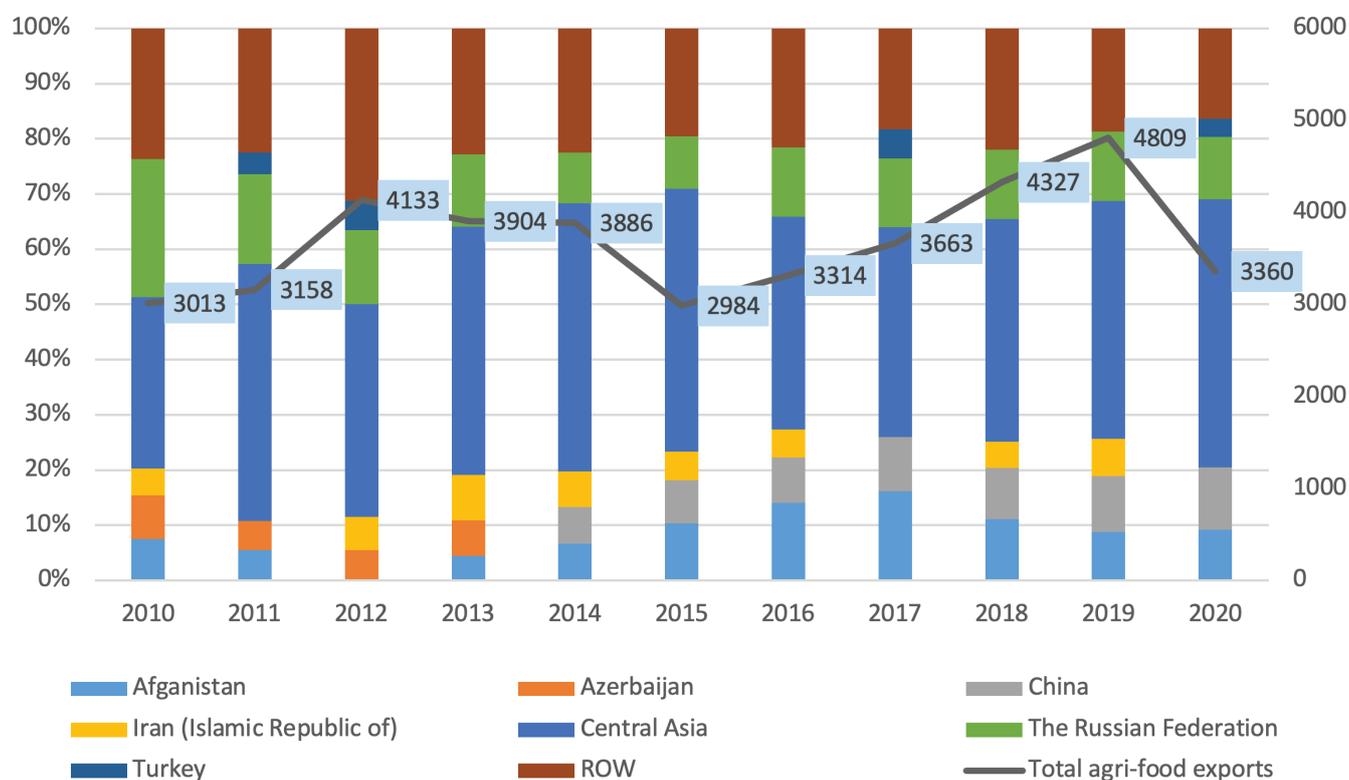


Table 1 shows the number of annual destinations (countries) of agri-food exports from Central Asian countries, as well as the total count of unique export destinations from 2010 to 2020. Overall, for the 11-year period, the largest number of unique export destinations was recorded for Kazakhstan (107 countries), followed by Uzbekistan (95 countries), Kyrgyzstan (85 countries). Tajikistan (51 countries) and Turkmenistan (51 countries) recorded the same number of unique destinations. Relative to 2010, the base year for this analysis, the number of new⁴ export destinations from Kazakhstan amounted to 27 countries. Kyrgyzstan added 31 new export destinations, Tajikistan added 33, Turkmenistan and Uzbekistan added 28 and 37, respectively. Despite the pandemic, new destinations were registered in Kyrgyzstan (2 countries), Tajikistan (1 country) and Uzbekistan (3 countries).

