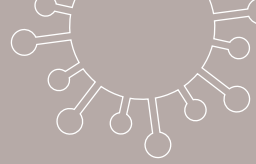




Food and Agriculture Organization
of the United Nations



29 April 2020 - Issue 1

Europe and Central Asia: Regional food market situation and policy bulletin in response to the COVID-19 pandemic



Highlights

MARKET SITUATION

- World cereal production in 2019 and 2019/20 closing stocks are both estimated at near-record highs, inferring sufficient cereal supplies globally and in Europe and Central Asia, despite much uncertainty caused by the rapid spread of COVID-19.
- Based on analysis from the FAO Global Information and Early Warning System (GIEWS), early production prospects point to a near-record global wheat output in 2020 (ongoing session).
- In Europe and Central Asia, winter wheat conditions are generally favourable in most countries, Although total wheat production in the European Union (EU-27 plus the United Kingdom) is forecast to fall in 2020, wheat production in the Russian Federation is forecast to rise to an above-average 78.5 million tonnes, which would mark a second consecutive annual increase.
- The forecast includes a near record for cereal ending stocks in the European Union for 2019/20 but reduced stocks in the Russian Federation and Ukraine.
- Export prices of wheat in generally declined in March but increased in April in the three main exporting countries – Kazakhstan, Russian Federation and Ukraine – due to brisk trade activity amid concerns over the COVID-19 pandemic.
- Overall domestic food prices are fairly stable but vary country by country and commodity by commodity. The most significant price increases were recorded in Tajikistan, whilst there was a relatively small increase in Kyrgyzstan and almost no change in the Russian Federation.

IMPACTS ON AGRIFOOD VALUE CHAINS IN EUROPE AND CENTRAL ASIA

- Logistics disruptions across and within countries pose challenges to agrifood value chains in some countries in the Europe and Central Asia (ECA) region and need to be monitored closely. The FAO Regional Office for Europe and Central Asia has developed a tool to monitor the impacts of the COVID-19 pandemic on agrifood value chains since the early April 2020.
- Based on the preliminary findings of surveys conducted from 16–22 April 2020, the COVID-19 pandemic has had negative impacts on transportation, storage, sales, food finance and input availability. **Overall**, the most affected value chain on transportation, storage and sales is the fish value chain, followed by the milk and dairy, livestock, and grains and pulses value chains.

NOTE This edition does not cover European Union policies and impacts on food supply chains, as the authors first wanted to focus on the programme countries.

- The function of **transportation** for transactions in the agrifood value chains has been negatively affected along the supply chains in some countries, as roads have closed and truck drivers have not been willing to work. Overall, the impact on **storage** has been much smaller than on transportation. Fish storage has been most. The **sale** of products (input and output) has become a problem due to poor market connectivity.
- From farmers to traders, supply chain operators have reported problems in accessing **financing**. Almost all sectors have been affected, with the fish, livestock and grain sectors affected the most. Regarding **input availability**, fuel, tools and materials have not been a problem for most farms. However, half of the farmers mentioned problems with the availability of feed, fertilizers and pesticides. These problems are expected to escalate rapidly with the advance of the summer planting season.

POLICIES

- The three main exporters in the region – Kazakhstan, Russian Federation and Ukraine – have implemented and adjusted export policies on wheat and major food items, with the aim of ensuring sufficient stocks for domestic consumers in response to the market shocks and uncertainty caused by the COVID-19 pandemic.
- Kazakhstan has lifted the export ban which placed in response to COVID-19 for some fruits and vegetables and changed its export ban to quotas on wheat and wheat flour. It also has imposed a ban on the export of live cattle, sheep and goats.
- The Government of the Russian Federation has introduced a quota for the export of wheat, rye, barley and corn to countries outside the Eurasian Economic Union (EAEU), and Ukraine has adopted an export ban on some grains, in line with market expectations.
- The Board of Ministers of the Eurasian Economic Commission has established a temporary ban on exports from the countries of the EAEU of various staple food products.
- Many of the net importing countries in the Europe and Central Asia region have started politics to reduce exports (Kyrgyzstan, North Macedonia, and Tajikistan), facilitate imports (Kazakhstan, Turkey and the EAEU) and facilitate exports and green corridors (North Macedonia).
- With concerns over the COVID-19 pandemic, many countries in Europe and Central Asia have implemented new policy measures in an effort to ensure sufficient domestic supplies and avoid price increases of staple foods. These policy measures include allowing food distribution operations (Albania, North Macedonia, Republic of Moldova), providing agricultural loans and finance (Armenia, Kazakhstan, Kyrgyzstan, North Macedonia, Ukraine, Turkey), implementing administrative price controls and market interventions (Belarus, Georgia, Kyrgyzstan, North Macedonia, Russian Federation, Turkey), providing social support to vulnerable populations for food access (Kyrgyzstan), and facilitating marketing and developing e-commerce platforms (North Macedonia).





Cereal production and food supply situation in the world and in Europe and Central Asia

According to the FAO Global Information and Early Warning System (GIEWS), cereal production in 2019 and the estimated closing stock in 2019/20 are both near record highs and supplies in Europe and Central Asia (ECA) and around the world are estimated to be sufficient. As a result, global cereal markets are expected to remain balanced and comfortable despite worries over the impacts of the COVID-19 pandemic.

However, localized disruptions, largely due to logistical issues, have caused some snarls in food distribution systems and food supply chains in some domestic markets. Though the anticipated duration and magnitude of these disruptions are unlikely to significantly affect global food markets, the regional and national food markets need to be monitored closely.

1.1 ESTIMATED 2019 CEREAL PRODUCTION (WHEAT, COARSE GRAIN, AND RICE) IN THE WORLD AND IN ECA

Cereal markets are generally well supplied in the world and in ECA.

GIEWS has estimated that 2019 **world** cereal production (which will be used for consumption by the end of the 2019/20 market year) (Table 1) is currently pegged at 2 719 million tonnes, almost 62 million tonnes (2.3 percent) above production in 2018.

2019 cereal production in Europe (European Union and European CIS countries) is estimated at 540 million tonnes,

TABLE 1
WORLD AND ECA CEREAL PRODUCTION, 2017-2019 (MLN TONNES)

	2017	2018	2019 estimate	Change: 2019 over 2018 (%)
Asian CIS	34.7	33.7	34.2	1.7 %
Europe	532.7	497.4	540.1	8.6 %
EU-27 and the United Kingdom of Great Britain and Northern Ireland	309.7	294.4	322.3	9.5 %
European CIS	202.6	188.0	203.3	8.1 %
World	2 705.5	2 657.5	2 719.4	2.3 %
- wheat	761.4	732.4	763.1	4.2 %
- coarse grains	1 436.4	1 410.4	1 444.1	2.4 %
- rice (milled)	507.6	514.7	512.2	-0.5 %

Source: FAO/GIEWS (March 2020).

