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**THE ECONOMIC, COMMERCIAL AND FINANCIAL AFFAIRS COMMITTEE**

**REPORT\***

**“Challenges and Prospects of Cooperation in the Field of Agriculture in the BSEC  
Member States after the Pandemic”**

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## I. INTRODUCTION

1. Agriculture as the science, art and practice of cultivating the soil, growing plants and crops and domesticating and raising animals, has been one of the most important economic activities since the beginning of history of mankind. Over centuries, the development of agriculture led to the increase of trade, transport, culture, etc. From hunting wild animals and gathering seeds, to modern day complex food mass production and agriculture value chains, agriculture has always been an indispensable part of human lives. It meets a fundamental human need for food, putting it on the plates of more than 7.9 billion people in the world. The United Nations General Assembly declared 2021 as the International Year of Fruits and Vegetables while the World Food Day is an international day celebrated every year, on 16 October, by the initiative of the Food and Agricultural Organisation (FAO) of the United Nations.

2. Modern times bring new challenges and prospects. Although the world today produces enough food to feed everyone, many do not have the means to buy food in a sufficient quantity and quality. In addition, there is a challenge to meet the need of the growing world population, at a time when the critical resources like water, energy and land, are becoming increasingly scarce. The congestion of the population in large cities and metropolitan areas, the mass migration of the population, the decline in the number of people employed in the agricultural industry, the reduction in the use of agricultural land, the excessive use of fertilizers and pesticides, as well as the genetically modified plants to minimize crop loss, threaten the sustainable development of agriculture. On the other hand, modern agricultural management is based on achieving productivity through sustainability and resilience. The goal of sustainable development is to create durable food production systems and agricultural practices that will increase productivity and production, strengthen the ability to adapt to climate change, to extreme weather conditions and gradually improve the land quality.

3. The Covid-19 pandemic with which the world has been fighting for almost three years has affected all the countries, without exception. As a global health crisis and a complex socio-economic, political and human challenge, the pandemic brought consequences of unprecedented proportions in all the segments of life. It affected agriculture directly through the measures to contain the spread of the virus, as well as by posing severe threats to the countries' economic growth and people's health, jobs, and wellbeing. Moreover, developments during the pandemic have shown that agriculture, along with healthcare, is a strategically important sector, and that food safety constitutes a crucial aspect of national security.

4. The Russian military aggression against Ukraine is taking place at a time of global food security challenge, recovery after the Covid-19 pandemic and the fight against climate change. The conflict, engaging the two of major global agricultural producers, is disrupting supply chains and pushing up the prices of grain, fertilizers and energy in the region and throughout the world. The situation is severely affecting trade in agri-food products, the volume of export and import, as well as food security in the Wider Black Sea Region and the world at large.

5. The Black Sea region is one of the cradles of world civilization with favourable environmental conditions, where the first traces of the development of agriculture might have been. Due to the topicality of the issue and the importance of further strengthening the cooperation in the sphere of agriculture, in the BSEC Member States, the PABSEC Economic, Commercial and Financial Affairs Committee, decided to focus on the topic "Challenges and Prospects of Cooperation in the Field of Agriculture in the BSEC Member States after the Pandemic" at its 59<sup>th</sup> meeting.

6. The Parliamentary Assembly of the Black Sea Economic Cooperation has attributed a due attention to the agriculture and food related issues, in the BSEC region. It adopted reports and recommendations on issues, such as: sustainable agriculture and rural development

(Recommendation 54/2001), state and prospects of fisheries (Recommendation 94/2007), food security (Recommendation 114/2010), economic and environmental aspects of genetically modified organisms application (Recommendation 120/2011) and development of winegrowing and winemaking sectors (Recommendation 126/2012).

7. The present Report uses the information from the national delegations of the Republic of Azerbaijan, the Republic of Bulgaria, the Hellenic Republic, the Republic of Moldova, the Republic of North Macedonia, Romania, the Republic of Serbia, the Republic of Türkiye and Ukraine. In addition, the updated contributions were sent by the national delegation of the Republic of Moldova, Romania and Ukraine. It also uses the research material, the reports of relevant international organizations, as well as other related information from various Internet sources.