In 2020, during the pandemic, the number of export destinations for **Kazakhstan** (Figure 2) decreased from 77 in 2019 to 57 (Table 1). Notably the number of new destinations had gradually been declining since 2012, albeit insignificantly, despite the active implementation of the export diversification programs in the country. It must be emphasised that this indicator does not correlate with the country's export volumes. On the contrary, after a sharp drop in 2015 (Figure 2), exports gradually increased and peaked in 2019, before dropping almost twofold in 2020 due to export restriction policies in response to the pandemic, which reduced the volume of goods moving into such traditional markets as Afghanistan, the Russian Federation and Tajikistan, among others.

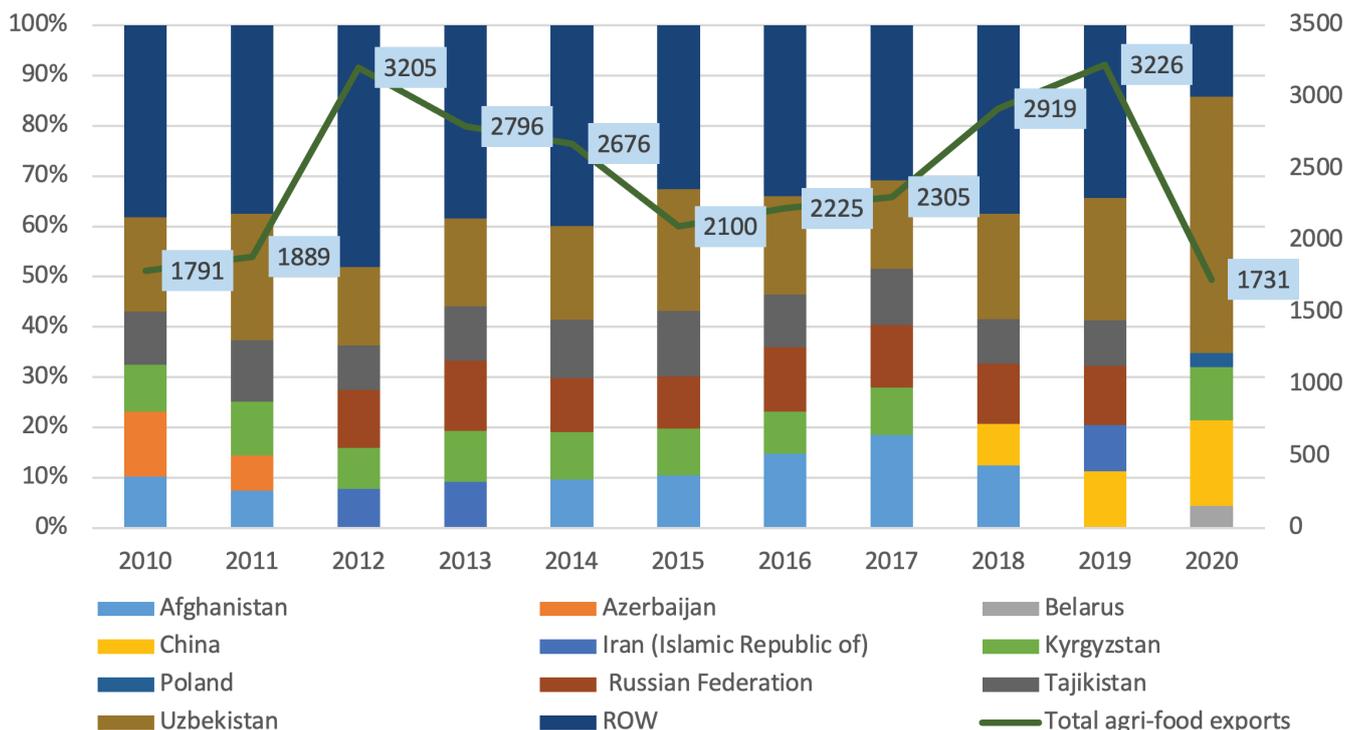
⁴ 'New' destinations are the countries to which there was no export in the base period (2010 year), or in the previous year for each subsequent year after the base period (Table 1)