Note: Totals and percentage change have been computed from unrounded data.

up 8.6 percent from 2018, with increases of 9.5 percent in the European Union (EU-27 plus the United Kingdom of Great Britain and Northern Ireland) and 8.1 percent in the European

Commonwealth of Independent States (CIS). The estimate for 2019 cereal production in the Asian CIS is 34.2 million tonnes, 1.7 percent higher than in the previous year.

1.2 FORECAST 2020 WHEAT PRODUCTION IN ECA

A high level of 2020 global wheat output, with favourable growing conditions, is forecast in ECA.

Early indications point to near-record wheat production in 2020. With the bulk of the winter wheat crop in the Northern Hemisphere still in dormancy, the GIEWS preliminary forecast shows a global wheat output of 763 million tonnes in 2020, nearly unchanged from the 2019 high level.

In the **European Union** (EU-27 and the United Kingdom of Great Britain and Northern Ireland), the 2020 winter wheat crop is dormant, and the area planted is estimated to have decreased slightly from the previous year's above-average level. The winter wheat conditions are generally favourable despite dry conditions in the south and southeast and excessive wetness in the north and northwest. In the **United Kingdom of Great Britain and Northern Ireland**, crops are under good conditions. In **Turkey**, conditions are favourable. In **Ukraine**, winter wheat has emerged from dormancy under generally favourable conditions except in the south, where watch conditions remain due to below-average soil moisture levels and a risk of a spring drought. In the

Russian Federation, conditions are generally favourable as the growth of winter wheat restarts, with areas of concern in the Southern Federal District due to the spring frost and low levels of soil moisture. In **Kazakhstan**, winter wheat conditions are favourable.

Favourable weather conditions exist for dormant 2020 winter cereal crops in Central Asia.

Planting of the 2020 winter cereal crops, to be harvested between June and September, was finalized in November 2019, and the total area planted in the subregion is estimated to be slightly above the five-year average level, with mostly favourable conditions for the dormancy of cereal crops, mainly wheat and barley.

Based on FAO's forecast (Table 2), 2020 wheat production in the **European Union** (EU-27 and the United Kingdom of Great Britain and Northern Ireland) will be lower than in 2019 and below the five-year average. In contrast, the **Russian Federation** is forecast to see a big increase from previous years. The other big wheat producing countries (**Ukraine, Turkey, Kazakhstan and Uzbekistan**) are forecast to have wheat production in 2020 at close to the five-year average.

TABLE 2
WHEAT PRODUCTION: LEADING PRODUCERS IN ECA, 2018-2020 (MLN TONNES), (FORECAST)

	Five-year average	2018	2019 estimate	2020 forecast
EU-27 and the United Kingdom of Great Britain and Northern Ireland	150.4	138.3	156.3	145
Russian Federation	73.5	72.1	74.3	80
Ukraine	26.4	24.6	28.3	26
Turkey	20.7	20.0	19.0	20
Kazakhstan	13.8	13.9	11.5	13
Uzbekistan	6.4	5.4	6.8	6
World	750.6	732.4	763.6	763

Source: FAO/GIEWS (March 2020).

1.3 FORECAST 2019/20 CEREAL ENDING STOCKS (WHEAT, COARSE GRAIN AND RICE)

A near-record high of 2019/20 cereal ending stocks is forecast in the world and the European Union, but reduced stocks are forecast in the Russian Federation and Ukraine.

FAO's forecast for **world cereal stocks** by the close of the 2020 season has been at nearly 866 million tonnes, keeping the global cereals stocks-to-use ratio at a comfortable level of 30.9 percent.

FAO's forecast for cereal stocks by the close of the 2020 season has been forecast at 52.7 million tonnes in the **European Union** (EU-27 plus the United Kingdom of Great Britain and Northern Ireland), increasing by over 8 million tonnes compared with the opening stock. Part of the increase in the EU has been offset by the expected fall of the 2020 ending stocks in the **Russian Federation** (down to 11.7 million tonnes from an opening stock of 13.5 million tonnes) and in **Ukraine** (down to 6.1 million tonnes from an opening stock of 6.8 million tonnes).

1.4 INTERNATIONAL AND REGIONAL FOOD PRICES IN ECA

Export prices of wheat in general averaged lower in March but increased in April for three exporting countries – Kazakhstan, the Russian Federation and Ukraine – due to brisk trade activity amid worries over the COVID-19 pandemic.

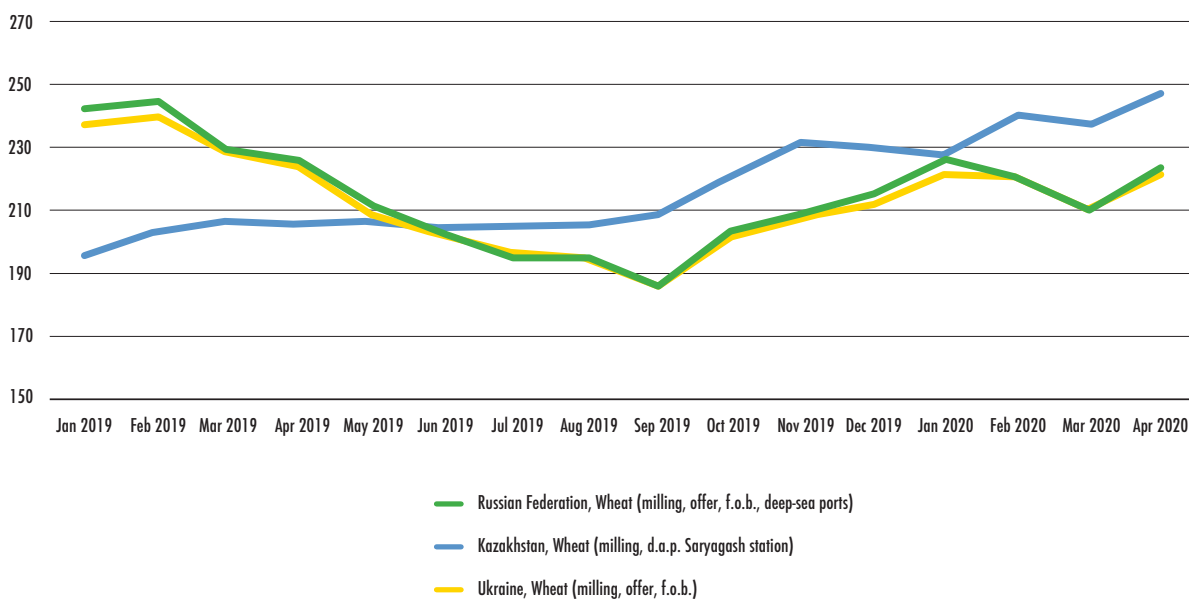
International wheat prices have been broadly stable over the year. They were down slightly in February and March 2020, weighed down by an overall positive 2020 global supply outlook and concerns over the impact of the novel coronavirus on global demand. However, they increased in April for three exporting countries – Kazakhstan, the Russian Federation and Ukraine – due to brisk trade activity amid worries over the COVID-19 pandemic.

