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Contents

- **The Development of Organic Agriculture in the Eurasian Economic Union Countries: Launch Event Outcomes.....1**
- **Agri-Food Trade in the Eurasian Economic Union: Major Trends and Structural Shifts 2**
- **Event Calendar 2020/21.....3**

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In October Newsletter we publish the outcomes of the launch event for the* Current Situation and Prospects of Organic Agriculture in the Eurasian Economic Union *report as well as short answers to all questions from participants that were not addressed during the event because of time limits.

In the second article the ECFS Deputy Director discusses the major trends in agri-food trade in the Eurasian Economic Union which he presented during the Online Conference "Sustainable Agricultural Development and Regional Cooperation for Inclusive Growth in Central Asia".

The event calendar closes this issue as usual.

The Development of Organic Agriculture in the Eurasian Economic Union Countries: Launch Event Outcomes

By Natalia Gurova and Sergey Lamanov

Speakers from Armenia, Kazakhstan, the Kyrgyz Republic, and Russia discussed the developments of national markets for organic products in the countries of the Eurasian Economic Union (EAEU) on October 13, 2020, during the Launch Event for the *Current Situation and Prospects of Organic Agriculture in Eurasian Economic Union* report. The event was organized by the World Bank and the Eurasian Center for Food Security (ECFS).

ECFS Director and corresponding member of the Russian Academy of Sciences, **Sergei Shoba**, noted in his opening remarks that, although currently the total sales of organic products in the EAEU market do not exceed 200 million euros, or 0.2 percent of global sales, there are prospects for the development of organic agriculture in EAEU.

Organic agriculture has a special place in the sustainable development of agricultural systems. First of all, producers have the opportunity to receive premium prices for organic products if they strictly comply with established requirements in production and certifying organizations.

Shoba also noted that, in accordance with the definition adopted by the General Assembly of the International Federation of Organic Agriculture Movements (IFOAM), organic agriculture is a production system that maintains the health of soils, ecosystems, and people. This system is based on understanding ecological processes, maintaining biodiversity and the natural cycle's characteristic local conditions, and avoiding the use of resources that have an adverse effect on the environment such as synthetic fertilizers, pesticides, and feed additives. The speaker cited the data of the Research Institute of Organic Agriculture (FiBL), which testify to the high and stable rates of development of the global market for organic products—so, in 2018, sales of organic products exceeded US$100 billion.

ECFS Deputy Director **Roman Romashkin** presented the report and discussed possible approaches to forming a common market for organic products in the EAEU. He noted that the unification of requirements for the production, circulation, labeling, and certification of organic products comprise just one of the steps on this path. Moreover, in the context of differences in the national legislation of member states and the low purchasing power of the population, orienting producers to export unification processes will take a while. In this regard, the EAEU countries should focus their attention on establishing accounting systems for tracking inventory and tracing organic products. This will contribute to the development and implementation by the EAEU states of evidence-based policy measures to develop the organic agriculture sector, protect the market from adulterated or misbranded products, increase consumer confidence in national certification systems, and promote and strengthen the position of Eurasian exports in foreign markets. As a result, an integrated Eurasian digital platform that unites all stakeholders can be created and serve as an innovative environment to ensure the effective functioning and development of the organic market in the Eurasian region.

More than 100 participants participated in the launch event, including representatives of government organizations of the EAEU countries responsible for the development of organic agriculture, private organic farms, certification bodies, representatives of science and education, and international organizations. The speakers' presentations engaged the audience; however, speakers did not answer all questions because of time limits. Therefore, below we provide short answers to participants' questions that had to be skipped during the event itself. The authors assume that the interested reader will receive more detailed answers in the report.

1. What are the differences between terms "organic" and "ecological"?

Unlike the concept of "ecological products," the concept of "organic products" in the EAEU countries is defined by law. "Organic products" are products produced under strict guidelines and standards.

2. Can the concept of "organic production" be applied to livestock products? Is this generally accepted globally? Or is the organic concept used only for crop production?

Yes, organic production can apply to livestock production. In accordance with the standards, antibiotics for the protection and treatment of animals cannot be used in the production of organic livestock products. Furthermore, animal feed must also comply with organic standards.

3. Is it possible to consider the attitude of business toward the production of organic products as a constraint to organic agriculture development?

Yes, the position of the agrarian business, which produces mass agricultural products using conventional farming methods, often acts as a limitation for the development of organic agriculture.