Table 1. Agri-food export destinations in Central Asian countries: new destinations per year and the total number of unique export destinations from 2010 to 2020

Year	Kazakhstan		Kyrgyzstan		Tajikistan		Turkmenistan		Uzbekistan	
	Number of export destinations	New export destinations	Number of export destinations	New export destinations	Number of export destinations	New export destinations	Number of export destinations	New export destinations	Number of export destinations	New export destinations
Base year 2010	80		54		19		23		58	
2011	75	7	58	12	24	8	24	10	60	11
2012	83	7	56	3	19	0	17	2	56	1
2013	80	2	57	3	21	0	23	0	65	0
2014	77	2	63	5	24	1	24	2	58	0
2015	76	2	54	0	22	6	22	5	57	6
2016	79	2	57	0	23	3	21	2	61	4
2017	77	2	59	2	25	3	19	0	77	9
2018	79	2	66	3	25	6	23	3	76	3
2019	77	1	59	1	27	5	27	4	75	0
2020	57	0	62	2	19	1	19	0	75	3
Total number of unique destinations		107		85		52		51		95

Source: Based on The Growth Lab at Harvard (2019) data

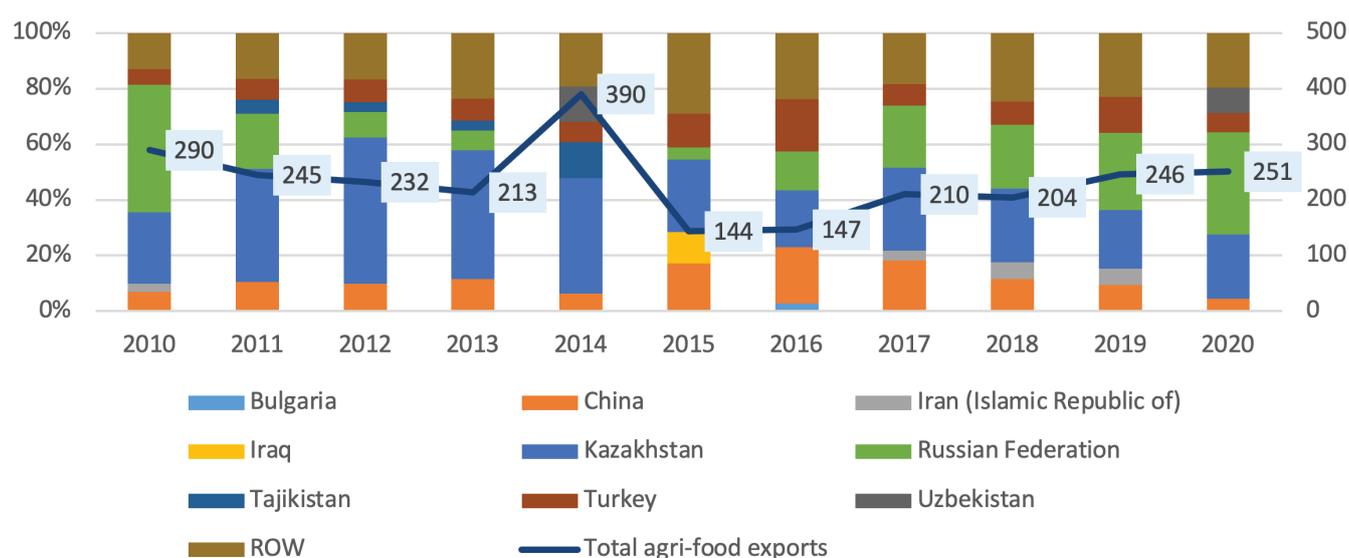
Figure 2. Key destinations and value of agri-food exports in Kazakhstan from 2010 to 2020, percent and million US dollars (Source: Based on The Growth Lab at Harvard (2019) data)