## **II. AGRICULTURE - MAIN TRENDS AND DEVELOPMENTS**

8. The BSEC region has an immense agricultural potential for agro-industry, being a unique ecosystem of global significance. The agriculture is of particular importance for the economy and social structures of the countries of the Black Sea region. Its significance is not only in providing people with food, but also in the fact that it significantly affects the employment and the efficiency of national economy. Sustainable functioning of the agricultural sector and the level of development of its industries, largely determine the success in the countries' development and food security. Unfortunately, the agricultural potential of the states of the region is not fully realised due to certain political, social and ecological reasons and increased military-political tensions in different domains. Nevertheless, it is necessary to direct the efforts of the states of the Wider Black Sea region towards the development of competitive, knowledge-based and sustainable agricultural production, based on strategies and programs for the integrated and systemic development of the agricultural sector.

9. Agriculture is essential to economic growth. The estimated gross value of agricultural output grew by 73 percent between 2000 and 2019, reaching 3.6 trillion USD in 2020. The global food system producing 11 billion tonnes of food a year is assessed at around 8 trillion USD, which is one tenth of the entire global economy. Between 1960 and 2015, the agricultural production more than tripled due to agricultural investments, technological innovations, etc. Still, even with the increased productivity and growth, the agricultural and food sectors are still facing numerous challenges, such as feeding more than 9 billion people, by 2050. According to the expert assessments, to meet the world's growing needs, agricultural production must double by 2050 and global food demand is expected to rise by 1.3 percent yearly, over the coming decade, driven by the rising population.

10. Agriculture has an important role in poverty reduction, the sustainable economic development, constant food supply and food security for the population, export revenues and rural development. The estimates are that 60 percent of the world population depends on agriculture for existence. According to the recent assessments, 9.2 percent of the world's population lives on less than 1.90 USD a day. Most of them live in rural areas and to them agriculture is an important source of livelihood. Thus, strong and sustainable food systems are critical for achieving the world's development goals and agricultural development is one of the most powerful means to boost prosperity. The World Bank assessments state that growth in the agriculture sector is two to four times more effective in raising incomes among the poorest population, compared to other sectors.

11. The rights to adequate food and to be free from hunger are legally binding human rights in international law, enshrined in article 11 of the International Covenant on Economic, Social and Cultural Rights. However, despite the economic growth and breakthrough in technologies and science, millions of people in the world continue to suffer and die from hunger. The world

is far away of realizing the United Nations Sustainable Development Goal (SDG) 2, which aims to end hunger, achieve food security, improve nutrition and promote sustainable agriculture, by 2030. Moreover, because of the global pandemic, all the existing problems become increasingly complex and complicated. A 2022 joint Report published by the FAO, the International Fund for Agricultural Development (IFAD), the United Nations Children's Fund (UNICEF), the UN World Food Programme (WFP) and the World Health Organization (WHO), states that the number of people affected by hunger globally rose to as many as 828 million in 2021, an increase of about 150 million since the outbreak of the Covid-19 pandemic. The Report also forecasts that about 670 million people may still face hunger, in 2030. The FAO estimates that to end hunger, by 2030, targeted interventions require an annual investment of between 40 billion USD and 50 billion USD. There are many high-impact projects that can help lift hundreds of millions of people from hunger. The FAO report also shows that the Covid-19 pandemic has exacerbated this problem, seriously hindering the progress made so far towards achieving the SDGs, by 2030.

12. Having in mind the present challenges of global food and agricultural systems, the first United Nations Food Systems Summit was held in New York, on 23 September 2021, bringing together countries for essential discussions on global food security and assessment of the strengths and weaknesses of the present food systems. The Summit participants underlined the vital importance of agriculture, of developing its full potential, of agricultural innovation and sustainability, the agricultural support, etc. As part of the Summit process, the National Dialogues in 148 UN Member States have been organized, aiming at the practical implementation of the provisions of the Summit, by 2030<sup>1</sup>.

13. In 2021, agriculture accounted for 4.3 percent of the global gross domestic product (GDP), compared to the industrial sector which accounted for 28.3 percent and the services sector, for about 65.7 percent (in 2020). As countries develop, the share of the population working in agriculture is decreasing and there is a downwards trend of employment in agriculture. Yet, agriculture remains the second largest source of employment worldwide after the services sector. According to the International Labour Organization (ILO), employment in agriculture accounted for 43.6 percent of total employment in 1991, while in 2020 it was 27 percent. The decline in the share of agriculture in total production and employment is taking place at different speeds and poses different challenges across regions. Moreover, the share of the labour force employed in agriculture has been constantly higher than the share of agriculture in the GDP. Such a trend is present in all the BSEC Member States, implying that agriculture still has features of a low productivity and labour – intensive sector of the economy.

