

International scientific-practical conference
"EU agriculture and diversification of food markets in the context of
the Eastern Partnership"

Future perspectives for the agricultural and food sector in the AGRICISTRADO countries

Jolanta Drozd, Lithuanian Institute of Agrarian Economics

17 November 2015
Vilnius

Structure of the presentation

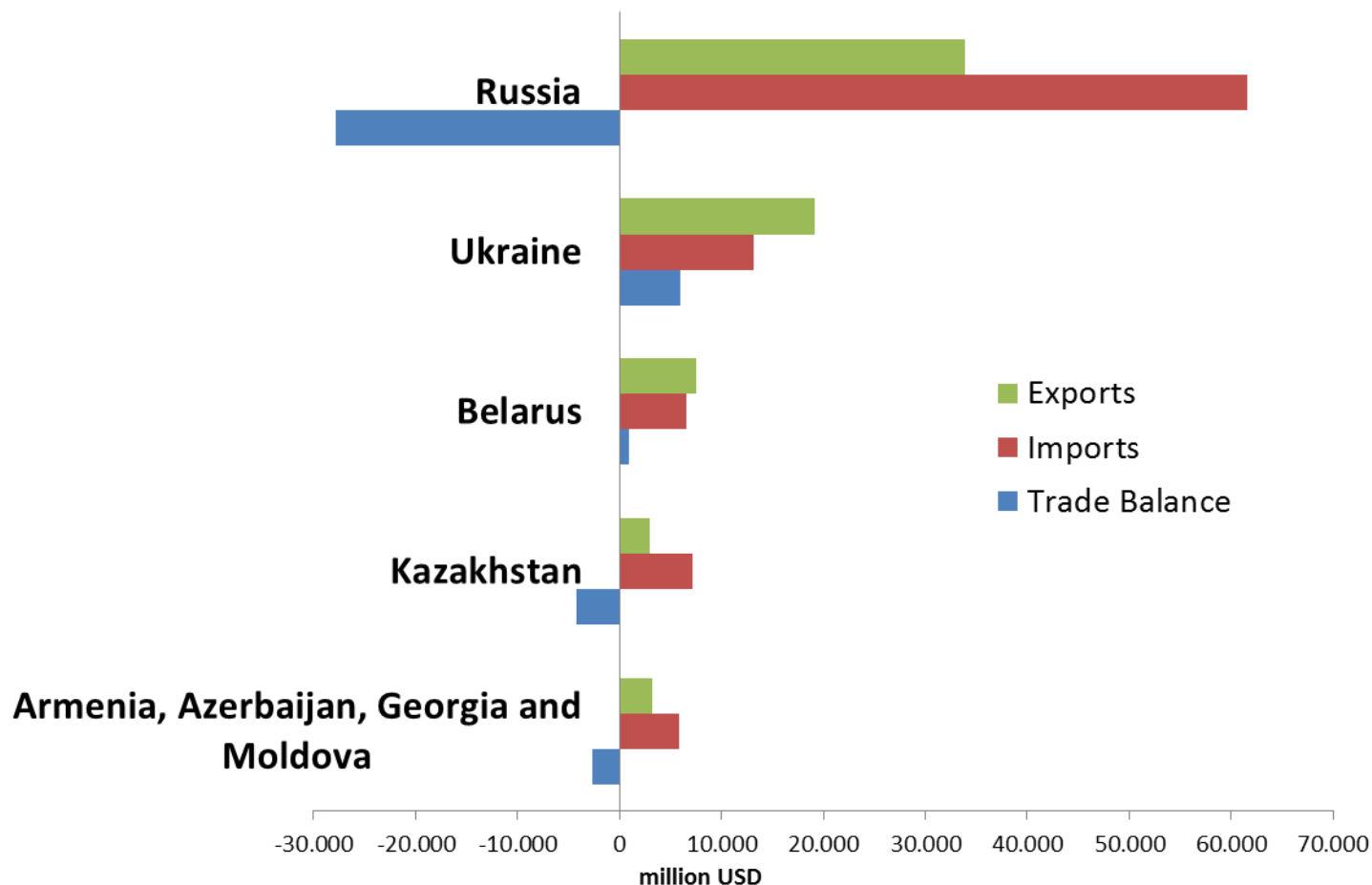
AGRI-FOOD TRADE AND TRADE POLICY

- Development of agri-food trade**
- Main exported and imported agricultural, forestry and fishery products**
- Main trading partners**
- Policy framework for agri-food trade relations**