4. Was Uzbekistan included in the study?

No, the study was conducted in the EAEU countries.

5. Does it make sense to develop organic agriculture in Russia? The yield of such products decreases because of their greater susceptibility to pests as a result of the lack of

mineral fertilizers (compared to agriculture under a conventional agricultural system).

Organic farming is complementary to conventional farming. Its development makes sense for solving the problems of ensuring healthy nutrition and solving agro-ecological problems. These are more expensive products, and the premium price is expected to compensate for lower yields and other additional costs.

6. Which countries are most promising for the export of organic products from the EAEU?

Currently, a significant share of organic products from the EAEU are exported to European countries. China and the Middle East are promising markets.

7. Are national standards recognized in the global market, the EAEU space?

National standards existing in EAEU countries do not fully correspond to international ones, and for this reason they are not recognized. Countries importing organic products require the certification of products in accordance with their own standards.

8. Are there any available guidelines for farmers on the feasibility of organic farming and its effectiveness for generating income?

They certainly are. However, the problem is that the whole range of methods for the transition to organic agriculture is quite complicated and requires special training and advice for farmers.

9. In my opinion, if we talk about organic products, then first of all it is necessary to talk about seeds. For many types of crop products there are no Russian-made seeds, only imported GMOs, and this is actually a big problem for the Russian Federation.

Seed production for organic agriculture also requires adherence to organic technologies. This is an additional problem against the general background of weak development of seed production in Russia and other EAEU countries.

10. How much higher are the subsidy interest rates for organic products in the European Union, the United States, and Japan (compared to conventional products)? What percentage of these rates are compensated for by different types of costs assumed by organic producers?

We did not perform this type of comparative analysis in our study.

11. Who trains experts in organic certification today?

Consultation on this issue can be obtained from the websites of certification bodies, which are listed in our report.

12. Are there any standard sampling methods for organic products or can the All-Russian Product Classifier be used to classify organic agriculture?

In the EAEU countries, there are lists of organizations with this profile; these lists are given in the report and, in more detail, in the reports of country experts.

13. Is it possible to regard Russia's non-recognition of international organic products as a measure of support for Russian producers of this type of product?

In our opinion, no. Russia's non-recognition of international certification creates additional financial and organizational problems for Russian organic producers.

14. In the United States, some smallholder farmers are exempted from the requirement for organic certification. Perhaps such a measure could also increase the interest of smallholder farmers in the production of organic farming?

Maybe. But at the same time, you will have to think about how to ensure the required level of trust of consumers in non-certified producers of organic products.

15. There is Standard 33980-2016—an interstate standard that is valid for the EAEU. Or is it not working?

Yes, such an interstate standard exists. Belarus, the Kyrgyz Republic, and Russia have joined it.

16. How much more profitable, on average, is organic farming in the world (in comparison with conventional farming)?

We did not perform this type of comparative analysis in our study.

17. What share of organic agricultural production should be optimal—in the structure of the total gross agricultural output in Russia? About 30 percent? So that in Russia, at the same time, we need to ensure food security inside Russia, growth in exports, conservation of land, and so on. After all, if the share of organic agriculture

is very large (and will displace traditional agriculture), then the volume of total agricultural production may fall in Russia? There is such a hypothetical threat.

According to the expert assessment of the Russian Union of Organic Agriculture, the desired level of the share of organic products in the total consumption of agricultural products is 10–12 percent. It is difficult to assess how "optimal" this level is, since it is first required to determine the optimality criteria—that is, to solve a rather nontrivial multifactorial problem.

18. Does Russia have a traceability system for crop products (vegetables, flour, fruits, and so on)? After all, there is the Russian traceability system called Mercury—but it is for livestock products only.

At present, such a system is being formed, but this work has not yet been completed.