14. According to the Global Food Security Index 2022, which ranks the countries of the world in terms of overall food security, the following BSEC Member States are in the group of 70: Bulgaria (29), Greece (31), Russia (43), Romania (45), Türkiye (49), Serbia (61), Azerbaijan (66).

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<sup>1</sup>Five action areas emerged from the Summit process- (1) nourish all people; (2) boost nature-based solutions; (3) advance equitable livelihoods, decent work and empowered communities; (4) build resilience to vulnerabilities, shocks and stresses; and (5) accelerating the means of implementation

**Table of share of agriculture (including forestry and fishing) in total GDP, in the countries of the BSEC region, in 2021 and of employment in agriculture (percent of total employment), in 2019<sup>2</sup>**

Country	Share of agriculture including forestry and fishing, in total GDP, in 2021	Share of employment in agriculture (percent of total employment), in 2019
The Republic of Albania	17.7	36
The Republic of Armenia	11.1	24
The Republic of Azerbaijan	5.9	36
The Republic of Bulgaria	3.7	7
Georgia	6.1	38
The Hellenic Republic	3.9	12
The Republic of Moldova	10.4	21
The Republic of North Macedonia	7.6	14
Romania	4.3	21
The Russian Federation	3.8	6
The Republic of Serbia	6.5	16
The Republic of Türkiye	5.6	18
Ukraine	10.6	14

15. The BSEC region encompasses an area of nearly 20 million square kilometres, with more than 340 million people and is characterised by geographical diversity in climate, topography and the flora and fauna. It is rich in natural and traditional heritage and resources which provide opportunities for a more diversified agriculture, forestry and the rural economy. Owing to the abundant nutrient-rich soils, the BSEC Member States contribute substantially to the world grain supply, like wheat, corn, sugar beets, sunflower seeds, potatoes, etc., serving both domestic demands and international markets. Russia, Ukraine, Türkiye and Romania ranked among the 20 top producers of wheat in 2020, while Ukraine, Russian Federation, Romania and Serbia were among 20 world producers of maize, in the same period. In addition to the mentioned crops, countries of the region also produce tobacco, beef, dairy products, fruits, vegetables, etc.

16. Globally, agricultural land area is around five billion hectares, with one-third of the land used as cropland, while the other two-thirds, for feeding livestock. Agricultural land share in the BSEC Member States is generally above the global average, which was around 36.5 percent of the Earth land area in 2020, namely Albania (42.5); Armenia (58.9); Azerbaijan (57.8); Bulgaria (46.5); Georgia (34.2); Greece (45.5); the Republic of Moldova (68.9); the Republic of North Macedonia (50.0); Romania (59.1); the Russian Federation (13.2); Serbia (40.1); Türkiye (49.1) and Ukraine (71.3).

17. Global rural population made up 43 percent of total global population, in 2021. In the BSEC Member States, the percentage of people living in rural areas, ranged from 20 - 57 percent, in 2021, namely Albania (37); Armenia (37); Azerbaijan (43); Bulgaria (24), Georgia (40); Greece (20); the Republic of Moldova (57); the Republic of North Macedonia (41); Romania (46); the Russian Federation (25); Serbia (43); Türkiye (23) and Ukraine (30). Trends such as urbanization and population ageing have significant implications on the agricultural labour force and according to the UN data projections, 68 percent of the world's population will live in urban areas by 2050. The issue of increasing migration of the rural population to the urban areas is topical for the countries of the BSEC region. Moreover, the ongoing refugee and

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<sup>2</sup> Statistics from the World Bank national accounts data, and OECD National Accounts data files, as well as the International Labour Organization, ILOSTAT database as of 28 September 2022.

migration crisis also affects agriculture, as large percentage of the people who migrate, used to work in rural areas.