In contrast, the number of export destinations slightly improved in **Kyrgyzstan** (Figure 3) in 2020, amounting to 62 countries. It is worth noting that in value terms, despite temporary export restrictions on some food products, as well as supply chain disruptions and delays at border crossing points, agri-food exports slightly increased in 2020 up to 251 million US dollars (246 million US dollars in 2019). This growth was supported by an increase in exports to the Eurasian Economic Union (EAEU) partner-countries – the Russian Federation and Kazakhstan – while there was a reduction of exports to the traditional markets for Kyrgyz agricultural products, such as Turkey, Iran (Islamic Republic of), and China.

It should also be noted that exports from Kyrgyzstan to the Russian Federation increased after Kyrgyzstan's accession to the EAEU. From 2010 to 2013, exports to the Russian Federation had decreased from 55 percent to 10 percent of total Kyrgyz agri-food exports, and in 2014 the Russian Federation was not among the five main destinations for Kyrgyz agri-food goods. Since 2015, however, the share of exports in this direction has started to grow. At the same time, the share of exports to China has been steadily declining since 2016.

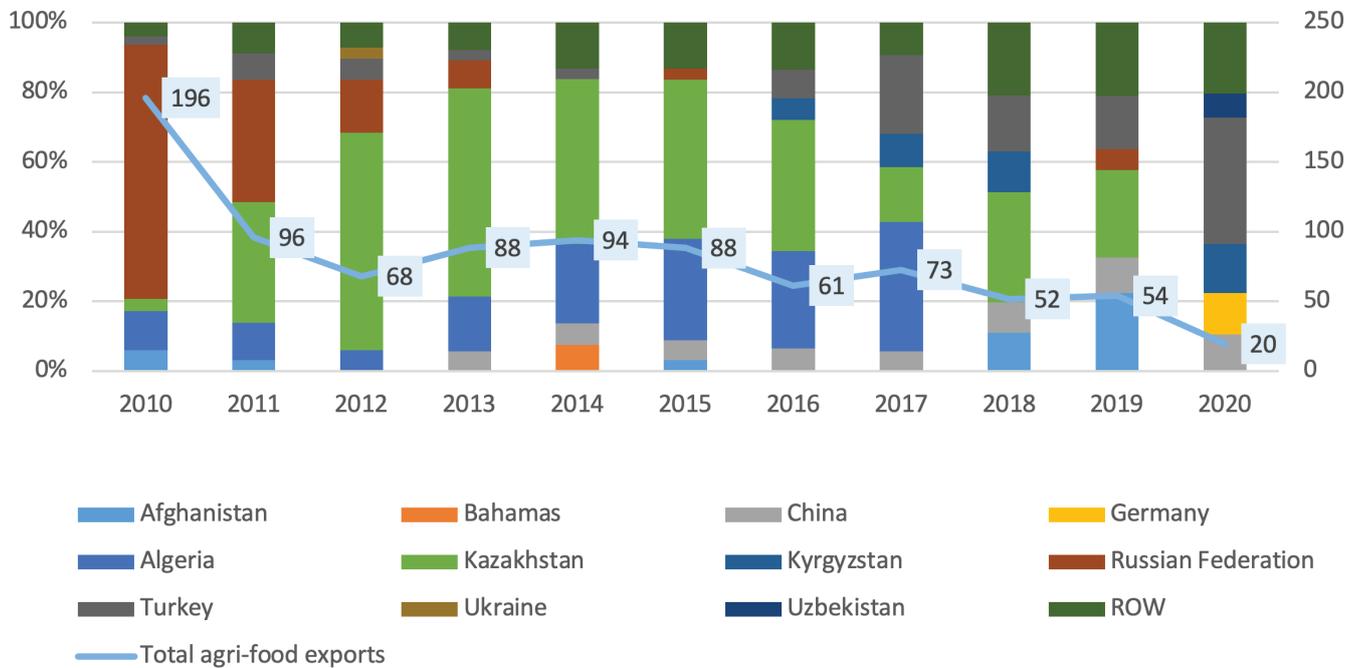
Figure 3. Key destinations and value of agri-food exports in Kyrgyzstan from 2010 to 2020, percent and million US dollars (Source: Based on The Growth Lab at Harvard (2019) data)