FUTURE PERSPECTIVES FOR THE AGRICULTURAL AND FOOD SECTOR

- Strengths and weaknesses of the agricultural and food sector**
- Weaknesses of the agricultural and food sector development**
- Opportunities and threats of the agricultural and food sector development**
- Expected potential growth directions in agricultural and food sector**

Exports, imports and trade balance (agriculture, forestry and fishery) in 2013, million USD



**Trade statistics analysis based on 2013 official FAO/UN classification of products in the agriculture, forestry and fishery domain (it covers CN chapters 1-24, 29, 33, 35, 38, 40, 41, 43, 44, 45, 50, 51, 52 and 53).*

Source: AGRICISTRADe database, June 2015.

Exports, imports and trade balance (agriculture, forestry and fishery) in 2013 and growth rates, million USD and %



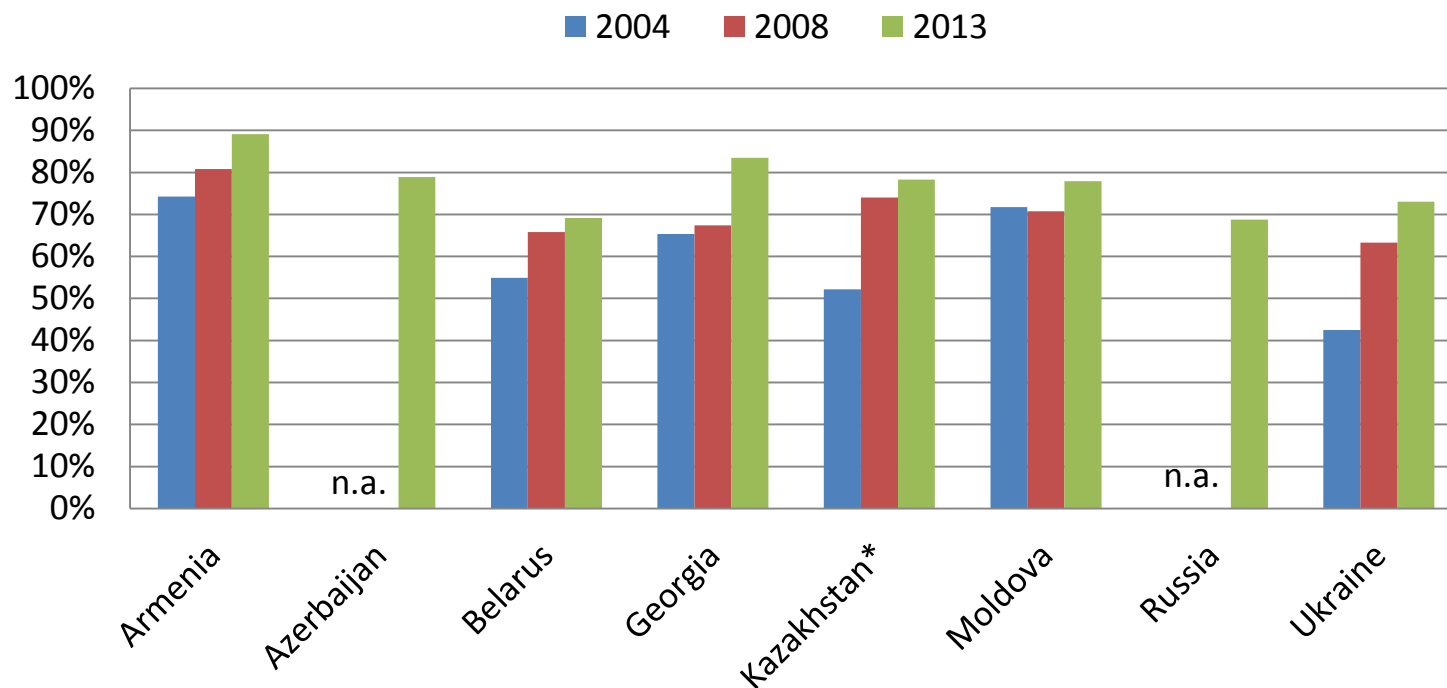
	Transcaucasia			Central Asia	European countries			
	Armenia	Azerbaijan	Georgia	Kazakhstan	Moldova	Belarus	Ukraine	Russia
Agriculture, forestry and fishery exports	401	972	843	2,971	1,053	7,537	19,156	33,868
Average annual Agriculture, forestry and fishery exports growth rate 2004–2013	+20%	n.a.**	+19%	+18%*	+8%	+16%	+17%	n.a.**
Agriculture, forestry and fishery imports	1,079	2,125	1,680	7,169	1,004	6,620	13,191	61,651
Average annual Agriculture, forestry and fishery imports growth rate 2004–2013	+16%	n.a.**	+17%	+17%	+12%	+12%	+17%	n.a.**
AFF trade balance	-678	-1,153	-837	-4,198	49	917	5,966	-27,783