18. It is noteworthy to mention that producing food has always been a risky activity, its success depending both on human and nature factors such as good quality soil, sufficient water, predictable weather, existence of plant and livestock diseases, climate change impacts, etc. The farmers are also exposed to fluctuations in exchange rates, price volatility, trade restrictions, etc., that directly affect the economic gains from agriculture, impacting the income of producers. In order to protect the agricultural sector from different forms of volatility, governments support the producers and foster agricultural development. According to a recent UN report, global support to agricultural producers amounts to 540 billion USD per year, making up 15 percent of total agricultural production value and it is anticipated that this figure will reach 1.759 trillion USD, by 2030. Competitiveness of the modern agriculture depends also on the development of the related agro-industrial, commercial, technological, and service sectors.

### ***Agriculture in the Covid-19 and post Covid-19 contexts***

19. The serious effects of the Russian military aggression against Ukraine overlap with the consequences of the pandemic and energy crisis and further aggravate the situation on the agri-food market, with effects that cannot yet fully be anticipated. The Russian Federation and Ukraine are among the most important producers of agricultural commodities in the world, including wheat, maize and sunflower oil, and Russia is the world's top exporter of fertilisers. The high rise in energy prices that has accompanied the conflict has significantly affected agriculture, as it is a highly energy-intensive industry. Moreover, overall input prices are expected to rise considerably because of rising prices of fertilizers and other energy-intensive products which will have a spill over effect to higher production costs and eventually into higher food prices. The explosion of the prices of inputs is being felt throughout the food chain, with consumers being hit hard, especially those on low incomes. The crisis related agricultural implications represent a challenge for food security for many countries, even those not directly involved in conflict, especially for low-income food import dependent countries and vulnerable population groups.

20. No region of the world has been spared of the Covid-19 pandemic. The states mobilized all capacities to respond to the crisis, with the focus on the human life and health. The Covid-19 outbreak hit the agriculture on all fronts: production, processing, consumption, supply chains, and trade. All of a sudden, the majority of the countries faced the problem of feeding its populations. Imports of agricultural products were slowed down, or ceased entirely, and food shortages became common. The countries that were able to provide basic nutrients for their citizens, proved to be self-sufficient and managed to handle the crisis with much less turbulence. The pandemic only emphasized the importance of the increase in domestic agricultural production, ensuring food independence, import substitution of the main agricultural food products, increasing the competitiveness of agricultural products in the domestic and foreign markets, modernizing and updating the material, technical and technological base for the functioning of agricultural production.

21. The crisis caused unforeseen destabilisation of global supply chains in the agricultural and food industries. The Covid-19 situation has disrupted global supply chains and the flow of vital components. Demand fluctuations, unpredictable consumer behaviour, a sudden shortage of raw materials and the disruption of established trade links, due to containment measures against the spread of the virus, have led to the search for alternative suppliers and manufacturers in critical industries. In the post-Covid-19 environment, supply chains need to be more flexible and reliable in order to minimize risks and increase efficiency. Moreover, labour shortages

caused by widespread quarantines and lockdowns, have become an additional challenge for agriculture.

22. Due to food safety concerns, countries took measures to ensure the optimal ratio of domestic production and imports. Temporary export bans and restrictions were in place to prevent shortages of food and other essential commodities. In terms of import regulation, mainly trade liberalization and facilitation measures aimed at reducing the cost of imports were taken. Countries have introduced bans on the export of various food products, depending on the domestic needs of the market.

23. The FAO and the Organization for Economic Cooperation and Development (OECD) assess that the effects of the pandemic on global trade in food and agriculture remained limited as the restrictive measures were applied for a short period of time and for certain products. Through joint ministerial declarations and statements, many states made commitments not to apply trade-restricting measures. Thus, agricultural trade, especially in basic food, has been relatively resilient to the interruptions because of the efforts of governments. In the BSEC Member States, continuous efforts were made to ensure food security and assist farms engaged in the agricultural sector.

24. Another food-related aspect of the Covid-19 pandemic and unpredictability of macroeconomic presumptions, is the increased global food insecurity. Consequently, present global food prices are at the very high level. Numerous countries are experiencing high food price inflation at the retail level, reflecting long-term supply disruptions due to Covid-19, as well as the Russian military aggression against Ukraine. In March 2022 the FAO food price index, which tracks monthly changes in the quotations of five basic foodstuffs - vegetable oils, dairy products, meat, cereals and sugar reached its highest level (160 points) since its inception in 1990 and averaged 138.0 points in August 2022. Despite the latest drop, the index remained 10.1 points (7.9 percent) above its value a year ago. The forecasts are that the food inflation could have significant economic and social repercussions especially on population of low and middle-income countries since they spend a larger part of income on food, as well as countries reliant on imports. Moreover, the FAO predicts that basic cereals like wheat and maize will continue to play a key role in food security until 2050 and points to the need for further growth in grain productivity, in the decades to come.