Agri-Food Trade in the Eurasian Economic Union: Major Trends and Structural Shifts

By Roman Romashkin

[Based on the author's presentation at the International Scientific Online Conference "Sustainable Agricultural Development and Regional Cooperation for Inclusive Growth in Central Asia" held on October 20–22]

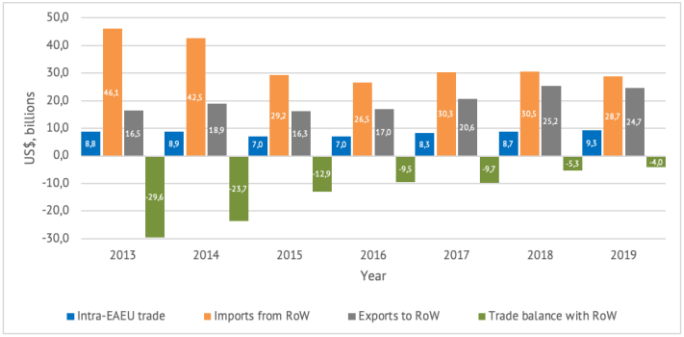
The Eurasian Economic Union (EAEU) has operated since January 1, 2015, as an international organization of regional economic integration. The EAEU replaced the former Customs Union and Common Economic Space of Belarus, Kazakhstan, and Russia. In 2015, Armenia and the Kyrgyz Republic joined the EAEU.

The Russian economy is the core of the EAEU. In terms of gross domestic product Russia accounts for 87 percent and in terms of agricultural output for 75 percent of the Eurasian market. The Russian market is very attractive for its Eurasian partners. About 80 percent of the agri-food exports from Belarus are supplied to Russia. Russia's share of Armenian agri-food exports is more than 50 percent. In this regard, facilitating access to the Russian market was one of the main reasons for Russia's partners to participate in the regional economic integration project.

Since 2015, the highest growth rates of agricultural production have been experienced in the Central Asian countries Kazakhstan and the Kyrgyz Republic (with a growth rate of more than 15 percent). In Russia, agricultural output increased by 10 percent, and in Belarus by only 1 percent. This is the lowest growth rate among all post-Soviet countries, with the exception of Armenia, where agricultural production fell by 6 percent. The main reason for Armenia's poor performance is the country's structural constraints that prevent the growth of crop production. And agriculture in Belarus is characterized by instability in crop production.

Russia's food embargo, import substitution, and export promotion policy have led to a visible reduction of Eurasian agri-food imports and an expansion of agri-food exports and intra-regional trade as well. These processes have led to a significant improvement in the balance of the EAEU agri-food trade with the rest of the world (Figure 1).

Figure 1. The EAEU agri-food trade, 2013–19



Data source: ITC Trade Map.
Note: RoW = rest of the world.

Based on the share of intra-EAEU trade in the total agri-food trade values, the level of integration between the EAEU countries is estimated to be low. Since 2015, the share of intra-regional exports in total EAEU agri-food exports decreased to 26 percent, while the share of intra-regional imports in

total EAEU agri-food imports increased to 22 percent. Belarus is the most integrated in the common agri-food market, since 87 percent of its agri-food exports are supplied to EAEU countries. The Kyrgyz Republic is the most dependent on agri-food imports from the EAEU. Eurasian countries' supplies account for 67 percent of Kyrgyz agri-food imports. Russia is the least integrated in intra-regional trade because of the relatively high capacity of its domestic market.

Intra-EAEU trade structure has not changed much. However, Armenia and Russia both increased their shares in the common agri-food market. Although the share of Belarusian products still prevails in intra-EAEU agri-food trade, there is an obvious trend toward the displacement of Belarussian products by Russian ones.

In addition, the current possibilities of implementing an import substitution strategy in the EAEU countries are largely limited because of stagnating domestic demand. As a result, the agri-food exports promotion policy is an important direction for national agricultural strategies and a leading driver for increasing production within the frameworks of existing agricultural systems across Eurasia.

Event Calendar 2020/21

Date	City, Country	Event
September 16–December 16	ONLINE	Agricultural and Resource Economics Seminar, hosted by Marc Bellemare or Jeffrey Bloem
October 7–November 25	ONLINE	Virtual Seminars on Applied Economics and Policy Analysis in Central Asia
November 2–4,	ONLINE	FAO Regional Conference for Europe (ERC 32)
December 5	Worldwide	World Soil Day (WSD)
December 7–9	ONLINE	4th International Conference on Global Food Security
February 2–4, 2021	Rome, Italy	FAO Global Symposium on Soil Biodiversity (GSOBI20)

Date	City, Country	Event
July 19–24, 2021	Syktyvkar, Russia	VIII Dokuchaev Congress of the Society of Soil Scientists. and the School of Young Scientists on Soil Morphology and Classification (in Russian only).
August 23–27, 2021	Geneva, Switzerland	EUROSOIL 2020
September 13–16, 2021	Tashkent, Uzbekistan	Global Symposium on Salt-Affected Soils: FAO event