*Average 2005–2013.

**Trade data for Russia available only for years 2011–2013, for Azerbaijan only 2012 and 2013.

Source: own calculations based on AGRICISTRADE database, June 2015.

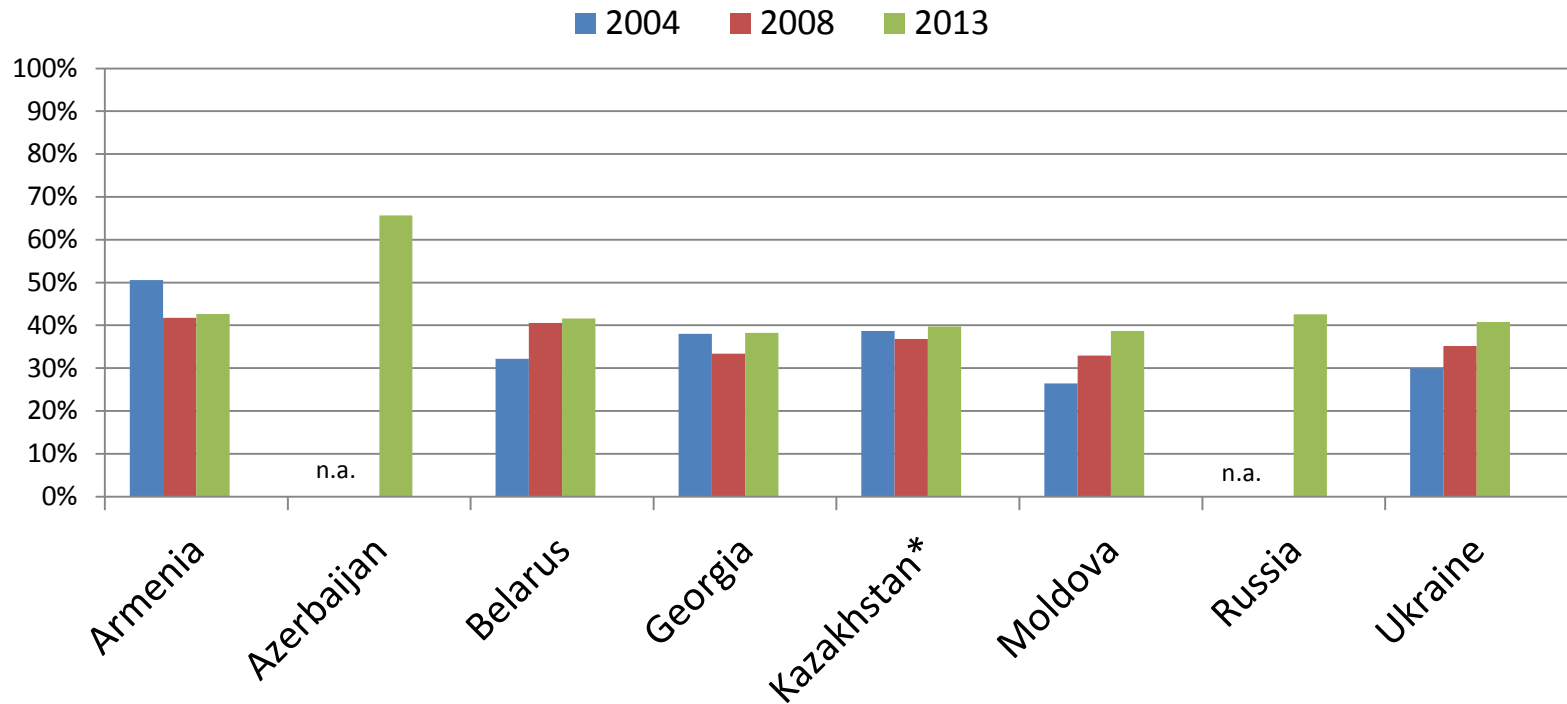
Share of Top5 AFF products exports in total AFF products exports in 2004, 2008 and 2013, %