In **Tajikistan** (Figure 4), during the COVID-19 pandemic, there was a sharp decline in both the number of agri-food export destinations from 27 to 19 countries in 2019 and 2020, respectively, and the export value. In value terms, the agri-food exports of Tajikistan decreased nearly threefold in 2020 compared to a year earlier, reaching a record low export value from the 2010 base. There were reduced exports to Afghanistan, the Russian Federation, Kazakhstan and a significant reduction to China and other countries of the world. The reduced exports to the Russian Federation were due to the unprofitability of exports in this direction caused by high trade costs, underdeveloped logistics and disrupted supply chains.

On the other hand, there are records of occasional exports to non-traditional markets for Tajik agri-food products. For example, in 2014, almost 5 percent of the total agri-food exports accounted for shipments to the Bahamas. According to data from The Growth Lab at Harvard (2019), these were supplies of poultry meat worth USD 6 million. In 2020, Germany was among the top five export destinations for Tajikistan's agri-food exports, importing seaweed, vegetable produce, and dried fruits. Despite minor volumes and episodic supplies, such deliveries have created a precedent for Tajik and other Central Asian exporters and opened a window of opportunity for learning about new markets and expanding exports to unconventional destinations.

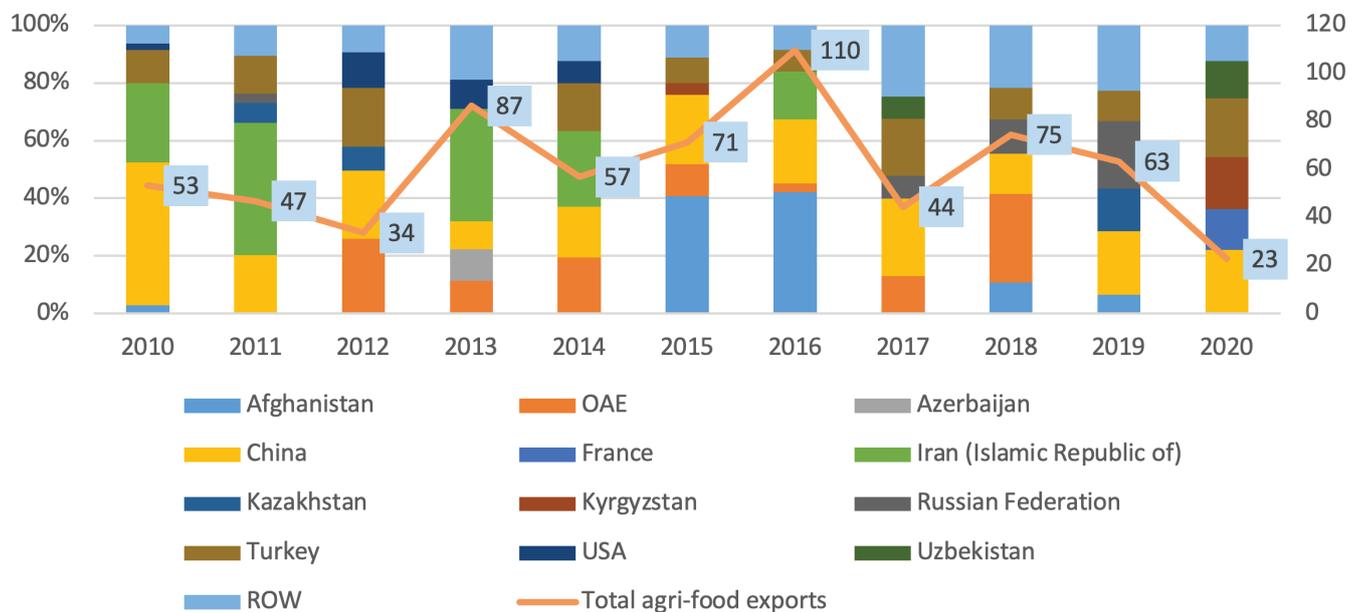
Figure 4. Key destinations and value of agri-food exports in Tajikistan from 2010 to 2020, percent and million US dollars (Source: Based on The Growth Lab at Harvard (2019) data)