Wheat export prices in **Kazakhstan** (milling, delivered-at-place Saryagash station) increased by 20 percent from April 2019 (USD 206 per tonne) to April 2020 (USD 248 per tonne). Prices experienced a drop from February 2020 (USD 241 per tonne) to March 2020 (USD 238 per tonne) before increasing in April.

In the **Russian Federation**, wheat export prices have been pretty stable. The export price for wheat (milling, offer, free on board, deep-sea ports) was at USD 224 per tonne in April 2020, almost unchanged from the corresponding month in 2019. Prices decreased in February and March before increasing about 6 percent in early April.

Similar to the situation in the Russian Federation, the wheat export price (milling, offer, free on board) in **Ukraine** was stable from April 2019 to April 2020, due to large global supplies and favourable production prospects. After dropping approximately 5 percent from February to March, the price rebounded to its previous level of USD 222 per tonne.

FIGURE 1
INTERNATIONAL WHEAT EXPORT PRICES (USD/TONNE)



Source: Calculated based on FAO/GIEWS data.

Domestic food retail prices are generally stable across the region but have increased in some countries for most products.

Overall domestic food prices are pretty stable, but they vary country by country and commodity by commodity. Most prices have increased significantly in **Tajikistan**, but there has been a relatively small in change **Kyrgyzstan**. Prices are stable in the **Russian Federation**.

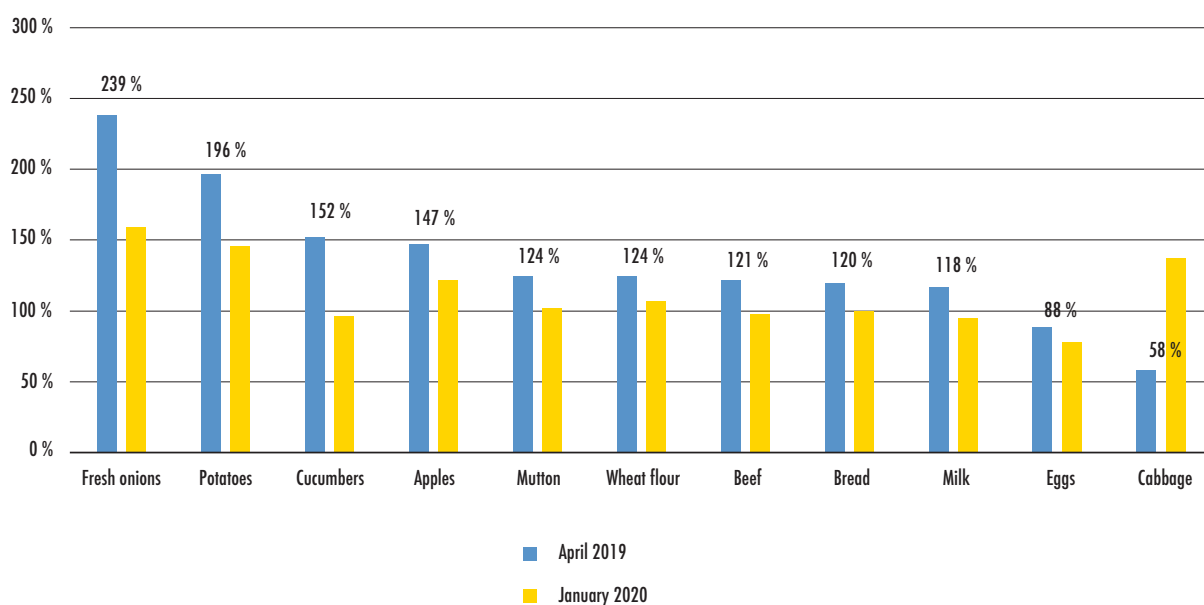
Figure 2 shows the price changes in Tajikistan in early April 2020 compared with April 2019 and January 2020, which is prior to the global outbreak of COVID-19 and its impact.

The prices of most food commodities in Tajikistan in early April 2020 increased significantly from April 2019.

Compared with the same month in the previous year (April 2019), the retail prices of most key fruits and vegetables in Tajikistan in early April 2020 had large percentage increases. In particular, the prices of the following products increased by over 50 percent: fresh onions (138.9 percent), potatoes (95.8 percent), cucumbers (51.6 percent) and apples (47.4 percent). Cereals, meat and dairy products increased by around 20 percent: mutton (24.1 percent), wheat flour (23.9 percent), beef (21 percent), bread



FIGURE 2
TAJIKISTAN: RETAIL FOOD PRICE CHANGES
(PERCENTAGE IN APRIL 2020 COMPARED WITH APRIL 2019 AND JANUARY 2020)