*years 2005, 2008 and 2013.

Source: own calculations based on AGRICISTRADe database, June 2015.

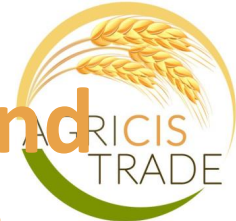
Share of Top5 AFF products imports in total AFF products imports in 2004, 2008 and 2013, %



*years 2005, 2008 and 2013.

Source: own calculations based on AGRICIS TRADE database, June 2015.

Top5 exported agricultural, forestry and fishery products by country in 2013



	TOP5 AFF exported products	The share of TOP5 AFF exported products in total AFF exports	The share of TOP1 AFF exported product in total AFF exports
Armenia	<ol style="list-style-type: none"> 1. Beverages, spirits and vinegar (CN 22); 2. Tobacco and manufactured tobacco substitutes (CN 24); 3. Fish and crustaceans, molluscs and other (CN 03); 4. Edible fruit and nuts (CN 08); 5. Preparations of vegetables, fruit and nuts (CN 20). 	89%	53%
Azerbaijan	<ol style="list-style-type: none"> 1. Sugars and sugar confectionary (CN 17); 2. Animal or vegetable fats and oils (CN 15); 3. Edible fruit and nuts (CN 08); 4. Edible vegetables (CN 07); 5. Coffee, tea, mate, spices (CN 09). 	79%	25%
Belarus	<ol style="list-style-type: none"> 1. Dairy produce, birds' eggs; natural honey (CN 04); 2. Meat and edible meat offal (CN 02); 3. Wood and articles of wood (CN 44); 4. Rubber and articles thereof (CN 40); 5. Preparations of meat, fish or crustaceans (CN 16). 	69%	31%

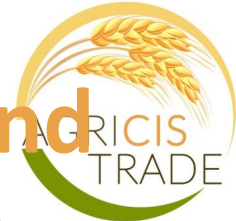
Source: own calculations based on AGRICISTRADe database, June 2015.

Top5 exported agricultural, forestry and fishery products by country in 2013

	TOP5 AFF exported products	The share of TOP5 AFF exported products in total AFF exports	The share of TOP1 AFF exported product in total AFF exports
Georgia	<ol style="list-style-type: none"> 1. Beverages, spirits and vinegar (CN 22); 2. Edible fruit and nuts (CN 08); 3. Live animals (01); 4. Cereals (CN 10); 5. Residues and waste from the food industries; prepared animal fodder (CN 23). 	83%	42%
Kazakhstan	<ol style="list-style-type: none"> 1. Cereals (CN 10); 2. Products of the milling industry (CN 11); 3. Oil seeds and oleaginous fruits (CN 12); 4. Cotton (CN 52); 5. Tobacco and manufactured tobacco substitutes (CN 24). 	78%	44%
Moldova	<ol style="list-style-type: none"> 1. Beverages, spirits and vinegar (CN 22); 2. Edible fruit and nuts (CN 08); 3. Oil seeds and oleaginous fruits (CN 12); 4. Cereals (CN 10); 5. Preparations of vegetables, fruit and nuts (CN 20). 	78%	24%

Source: own calculations based on AGRICISTRADe database, June 2015.

