

## P R E S S   R E L E A S E   2 / 2 0 2 0

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### Opportunities and obstacles in the international agricultural trade with Eastern Europe and Asia

Summary of a panel discussion at the Global Forum for Food and Agriculture

**Halle (Saale), 03 February 2020 – Globalisation has led to a sharp increase in the trade in agricultural goods since the turn of the millennium. Today, more than a quarter of worldwide agricultural trading is accounted for by Eastern Europe, Central Asia and Asia. Despite the developments thus far, the producers of these regions continue to face major challenges when it comes to meeting worldwide quality standards and the required transparency of supply chains. To discuss the challenges of integration of the agricultural producers of Eastern Europe and Asia, existing obstacles to implementation and trends in the international agricultural trade, some 130 international guests from the fields of politics, business and science met at the panel discussion entitled “Conducting trade, delivering trust: Quality and transparency in the international agricultural trade with Eastern Europe and Asia” in Berlin, Germany, on 17 January 2020.**

In the opening speech, IAMO Director **Prof. Dr. Dr. h. c. Thomas Glauben** noted that access to markets and functioning trade are decisive prerequisites for the growth of food production. In the last decade, the worldwide volume of trade in agricultural products and food nearly tripled, with the majority of this growth coming from emerging and developing countries. In the past, food exports from Central Asian nations were typically limited to directly neighbouring countries or other Central Asian trading partners. Today, the exporters from these countries are striving to offer their agricultural produce on the international markets, in particular the highly competitive markets of Europe. For the producers and traders, the high level of competitive pressure and the expectations of consumers still represent major obstacles to entering the new markets, however. The introduction of digital solutions and standardised certification programmes can

offer good opportunities to improve the efficiency and transparency of trading relations and thereby make a key contribution to the integration of Eurasian food chains.

In his greeting **Uwe Feiler**, Parliamentary State Secretary at the Federal Ministry for Food and Agriculture (BMEL), Germany, addressed the central issue of how the regional economy and international trade in the agricultural sector can be strengthened. The goal of the agriculture ministry is to work in the scope of diverse co-operation projects and bilateral discussions to open up new international food markets, promote fair trading relations and define uniform quality standards in the food industry.

In the subsequent panel discussion, the Uzbek agriculture minister, **H.E. Jamshid Khodjaev**, pointed to the reforms of the agricultural sector currently being planned in Uzbekistan. These include improvements to the public administration system in the country, adaptations to the legal basis between the areas of manufacture, processing and marketing, the establishment of international trade relations, acquiring investment for the industry and the procurement of modern, resource-saving technology. One particular focal point of the government activities is supporting farmers in entering international markets. The intention here is to impart the comprehension of the necessary trading standards through personal expert discussions, the offer of digital services and targeted training programmes.

The Ukrainian Deputy Minister for Economic Development, Trade and Agriculture, **Taras Kachka**, emphasised the essential importance of transparency and foreseeability in international trade. To gain the trust of trading partners in the EU as well as worldwide, Ukraine places particular value on the strict observance of safety and quality standards in food production. Regular food checks by inspectors and the use of the latest technology coupled with the mutual exchange of data aims to improve communication and co-operation with international trading partners and strengthen exports of Ukrainian foods.

**Dr. Kristian Möller**, Managing Director of GlobalG.A.P., reported on the efforts of his organisation to introduce a globally-applied safety and certification system for agriculture. The goal is to develop voluntary quality standards for the production processes of agricultural products that are recognised throughout the entire supply chain - from producers to suppliers and on to the buyer. Using this system, agricultural produce could be given a uniform certification, providing security for the international trading partner and transparency for the global markets. The system has already been applied in a number of countries and areas, but national legislation, technical control mechanisms and training procedures need to be monitored and adapted continuously.

**Britta Gallus**, Director of Supply Chain Management at Metro AG, talked about the co-operation of the major group with Ukrainian producers. To ensure observance of quality reliability and standards of the products the company places great emphasis on the support and training of farmers as well as intense interaction with the entire supply chain. Sustainability, avoiding food waste, the production of organic produce and protein-rich foods are the focus of the current agricultural trade activities.

Despite initial steps towards establishing a uniform certification programme in the food sector, IAMO researcher **Dr. Lena Kuhn** still sees numerous obstacles to be overcome. In some countries, there exist misunderstandings on definition and intrinsic value of quality standards. In addition, the adoption of quality standards involves time-consuming implementation processes and high investment costs for new technologies and training of employees. She pointed out that many producers in transition economies, especially small farms, are scarcely able to afford the financial, personnel and time investment associated with this and therefore find it difficult to operate in international markets. The research sector could contribute in overcoming these challenges, for instance via improved university curricula, implementation projects or general capacity building.

Moderator **Julia Harnal**, Chair of the German Agribusiness Alliance, noted at the end of the discussion that transparency plays a key role in trading in international markets. Globally-applicable quality standards, modern technology and the training of farmers and inspectors help to build up trust with international trading partners. Despite a positive outlook for the expansion of agricultural trade with Eastern Europe and Asia, numerous challenges still remain to be overcome. Continuous interaction with intensive dialogue between the areas of politics, business and science is essential here.

The panel discussion was organised by IAMO, the German Agribusiness Alliance and the German Eastern Business Association in co-operation with the Sino-German Agricultural Center.

*Text: 7,046 characters (incl. spaces)*

#### **About GFFA**

The 12th Global Forum for Food and Agriculture (GFFA) entitled “Food for all! Trade for secure, diverse and sustainable nutrition” was held in Berlin, Germany, from 16 to 18 January 2020. It was organised by the Federal Ministry of Food, Agriculture and Consumer Protection (BMEL) in cooperation with GFFA Berlin e.V., the Senate of Berlin and Messe Berlin GmbH. General information on the GFFA 2020 can be found on the conference website: [www.gffa-berlin.de/en](http://www.gffa-berlin.de/en).

#### **About IAMO**

The Leibniz Institute of Agricultural Development in Transition Economies (IAMO) analyses economic, social and political processes of change in the agricultural and food sector, and in rural areas. The geographic focus covers the enlarging EU, transition regions of Central, Eastern and South Eastern Europe, as well as Central and Eastern Asia. IAMO works to enhance the understanding of institutional, structural and technological changes. Moreover, IAMO studies the resulting impacts on the agricultural and food sector as well as the living conditions of rural populations. The outcomes of our work are used to derive and analyze strategies and options for enterprises, agricultural markets and politics. Since its founding in 1994, IAMO has been part of the Leibniz Association, a German community of independent research institutes.

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