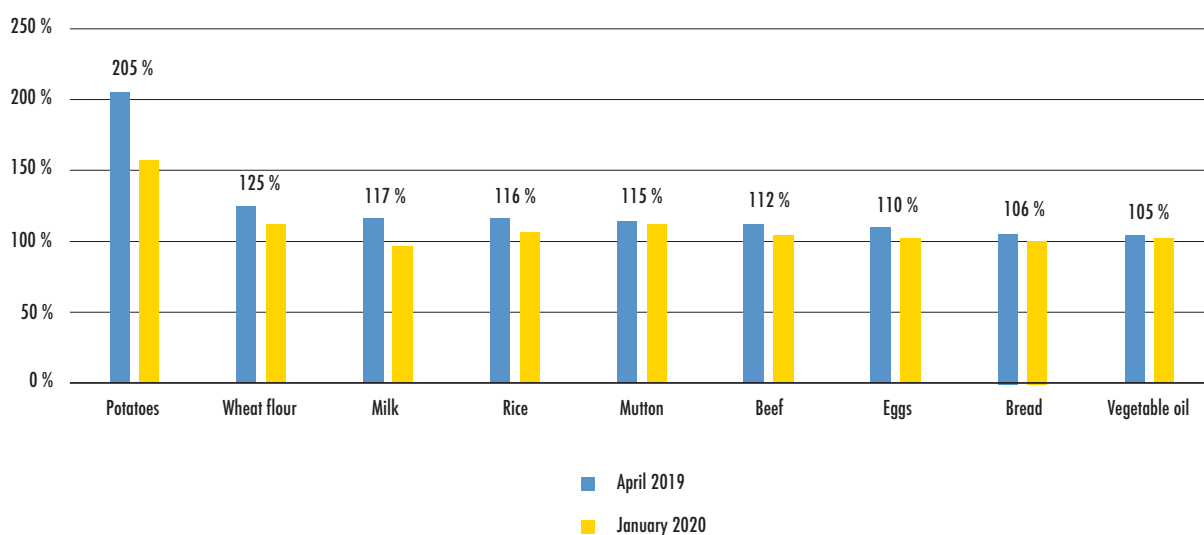
Source: Calculated based on data from the National Statistical Office of Tajikistan.

(20 percent) and milk (17.5 percent). The data show reductions in prices for eggs (11.8 percent) and cabbage (40 percent).

When compared with the retail food prices in January 2020 (before being impacted by COVID-19), the following food commodities in Tajikistan had big increases: fresh onions (59.3 percent), potatoes (46.9 percent), cabbage (37.5 percent) and apples (21.2 percent).

When compared with the retail prices in January 2020, some prices increased and some decreased. The retail prices had increased for first-grade flour (7.3 percent), mutton (1 percent), potatoes (47 percent), cabbage (38 percent), fresh onions (59 percent) and apples (21 percent). On the other hand, the retail prices declined for beef (2 percent), milk (6 percent), eggs (23.5 percent) and cucumbers (35.3 percent).

FIGURE 3
KYRGYZSTAN (AVERAGE): RETAIL FOOD PRICE CHANGES
(PERCENTAGE IN EARLY APRIL 2020 COMPARED WITH APRIL 2019 AND JANUARY 2020)



Source: Calculated based on data from the Kyrgyzstan National Statistical Committee.





The prices of most food commodities in Kyrgyzstan in early April 2020 increased from April 2019, but only significantly for potatoes.

Compared with the same month in the previous year (April 2019), the retail prices of most key food commodities in Kyrgyzstan in early April increased. In particular, the price of potatoes doubled, followed by increases in the price of wheat flour (25.3 percent), milk (17.3 percent), rice (15.9 percent), mutton (15 percent), beef (12.1 percent), eggs (10.4 percent), bread (6.4 percent) and vegetable oil (5 percent).

To reflect the impacts of seasonality and the COVID-19 pandemic, April 2020 retail food prices also can be compared with prices in January 2020, before they were impacted by COVID-19. This comparison shows that retail food prices of most food items have been stable. However, the following three had an increase of more than 10 percent: potatoes (57.1 percent), mutton (12.7 percent) and wheat flour (11.9 percent).

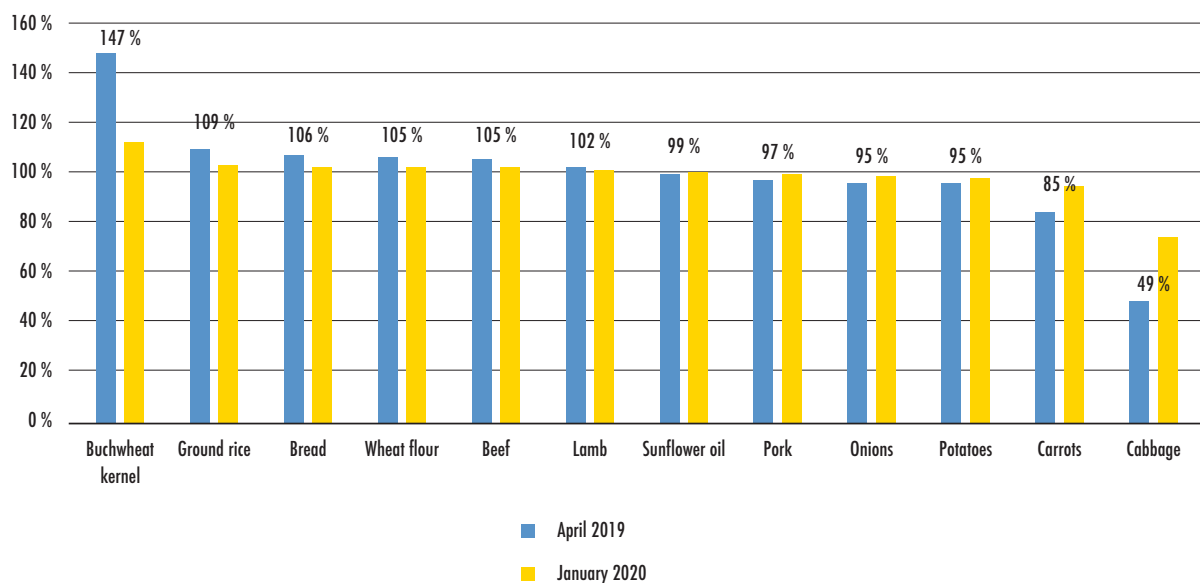
The domestic prices of most food commodities in the Russian Federation in early April 2020 are stable compared with April 2019.

As opposed to the situation in Kyrgyzstan and Tajikistan, most major food commodities in the Russian Federation have had stable food prices, increasing or decreasing by less than 10 percent. This includes ground rice (up 9.2 percent), bread and bakery products (up 6 percent), wheat flour (up 5.5 percent), beef (up 5.4 percent), lamb (up 1.8 percent), sunflower oil (no change), pork (down 3.2 percent), onions (down 4.8 percent) and potatoes (down 5.2 percent).

During the same period, buckwheat kernels had a large increase (47.2 percent), while fresh white cabbage (down 51.1 percent) and carrots (down 15.4 percent) had large drops.

To reflect the impacts of seasonality and the COVID-19 pandemic, April 2020 retail food prices also can be compared with prices in January 2020, before they were impacted by

FIGURE 4
THE RUSSIAN FEDERATION (AVERAGE): RETAIL FOOD PRICE CHANGES (PERCENTAGE IN EARLY APRIL 2020 COMPARED WITH APRIL 2019 AND JANUARY 2020)



Source: Calculated based on data from the Russian Federal Service of State Statistics.