Top5 exported agricultural, forestry and fishery products by country in 2013



	TOP5 AFF exported products	The share of TOP5 AFF exported products in total AFF exports	The share of TOP1 AFF exported product in total AFF exports
Russia	<ol style="list-style-type: none"> 1. Wood and articles of wood (CN 44); 2. Cereals (CN 10); 3. Organic chemicals (CN 29); 4. Rubber and articles thereof (CN 40); 5. Fish and crustaceans, molluscs and other (CN 03). 	69%	22%
Ukraine	<ol style="list-style-type: none"> 1. Cereals (CN 10); 2. Animal or vegetable fats and oils (CN 15); 3. Oil seeds and oleaginous fruits (CN 12); 4. Wood and articles of wood (CN 44); 5. Residues and waste from the food industries; prepared animal fodder (CN 23). 	73%	33%

Source: own calculations based on AGRICISTRADe database, June 2015.

Top5 imported agricultural, forestry and fishery products by country in 2013



	TOP5 AFF imported products	The share of TOP5 AFF imported products in total AFF imports	The share of TOP1 AFF imported product in total AFF imports
Armenia	<ol style="list-style-type: none"> 1. Cereals (CN 10); 2. Tobacco and manufactured tobacco substitutes (CN 24); 3. Meat and edible meat offal (CN 02); 4. Wood and articles of wood (CN 44); 5. Animal or vegetable fats and oils (CN 15). 	43%	13%
Azerbaijan	<ol style="list-style-type: none"> 1. Cereals (CN 10); 2. Tobacco and manufactured tobacco substitutes (CN 24); 3. Wood and articles of wood (CN 44); 4. Sugars and sugar confectionary (CN 17); 5. Miscellaneous chemical products (CN 38). 	66%	20%
Belarus	<ol style="list-style-type: none"> 1. Rubber and articles thereof (CN 40); 2. Residues and waste from the food industries; prepared animal fodder (CN 23); 3. Organic chemicals (CN 29); 4. Edible fruit and nuts (CN 08); 5. Miscellaneous chemical products (CN 38). 	42%	10%

Source: own calculations based on AGRICISTRADe database, June 2015.

Top5 imported agricultural, forestry and fishery products by country in 2013

	TOP5 AFF imported products	The share of TOP5 AFF imported products in total AFF imports	The share of TOP1 AFF imported product in total AFF imports
Georgia	<ol style="list-style-type: none"> 1. Cereals (CN 10); 2. Meat and edible meat offal (CN 02); 3. Tobacco and manufactured tobacco substitutes (CN 24); 4. Essential oils and resinoids (CN 33); 5. Rubber and articles thereof (CN 40). 	38%	13%
Kazakhstan	<ol style="list-style-type: none"> 1. Rubber and articles thereof (CN 40); 2. Edible fruit and nuts (CN 08); 3. Miscellaneous chemical products (CN 38); 4. Wood and articles of wood (CN 44); 5. Essential oils and resinoids (CN 33). 	40%	10%
Moldova	<ol style="list-style-type: none"> 1. Rubber and articles thereof (CN 40); 2. Miscellaneous chemical products (CN 38); 3. Tobacco and manufactured tobacco substitutes (CN 24); 4. Beverages, spirits and vinegar (CN 22); 5. Miscellaneous edible preparations (CN 21). 	39%	8%

Source: own calculations based on AGRICISTRADe database, June 2015.

Top5 imported agricultural, forestry and fishery products by country in 2013



	TOP5 AFF imported products	The share of TOP5 AFF imported products in total AFF imports	The share of TOP1 AFF imported product in total AFF imports
Russia	<ol style="list-style-type: none"> 1. Meat and edible meat offal (CN 02); 2. Edible fruit and nuts (CN 08); 3. Rubber and articles thereof (CN 40); 4. Dairy produce; birds' eggs; natural honey (CN 04); 5. Essential oils and resinoids (CN 33). 	43%	11%
Ukraine	<ol style="list-style-type: none"> 1. Miscellaneous chemical products (CN 38); 2. Edible fruit and nuts (CN 08); 3. Rubber and articles thereof (CN 40); 4. Essential oils and resinoids (CN 33); 5. Fish and crustaceans, molluscs and other (CN 03). 	41%	10%

Source: own calculations based on AGRICISTRADe database, June 2015.