A similar situation was noted in **Turkmenistan** (Figure 5). The number of countries where goods were exported decreased from 27 to 19, and export volumes decreased threefold in 2020 relative to 2019. Stable export markets for Turkmenistan’s agri-food products are China, Turkey, as well as Iran (Islamic Republic of) and the United Arab Emirates. Notably, the Middle Eastern market imports a larger share of the agricultural exports of Turkmenistan than do the countries of Central Asia.

As in Tajikistan’s case, there were occasional exports in non-traditional directions. For example, more than 10 percent of total exports in 2020 were sent to France. According to The Growth Lab at Harvard (2019), these were supplies from commodity group HS1302 “Juices and vegetable extracts”. There were also shipments to the United States of America, which imported 2 to 10 percent of Turkmenistan’s total agri-food exports in different years.

Figure 5. Key destinations and value of agri-food exports in Turkmenistan from 2010 to 2020, percent and million US dollars (Source: Based on The Growth Lab at Harvard (2019) data)



In **Uzbekistan** (Figure 6), the number of export destinations did not change in 2020 relative to the previous years and consisted of 75 countries. It should be noted that the number of export destinations had been gradually increasing since 2016, which corresponds with the initiation of the significant trade liberalisation programs that took place in this country in 2016. The value of the agri-food exports had also gradually increased since 2015, reaching the highest value in 2020.

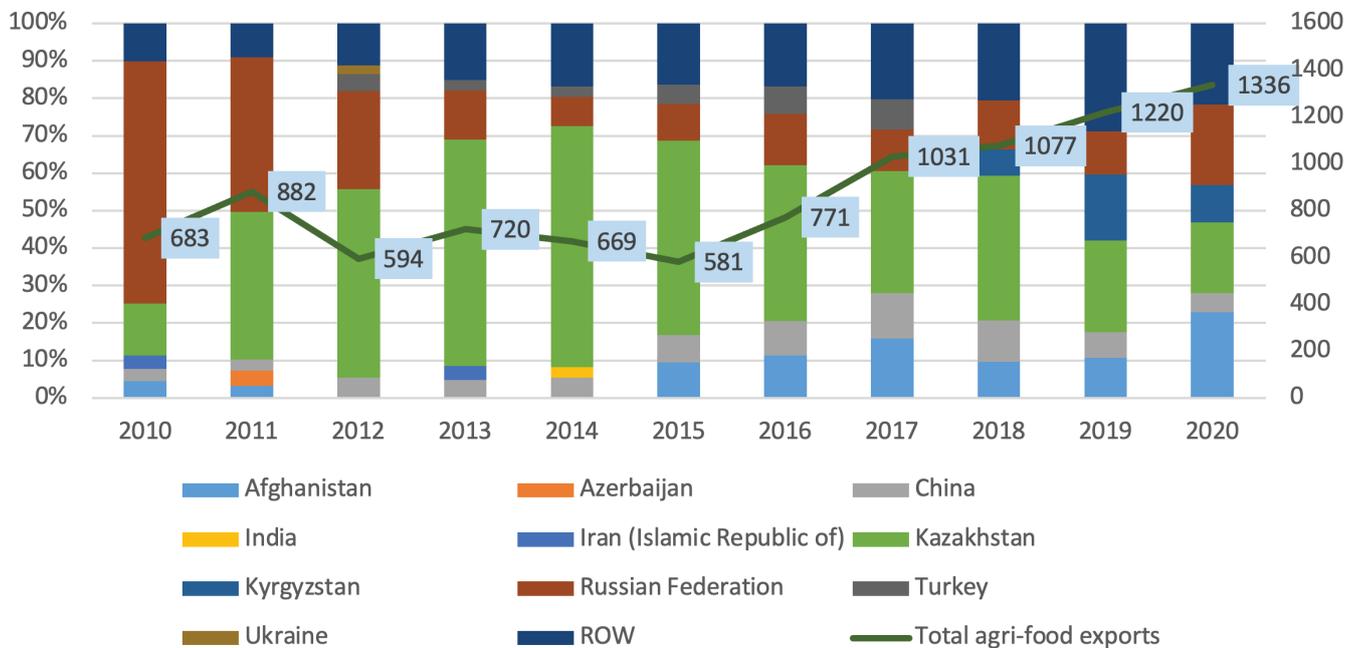
The geographical mix of the country's export destinations has changed insignificantly over the decade. The top five export destinations have remained Afghanistan, Iran (Islamic Republic of), Kazakhstan, China, Kyrgyzstan, and the Russian Federation. There was a sharp decline in exports to the Russian Federation between 2010 and 2015, after which the exports to this destination gradually increased. In 2020, amid the overall growth of agri-food exports, the share of exports to other countries of the world dropped from 30 to 20 percent.