COVID-19. This comparison shows that retail food prices of most food items have been stable, with changes of less than 3 percent. The only exceptions are buckwheat kernels (up 12 percent) and fresh white cabbage (down 26 percent).

Producers of greenhouse vegetables are among the

most affected in the agricultural sector today. Due to falling demand, wholesale prices for some items have decreased by 50 percent compared with the same period last year.

The current prices for tomatoes and cucumbers make the greenhouse business unprofitable.

Impact of the COVID-19 pandemic on agrifood value chains in Europe and Central Asia

2.1 BACKGROUND AND SURVEY

To limit the spread of the novel coronavirus in Europe and Central Asia and throughout the world, many countries have restricted the movement of people, implemented export and import policies, added border controls for people and merchandise, and closed wet markets, restaurants, food stalls and hotels. Policies and measures such as these have the potential to negatively affect agrifood value chains. Recognizing this risk, FAO has emphasized from the outset of the COVID-19 pandemic the need to closely monitor the functioning of agrifood value chains and to identify and flag problems that could compromise food security – notably, food availability.

In this context, the FAO Regional Office for Europe and Central Asia's Task Force on COVID-19 developed a rapid survey questionnaire and tool to explore how the COVID-19 pandemic has been affecting domestic agrifood value chains. The rapid survey consists of a questionnaire that collects data from operators along agrifood value chains – namely, input suppliers, farmers, processors, wholesalers and retailers. In filling out the questionnaire, operators are asked questions about the functioning of major agrifood value chains, including grains, livestock, fruits and vegetables, dairy and fisheries.

During the second round of survey by mid-April, the samples of food supply operators in Europe and Central Asia consisted of 453 informants – 60 percent farmers, 15 percent input suppliers, 15 percent food manufacturers, 6 percent wholesalers and 4 percent (large) retailers – located in Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kazakhstan, Kyrgyzstan, North Macedonia, Republic of Moldova, Serbia, Tajikistan, Turkey and Ukraine.

2.2 MAJOR FINDINGS AND RECOMMENDATIONS FROM THE SURVEY ON THE IMPACTS OF THE COVID-19 PANDEMIC ON AGRIFOOD VALUE CHAINS IN SELECTED ECA COUNTRIES

Results from two rounds of the weekly rapid survey of food supply chains show that the most affected chains have been fish, vegetables, meats, dairy, wheat and potatoes. The most affected operators have been farmers selling in wet markets, restoration services, farm input suppliers and transport services.

Key informants have expressed that the most pressing problems of food supply chains in the region have been the transport and sale of inputs and agricultural products. Encouragingly, both of these problems improved marginally in the second week. However, they were still problematic for fish and livestock products.

Impact of the COVID-19 pandemic on transport

The countries reported the higher score of severity due to the COVID-19 pandemic in terms of transportation are Kyrgyzstan and Kazakhstan, followed by Turkey, Albania and Azerbaijan. Serbia has had a mild impact (Table 3). The most affected agrifood sectors are fish (moderate to high impact), followed by livestock, milk and dairy, grains and pulses, fruits and vegetables, and roots and tubers (mild to moderate impacts).

Impact of the COVID-19 pandemic on storage

Food manufacturers have been running out of storage capacity, especially wine cellars and cold storage facilities in slaughtering houses (including packing materials). Retailers also have seen a significant fall in consumer expenses, and a major concern has been the expiration date of food products, which should be urgently mobilized through social protection programmes.

Overall, the impact on storage has been much smaller than the impact on transportation. The country had the highest score in terms of storage reported by their respondents is Kyrgyzstan, followed by Turkey and Albania, while the other three countries (Azerbaijan, Kazakhstan, and Serbia) have experience slight impacts based on the severity score. By food commodity group, the most affected sectors are fish (mild to moderate impact), followed by milk and dairy, grains and pulses, livestock, roots and tubers, and fruits and vegetables (mild impacts).



TABLE 3
MILD TO SEVERE IMPACTS OF THE COVID-19 PANDEMIC ON AGRIFOOD VALUE CHAINS,
BY PROBLEM CATEGORY (TRANSPORT, STORAGE AND SALE), IN SELECTED ECA COUNTRIES

	Transport	Storage	Sale
Grains and pulses	Kazakhstan Kyrgyzstan Albania Turkey	Turkey Albania	Kyrgyzstan Kazakhstan Turkey
Roots and tubers	Albania Kyrgyzstan Turkey	Kyrgyzstan	Albania Kyrgyzstan Turkey
Fruits and vegetables	Kyrgyzstan Kazakhstan Albania Serbia	Kyrgyzstan	Kyrgyzstan Serbia Albania
Livestock	Kyrgyzstan Turkey Kazakhstan Albania Azerbaijan	Albania	Albania Azerbaijan Kyrgyzstan Turkey Serbia Kazakhstan
Fish	Kyrgyzstan Azerbaijan Turkey Albania	Kyrgyzstan Turkey Albania	Albania Kyrgyzstan Turkey
Milk and dairy	Kazakhstan Turkey Kyrgyzstan Albania Serbia	Kyrgyzstan Albania Turkey	Kyrgyzstan Albania Turkey Kazakhstan

Source: FAO Regional Office for Europe and Central Asia survey, 2020.

Notes: 1. Impact level of severity: 1 - no impact, 2 - mild, 3 - moderate, 4 - high, 5 - severe

2. Respondents from the countries highlighted in green reported experiencing a severity from moderate to severe (average score of 3 or higher)

3. As there was no random sampling, the results in the table may not be representative.

Impact of the COVID-19 pandemic on product sales

According to the survey, a major concern of operators along food supply chains has been the slowing down of sales at both ends of food supply chains. At one end, retailers have seen a rapid decrease in food purchases from consumers. At the other end, input suppliers have experienced a rapid increase in the price of imported items. These price movements are being transmitted along food supply chains, with significant consequences for farmers caught in the middle. Indeed, the vast majority of farmers in the region already have expressed concerns about these price developments and have been adopting risk-averse attitudes in their planting intentions. Governments are advised to urgently develop mechanisms that could ease some of the cash flow problems that farmers will be facing in the ongoing planting season – such as converting short-term debts into longer repayment horizons, providing credit guarantees or instituting price support mechanisms – so that farmers are encouraged to increase their planting intentions.