Main export destinations in 2013



		Transcaucasia			Central Asia	European countries			
		Armenia	Azerbaijan	Georgia	Kazakhstan	Moldova	Belarus	Ukraine	Russia
TOP5 exports destinations	AFF	Russia	Russia	Ukraine	Russia	Russia	Russia	Russia	Turkey
		Georgia	Georgia	Azerbaijan	Uzbekistan	Romania	Kazakhstan	Egypt	Kazakhstan
		Ukraine	Kazakhstan	Russia	Kyrgyzstan	Ukraine	Ukraine	India	S. Korea
		Belarus	Ukraine	Armenia	Tajikistan	Belarus	Lithuania	Turkey	China
		Iran	Belarus	Kazakhstan	Azerbaijan	Kazakhstan	Poland	Spain	Egypt
Other important export markets		Kazakhstan	Moldova	EU-28	EU-28, Iran	EU-28	EU-28	EU-28	EU-28
		China		Belarus	Afghanistan	Georgia	China	China, Iran	Ukraine
				Turkey	China, Turkey	Azerbaijan	Azerbaijan	Belarus	Belarus
				Moldova	Turkmenistan	Armenia	Moldova	Kazakhstan	Azerbaijan
				China, USA	Georgia		Norway	Moldova	Iran
Share of the TOP5 exports markets in total exports		77%	37%	62%	64%	57%*	87%	34%	41%
Share of exports to Russia		65%	29%	13%	19%	31%*	74%	12%	-
Share of exports to EU-28		2%	2%*	24%	11%	36%	11%	28%	26%

*year 2012.

Source: AGRICIS TRADE database, June 2015.



Main import partners in 2013

	Transcaucasia			Central Asia	European countries			
	Armenia	Azerbaijan	Georgia	Kazakhstan	Moldova	Belarus	Ukraine	Russia
TOP5 AFF import partners	Russia Ukraine China Georgia Iran	Russia Kazakhstan Ukraine Belarus Georgia	Ukraine Russia Turkey Germany China	Russia China Uzbekistan Ukraine USA	Ukraine Russia Romania Germany France	Russia Ukraine Poland Germany China	Russia Germany Poland France China	Brazil Belarus Ukraine Germany Netherlands
Other important AFF import partners	EU-28 Belarus Kazakhstan	EU-28 Moldova	EU-28, USA Kazakhstan Azerbaijan Armenia Bulgaria Belarus Moldova	EU-28, Belarus Brazil, Turkey Kyrgyzstan India, Kenya South Korea	EU-28 Belarus Georgia Kazakhstan	EU-28 Argentina Norway Brazil Turkey Moldova India	EU-28 Turkey Brazil Belarus India Georgia Egypt	EU-28 Turkey China USA Ecuador Norway Kazakhstan
Share of the TOP5 imports markets in total imports	46%	55%	58%	62%	48%*	60%	40%	27%
Share of imports from Russia in total imports	26%	31%	17%	39%	9%*	32%	13%	-
Share of imports from EU-28 in total imports	21%	14%*	21%	16%	42%	32%	44%	40%

*year 2012.

Source: AGRICISTRADe database, June 2015.

Trade agreements in the analysed countries



Country	WTO membership	CIS free trade agreement	Eurasian Customs Union	Eurasian Economic Union	Deep and Comprehensive Free Trade Area with EU
Armenia	5 February 2003	16 March 1994	-	2 January 2015	DCFTA negotiations completed in July 2013, not signed
Azerbaijan	Negotiations in progress since 30 June 1997	24 September 1993	No	Not planned	Not yet started as Azerbaijan is not a WTO member
Belarus	Negotiations in progress since 23 September 1993	18 January 1994	1 January 2010	1 January 2015	Not yet started as Belarus is not a WTO member
Georgia	14 June 2000	Former member state since 18 August 2008	No	No	signed on 27 June 2014
Kazakhstan	Completed negotiations on 22 June 2015	20 April 1994	1 January 2010	1 January 2015	Not included in the Eastern Neighbourhood Program
Republic of Moldova	26 July 2001	15 April 1994	No	No	signed on 27 June 2014
Russian Federation	22 August 2012	20 July 1993	1 January 2010	1 January 2015	Not included in the Eastern Neighbourhood Program
Ukraine	16 May 2008	Founder; participated until 2014 (not as an official member)	No	No	signed on 27 June 2014