CONCLUSION

Analysis of agri-food exports and the geography of export flows in Central Asia shows that during the COVID-19 pandemic both the value and the number of export directions for the region overall declined. However, in some countries in the region, e.g., Kyrgyzstan and Uzbekistan, values did not change and even slightly improved. This correlates with the absence of export restrictions in response to the pandemic in these two countries, unlike other countries in the region, where export bans and restrictions were imposed.

It is desirable for the countries of the region to continue their export diversification policies while providing support to the niche exporters and small enterprises, as well as promoting agri-food clusters and the cooperation of various stakeholders along the supply chains that are involved in international trade. Overall, between 2010-2020, agri-food exports in Central Asia were dominated by the limited number of countries in the region, with the greatest share of trade within the region itself. There were some changes towards export diversification following a sharp drop in world prices for energy carriers in 2014.

Figure 6. Top destinations and value of agri-food exports in Uzbekistan from 2010 to 2020, percent and million US dollars (Source: Based on The Growth Lab at Harvard (2019) data)



It should be highlighted that the diversification of export markets can contribute to the economic development of countries [10]. According to the gravity model analysis of international trade [11]⁵, the main factors driving growth in export volumes and export diversification are geographical, historical and cultural proximity between trading partners, a common language, border and the same income level. Moreover, according to recent findings, the likelihood of opening new export destinations improves with proximity to markets where trade contacts are already established [12]. The authors of the study highlighted the need for the orientation of export promotion policies towards so-called

“hub”⁶ markets, which are countries that have common characteristics with many other prospective markets.

In Central Asia, for example, the fact that there are occasional shipments to Germany and France from Tajikistan and Turkmenistan can allow the exporters of these Central Asian countries to establish contact networks and expand exports to other European Union countries. Thus, understanding of the specifics of the “hub” markets can help to predict and implement better targeted export diversification policies.

⁵ The gravity model of international trade in the international economy is a model that, in its traditional form predicts bilateral trade flows based on economic size and distance between the two units (countries, regions, etc.). According to numerous research, trade flows decline with increasing distance between two units.

⁶ According to the study, countries with a high level of centrality within their geography regions, for example, Saudi Arabia (Middle East), Chile (Latin America), and Germany (EU), can be viewed as “Hub” markets for their corresponding geographical regions.

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Required citation:

FAO. 2022. *Trade Policy Review in Europe and Central Asia*. Quarterly Bulletin No.8. Rome.

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