The countries reported higher severity score as a result of the COVID-19 pandemic in terms of sales are Kyrgyzstan and

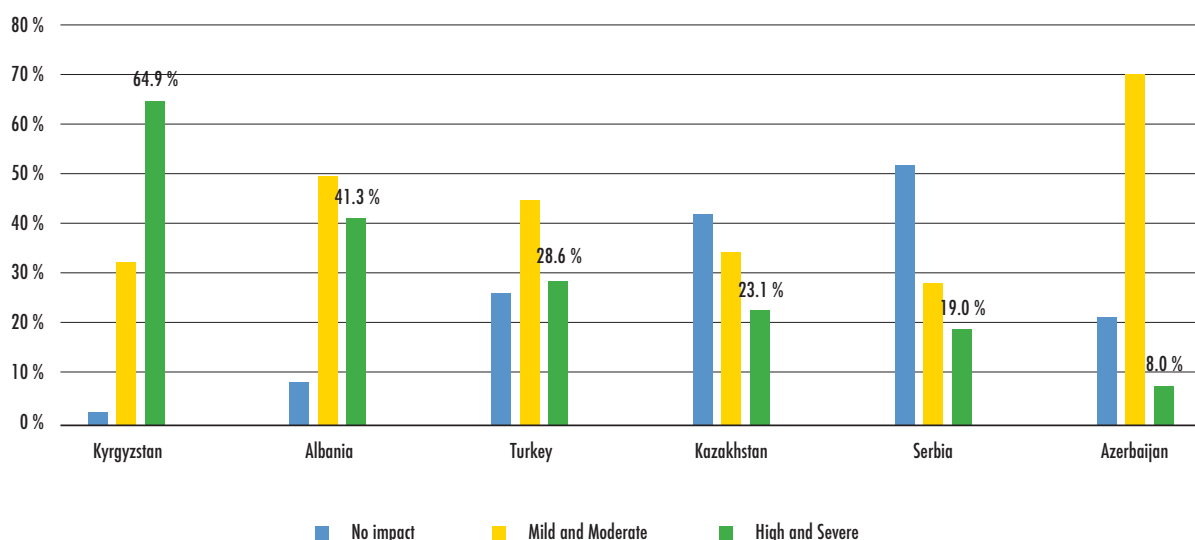
Albania (Table 3), followed by Turkey and Kazakhstan. By food commodity group, the most affected sectors are fish (moderate to high impact), followed by livestock, milk and dairy, fruits and vegetables, grains and pulses, and roots and tubers (mild to moderate impact).

Impact of the COVID-19 pandemic on access to financing

Figure 5 presents the impact of the COVID-19 pandemic on financing in agrifood value chains in selected ECA countries. The countries with higher severity score in agrifood value chains finance are Kyrgyzstan and Albania, followed by Turkey, Kazakhstan, Serbia and Azerbaijan. In Kyrgyzstan, an average of 64.9 percent of respondents reported that they have suffered from high and severe impacts from the COVID-19 pandemic. That figure is 41.3 percent in Albania, 28.6 percent in Turkey, 23.1 percent in Kazakhstan, 19.0 percent in Serbia and 8.0 percent in Azerbaijan. Almost all food chains have been affected, but the fish, livestock, and grain sectors have been affected the most.



FIGURE 5
IMPACT OF THE COVID-19 PANDEMIC ON FINANCING IN AGRIFOOD VALUE CHAINS IN SELECTED ECA COUNTRIES



Source: FAO Regional Office for Europe and Central Asia survey, 2020.
 Note: As there was no random sampling, the results may not be representative.

Governments are advised to urgently develop mechanisms that could ease some of the cash flow problems that farmers will be facing in the ongoing planting season – such as converting short-term debts into longer repayment horizons, providing credit guarantees or instituting price support mechanisms – so that farmers are encouraged to increase their planting intentions.

Impact of the COVID-19 pandemic on input availability

Access to fuel, tools and materials has not been a problem for the vast majority of farms. However, half of the farmers surveyed mentioned problems with the availability of feed, fertilizers and pesticides. The share of farmers with high concerns about input availability increased in one week from 14 percent to 24 percent (Table 4) and is expected to escalate rapidly in the

next few weeks, concomitant with the summer planting season. The availability of and access to imported farm inputs was also a major concern voiced by input suppliers, who saw higher import prices due to currency devaluations, transport difficulties at the border, and a rapid decrease of their inventories. Governments are advised to carry out an urgent assessment of inventories and to facilitate the entry of these products through preferential treatment at the border, for example by granting them access to “green lanes.”

Based on the survey results, the following urgent policy actions are recommended:

- Health protection: Increase the availability of and access to health protection equipment, notably for food transport operators and workers in the food manufacturing industry.
- Input supplies: Take stock of current inventories of imported items

TABLE 4
NUMBER OF FARMERS WHO DECLARED PROBLEMS WITH INPUT AVAILABILITY

	No problem	Minor	Some	Many	Severe
Feed	111	35	25	19	8
Planting material	166	45	23	24	9
Fertilizers	165	47	25	21	17
Pesticides	171	36	31	21	15
Fuel	285	26	11	10	5
Tools and materials	219	33	15	14	8
Technical assistance	178	50	17	19	8

Source: FAO Regional Office for Europe and Central Asia survey, 2020.
 Notes: 1. Samples cover all observations from all countries.
 2. As there was no random sampling, the results in the table may not be representative.

- especially fertilizers, pesticides, veterinary products and packing materials – and allow their importers access to “green lanes.”
- Farmers: Set up credit guarantee schemes for operational costs. Provide marketing assistance loans to meet cash flow needs. Set up deficiency payment mechanisms on staples for the ongoing planting season, transforming short-term debts into

longer term repayment horizons.

- Manufacturers: Take stock of cold storage capacity across the country, notably for meat products and wine.
- Retailers: Through social protection programmes, take action to minimize food loss and the waste of food items with fast-approaching expiration dates.

Food Trade Policy Brief

in Europe and Central Asia

3.1 EXPORT POLICIES OF MAJOR REGIONAL EXPORTERS IN ECA AMID THE COVID-19 PANDEMIC

Kazakhstan

- On 14 April 2020, the Ministry of Agriculture lifted export bans on carrots, beetroots and cabbage. The export ban changed to quotas on potatoes for seeding and unrefined packaged sunflower oil. Export bans remained for buckwheat, white sugar, potatoes (except for seeding), sunflower seeds and refined packaged sunflower oil. Export quotas remained on wheat and wheat flour. This policy will be effective until 1 September 2020.
- On 15 April 2020, the Ministry of Agriculture and the Ministry of Finance imposed a ban on the export of live cattle, sheep and goats (effective until 25 October 2020).