Strengths of the agricultural and food sector development

	Transcaucasia			Central Asia	European countries			
	AM	AZ	GE	KZ	MD	BY	UA	RU
Favorable agro-climatic conditions for the niche products	+++	+++	+++	+++	+++	+	+++	+++
Relatively low input costs	+++	+++	+++	+++	+++	+++	++	+++
Potential of arable land area enlargement	+++	+++	++	+++	+	+	+	+++

Relevance of the factor for the country: “+” – low; “++” – intermediate; “+++” – high.

Source: based on the synthesis of Country reports (ARICISTRATE, 2015) and expert valuation.

Weaknesses of the agricultural and food sector development

	Transcaucasia			Central Asia	European countries			
	AM	AZ	GE	KZ	MD	BY	UA	RU
Low productivity and yields	+++	++	+++	+++	+++	++	++	++
Old equipment, machinery	+++	++		+++	+++			+++
Archaic or absent irrigation, drainage system	+++	++	+++	+++	+++			
Underdeveloped transport system and logistic infrastructure	+++	++	+++	+++	++		+	+
Underdeveloped insurance and credit systems	+++	++	+++	+++	++		+++	
Underdeveloped market access system		++	+++		+++		++	
Impact of bureaucracy, excessive state regulations and corruption	+++	++	+	+++	+++	+++	+++	
Need for certification, agro-food standards or quality requirements. Control development issues	+++	++		+++	+++	+++	+++	+++
Need for land consolidation	+++	+++	+++		+++		+++	
Need for small scale farming consolidation	+++			+++	++		+++	
Stakeholders cooperation improvement	+++	+++	+++	+++	++		+++	
Shortage of investors		+++		+++	+++		+++	
Need for rural infrastructure development	+++		+++	+++	+++	+++	+++	
Isolated research and education system	+++	++	+++	+++	+++	+++	+++	+++
Shortage of qualified labour	+++	++	+++	+++	+++	+++	+++	+++

Opportunities and threats of the agricultural and food sector development

		Transcaucasia			Central Asia	European countries			
		AM	AZ	GE	KZ	MD	BY	UA	RU
Opportunities	Untapped domestic market potential	+++	+++		+++	++	+	+	+++
	Good potential for export increase	+++	+++	+++	+++	++	+++	+++	+++
	Improvement of investment environment	+++	+++	+++	+++	+++		+++	
	Yields growth, productivity increase		+++		+++	+++	+	+++	+++
Threats	Deeper penetration of foreign producers on domestic market	+++	+++		+++	++	+++	++	+
	Urbanization and emigration of the rural population		+++		+++	+++	+++	+++	
	Soil erosion, violation of nutrients' balance		+++		+++	+++		+++	

Relevance of the factor for the country: “+” – low; “++” – intermediate; “+++” – high.

Source: based on the synthesis of Country reports (AGRICISTRADe, 2015) and expert valuation.

Expected potential growth directions in agricultural and food sector



		Crop production	Vegetables	Fruits, berries, nuts	Livestock, fishery
Trans-caucasia	Armenia	-	+	+	+
	Azerbaijan	+	+	+	+
	Georgia	-	-	+	-
Central Asia	Kazakhstan	+	-	-	+
European countries	Moldova	+	-	+	-
	Belarus	+	+	+	+
	Ukraine	+	+	+	+
	Russia	+	+	+	+

Relevance of the area for the country: “+”– attractive for potential development; “-”– unattractive for potential development

Source: based on the synthesis of Country reports (AGRICIS TRADE, 2015) and expert valuation.





Thank you for your attention!

More information is available at:

<http://www.agricistrade.eu/document-library>

Jolanta Drozd, LAEI

jolanta.drozd@laei.it