Russian Federation

- The Government of the Russian Federation introduced a quota for exports of wheat, rye, barley and corn in the amount of 7 million tons from 1 April to 30 June 2020. This limitation does not apply to grain exports to Eurasian Economic Union (EAEU) countries. The quota is distributed based on the submission of a declaration by participants of foreign trade activities to the customs authorities for grain exported from the territory of the EAEU. The Ministry of Agriculture of the Russian Federation has been instructed to publish information on the selection of quotas by exporters in real time and submit information to the Federal Customs Service of the Russian Federation. According to the Ministry of Agriculture, 2.55 million tons of grain were declared for export as of 16:30 on 16 April.

Ukraine

- On 31 March 2020, all market players in Ukraine agreed to an amount of wheat exports by signing an Annex to

Memorandum between the Ministry for Development of Economy, Trade and Agriculture and the private sector, represented by profile business associations such as traders, flour producers and bakers. The amount of wheat exports for the 2019/20 season was set at 20.2 million tonnes, which is in line with market expectations and national balances from before the COVID-19 outbreak.

- On 2 April 2020, the Cabinet of Ministers adopted a resolution “On Amending Annex 1 to the Cabinet of Ministers of Ukraine Decree No. 1109 of December 24, 2019,” which prohibits exporting buckwheat and buckwheat grain (without shell), Harmonized System Codes 1008100000 and 1104291700.

The Eurasian Economic Commission

- On 31 March 2020, the Board of Ministers of the Eurasian Economic Commission established a temporary (until 30 June 2020) ban on exports from the countries of the Eurasian Economic Union of various food products, including rice, buckwheat, millet, wholemeal flour and granules from cereal kernels, buckwheat kernels, processed foods from buckwheat, crushed and uncrushed soybeans, and sunflower seeds. The export policies came into force on 12 April, ten days after the document was published on the EEC website.

3.2 NATIONAL POLICY RESPONSES TO LIMIT THE IMPACT OF THE COVID-19 PANDEMIC ON FOOD MARKETS IN ECA

A number of countries in Europe and Central Asia have implemented new policy measures in an effort to ensure sufficient domestic supplies and to avoid price increases of staple foods in the face of the COVID-19 pandemic.



Albania

- Albania allows farmers and/or collectors, without any restriction in movement. However, restrictions exist in the retail sector; shops and farmers' markets are currently allowed to operate for up to eight hours a day (from 05.00 hours to 13.00 hours).

Armenia

- Interest on loans will be offset for all agricultural development projects, especially drip irrigation, smart farms and the cultivation of new fields and greenhouses. The second measure of the Government of Armenia's support/response package to the COVID-19 pandemic proposes to change the amount of subsidies and apply cofinancing to agricultural programmes.

Belarus

- On 31 March, the Government of Belarus issued a decree imposing a three-month export ban on a number of staple foods, including buckwheat, buckwheat groats, onions and garlic.
- On 1 April 2020, the Government of Belarus resorted to administrative price controls. According to the Government's resolution, companies of any form or ownership should not increase prices more than by 0.5 percent per month.

Georgia

- Georgia introduced a temporary emergency price control mechanism on imported food items, including rice, buckwheat, wheat grain and flour, pasta, sunflower oil, sugar, milk powder and legumes.
- The Government launched a subsidy programme for wheat imports, according to which, the beneficiary of the programme will receive a subsidy of USD 40 per tonne of imported wheat, with the condition they will sell a 50 kg bag of flour at no more than GEL 51 (USD 16).
- The Ministry of Environmental Protection and Agriculture elaborated the "State Program on Maintaining Prices for the Products of Primary Consumption." The programme will be implemented by the Agricultural and Rural Development Agency under the Ministry of Environmental Protection and Agriculture. The State Revenue Service will be also involved in the process. The Agricultural and Rural Development Agency will subsidize and cover currency differences in prices for all importing companies, which will be importing these nine main food products between 15 March 2020 and 15 May 2020.

Kazakhstan

- On 18 March 2020, Kazakhstan used regional stabilization funds to purchase (including import) and ensure the availability of basic food products (sunflower oil, rice, buckwheat, white sugar, potatoes, carrots, beets, onions, white cabbage) and their price stability during the state of emergency.
- On 23 March 2020, a package of support measures to

agricultural producers was introduced, including land tax exemptions for all agricultural producers, value-added tax payment reduction on certain agriculture products, and a three-month grace period for loans (both principal and interest payments) (effective until 1 October 2020).

- On 25 March 2020, customs duties were lifted and borders opened for prompt import into the country of six vulnerable products in Kazakhstan: onions, potatoes, cabbage, buckwheat, poultry and sugar (effective until 30 September 2020).
- On 30 March, the Government set April export quotas of wheat grain and wheat flour at 200 000 tonnes and 70 000 tonnes, respectively. On 24 April, May quotas were increased to 250 000 tonnes and 150 000 tonnes, respectively.
- On 16 April 2020, the Ministry of Agriculture tripled funding of concessional loans for crop sowing, up to KZT 170 billion.
- On 15 April 2020, the Government discussed a draft law to abolish the Value Added Tax (VAT) on imports of wheat until 1 January 2025.

Kyrgyzstan

- On 13 March 2020, the Government of Kyrgyzstan fixed prices for wheat flour at KGS 1 450 KGS per 50 kg bag. The policy will be ended on 13 June 2020. Retail prices vary from KGS 29 to KGS 31 per kg.
- Kyrgyzstan set maximum levels of wholesale and retail prices for a number of food items, including wheat flour and potatoes, which vary according to region. The measure was introduced on 16 March and will remain in place for a period of 90 days.
- On 23 March 2020, KGS 631 million was secured from the state budget to purchase wheat flour and grain to add to the emergency stocks for potential market and price stabilization efforts.
- On 23 March 2020, the Government of Kyrgyzstan imposed a six-month ban on the export of a range of products, including wheat grain, wheat flour, rice, vegetable oils and sugar. The ban will be ended on 23 September 2020.
- On 30 March 2020, the Government approved a national contingency plan that defines the roles and responsibilities of national and international partners as well as coordination and implementation mechanisms, approaches and strategies. The policy started on 30 March 2020 and has an ending date of 31 December 2020.
- On 31 March 2020, the Government approved an action plan to provide social support and food security to the population. The plan defines measures to reduce negative impacts on economic and social stability in the country.

North Macedonia

- On 11 March 2020, the Government of North Macedonia issued a measure freezing the retail prices of bread, salt,

cooking oil, milk, dairy products, flour, meat, eggs, pasta, lemons, oranges, tangerines, grapefruits and clementines and the prices of medical products and disinfectants.

- On 19 March 2020, the Government of North Macedonia issued a measure banning the export of wheat, wheat flour and processed wheat products. The policy ended on 3 April 2020.
- On 20 March 2020, as lamb meat is a major seasonal agriculture export to Italy, the Government began making efforts to find alternative markets for the export of slaughtered lambs and lamb meat to other countries, considering the current situation.
- On 27 March 2020, to facilitate the trade of agricultural produce and livestock among farmers, producers and buyers, the Ministry of Agriculture, Forestry and Water Economy promoted the use of its interactive web tool within the existing Agricultural Market Information System, called "Supply-Demand." It helps food markets function uninterrupted, enabling quick, easy and real-time access for producers, consumers, traders and processors to data on the available quantities and prices of domestic agricultural products and livestock.
- On 2 April 2020, to reduce the income loss of sheep breeders due to hampered exports in Italy and the European Union markets, the Government of North Macedonia adopted a decree to allow increased total financial support for sheep breeders in the amount of MKD 2 500 (approximately USD 45) per head of female lamb.
- On 6 April 2020, the Government of North Macedonia exempted farmers from the ban on movement, exclusively for performing field work agricultural activities.
- On 10 April 2020, to support farmers and agro-businesses in using the right to apply for financial support to the public calls under the national support programmes and IPARD II.
- As part of the system of "green" corridors within the Central European Free Trade Agreement region aimed to facilitate trade in goods in the region, three Macedonian border crossings were included in the system as of 14 April 2020: Tabanovce (on the border with Serbia), Blace (on the border with Kosovo) and Kjafasan (on the border with Albania).
- On 15 April 2020, the Government of North Macedonia announced a stimulus to companies to preserve liquidity and jobs. The rulebook defining the stimulus package to private sectors is extended to cover company owners, to support micro and small entrepreneurs. Farmers and producers who are self-employed and are registered under the Law on Trade Companies will have the opportunity to use part of the economic package of the Government measures, including financial support of MKD 14 500 (approximately USD 250) per employee for the months of April and May 2020.
- As of 15 April 2020, the deadline for payment of the annual rent for state agricultural land for 2019 was extended by the Ministry of Agriculture, Forestry and Water Economy until 12 November 2020.

Republic of Moldova

- On 30 March 2020, the Government of the Republic of Moldova supplemented the national fund for agriculture subsidies with an additional MDL 50 million as a measure to support farmers during the COVID-19 crisis.
- On 10 April 2020, the Government approved a regulation allowing the retail distribution of agriculture products in open markets. According to the regulation, open markets are to be held in places approved by local authorities and should respect the criteria for protection against a COVID-19 outbreak.

Russian Federation

- In addition to export ban/quotes, in order to stabilize grain prices and ensure a sufficient volume on the domestic market, the Ministry of Agriculture adopted a decision on carrying out commodity interventions to contribute to stabilizing the price situation.
- On 6 April 2020, the Russian Federation's National Commodity Exchange started accepting applications for commodity interventions. The trading volume was announced to be up to 1.5 million tons, with a preliminary start date on 13 April, to sell exclusively on the domestic market.
- On the first day of interventions, 200,000 tons of grain were put up for auction from the State Fund. Of that amount, 121,400 tons were sold at a total cost of RUB 1.39 billion. The National Commodity Exchange held grain-trading sessions on 14, 15 and 17 April.

Tajikistan

- On April 25, the Government introduced a temporary ban on the export of some domestically produced agricultural products, including all cereals and legumes, rice, wheat flour, eggs, potatoes and all types of meat.

Turkey

- On 18 April 2020, by a presidential decision, Turkey's Ministry of Trade lowered the tariff rates to 0 from around 40 percent for imports of cereals and legumes/pulses.
- The Ministry of Trade lowered the tariff rates for sunflower oil and oilseeds for the pre-harvest period until 1 June 2020. The tariff rate for crude sunflower oil was lowered from 30 to 18 percent, and the rate for sunflower seeds was lowered from 13 percent to 9 percent.
- Turkey's Ministry of Agriculture and Forests initiated the promotional campaign "Evde Hayat, Sofrada Balik – Life at Home, Fish on the Plate" on 3–7 April 2020. The campaign aimed to increase household demand for aquaculture fish.
- Because of their long shelf lives, dry beans and lentils have been in high demand by consumers during the COVID-19 pandemic. To combat price fluctuations, the Ministry of Agriculture and Forests has started supporting the spring



sowing of these products by subsidizing 75 percent of seed costs in selected provinces. The Ministry announced on 19 April that the distribution of subsidized seeds already had finished in parts of southern Turkey.

Ukraine

- On 27 March 2020, the Government of Ukraine announced the sale of 1 60 000 tonnes of milling wheat into the local market. On 30 March 2020, the Government set a maximum wheat export volume of 20.2 million tonnes for the 2019/20 marketing year (July to June).

The Eurasian Economic Commission

- On 6 March 2020, the European Commission fixed the import duty on husked rice at EUR 42.5 (USD 46.5) per tonne, to be applicable to all Member states from 9 March 2020 onwards (Regulation 2020/383).
- From 1 April to 30 June 2020, some food commodities would be exempt from import customs duties when imported to Eurasian Economic Union countries. The list includes such agricultural and food products as potatoes, onions, garlic, cabbage, carrots, pepper, rye, long-grain rice, buckwheat, juices and ready-made baby food and such finished pharmaceutical products and medical goods as endoscopes, contactless thermometers, disposable pipettes and mobile disinfection units.
- On 7 April 2020, the Eurasian Economic Commission

Board considered and approved a draft decision of the Council that makes available, for a period of two years, a reduction to 0 percent (from 5 percent) of the rates of import customs duties of the unified customs tariff for benzyl alcohol, vanillin and ethyl vanillin used in the production of food flavourings. Furthermore, the EEC Board approved the 0 percent rate for import customs duties on individual components for the production of power tools.

- On 10 April 2020, members of the Eurasian Intergovernmental Council adopted a package of measures to be taken within the Eurasian Economic Union to ensure the vital needs of the population, to maintain mutual trade and the free movement of goods amid the COVID-19 pandemic, and to create conditions for subsequent economic growth. The measures are grouped into two major sections. The first section includes a package of urgent stabilization measures and provides for the arranging of interactions among the relevant authorized authorities in carrying out sanitary and epidemiological activities to prevent and minimize the consequences of spreading coronavirus infection. To do this, it is also envisaged that consultations will be held on balancing the food market and the setting up of logistics for the supply of essential goods. The second section of the package focuses on creating the conditions necessary for recovery and economic growth, including the sustainability of financial markets and the further digital transformation of trade.

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