25. The crisis highlighted the importance of introduction and application of digital innovative technologies in the agriculture and food sectors. As pandemic continued, the agriculture systems started to react and adapt accordingly. Farmers began using digital technologies and platforms to sell their produce directly to consumers, restaurants switched to providing take-out and delivery, using internet platforms and mobile applications, etc. These technologies are creating new opportunities to integrate small industries in a digitally operated agri-food system.

### **III AGRICULTURE- REGIONAL FRAMEWORK**

#### ***The BSEC Framework***

26. Strengthening cooperation in the sphere of agriculture and agro-industry has been one of the priority tasks for the Organization of the Black Sea Economic Cooperation (BSEC). The agriculture area of cooperation has, so far, been discussed in Meetings of the Ministers in charge of Agriculture of the BSEC Member States in Moscow, in 2011 and in Istanbul, in 2017, which adopted Declarations. They serve as guidance for the activities in this domain, acknowledging the potential of the BSEC region in the field of agriculture, agro-industry and development of the intra-regional trade. The Ministerial Declarations stress the importance of an open, rule-based, transparent, non-discriminatory and inclusive agricultural trading system in the region, as well as the significance of preserving a proper balance between trade

facilitation of agricultural products and protection of the population of the Member States, against the non-qualitative products.

27. The key priorities for the BSEC activity in the field, are defined by Goal 6 “Food Security and Safety” of the “BSEC Economic Agenda towards an Enhanced BSEC Partnership” (2012). The Goal 6 envisages 15 subgoals, with the aim to boost intra-regional trade of agricultural products, improve sustainable rural productivity, enhance the competitiveness of the Member States in food and agricultural production, promote the effective and sustainable use of land and water resources for the agricultural production, etc. The main activities are carried out by the BSEC Working Group (WG) on Agriculture and Agri-Industry, where the Republic of Türkiye has been reappointed Country-coordinator (2021-2023). The general objectives of the WG envisage inter alia: promoting cooperation among the BSEC Member States in order to reduce regional disparities and to stimulate the regional agricultural trade; implementation of relevant projects within the BSEC Project Development Fund and other projects; improving cooperation with relevant international organizations and structures in the field of agriculture. The priorities of the Action Plan for the period 2021-2023 are: (1) improving sustainable rural productivity, rural development and enhancing the international competitiveness of the Member States in food and agricultural products; (2) promoting exchange of information, experience and best practices among the competent authorities, national reference laboratories, agrarian research and education institutions and the private sector enterprises in the fields of agriculture, agro-industry and food safety in the Member States; (3) promoting the effective and sustainable use of land and water resources for the agricultural production in the BSEC Member States; (4) promoting the climate-smart agriculture; (5) promoting regional cooperation for the sustainable management of fishery resources.

28. The Working Group pays a special attention to digitalization in agriculture, as well as to sustainable food systems. Therefore, the BSEC, in close cooperation with FAO and the Ministry of Agriculture and Forestry of the Republic of Türkiye, has been implementing the project Black Sea Economic Cooperation Organization Regional Cooperation Centre for Sustainable Food Systems (BSEC-CSFS). Beneficiaries of the project are 13 BSEC Member States and the project is being realized with the aim to strengthen regional cooperation among the BSEC Member States in the field of food security and safety, improve institutional capacity, reduce poverty, raise awareness of sustainable food systems and enhance the exchange of information and experiences among the BSEC Member States.

29. Under the BSEC Georgian Chairmanship-in-Office, in the second half of 2021, two agriculture related events were organized. The Regional Workshop on Sustainable Food Systems was held for the BSEC and Economic Cooperation Organization under the UN Resident Coordinator Request to access Financial Resources to Support Member State-led Food Systems Summit Dialogues, on 18 October 2021. This event was organized as a post-UN Food Systems Summit activity aimed at, inter alia, discussing and improving the food systems in the BSEC region in line with the UN SDGs. Moreover, the training entitled "Best Innovative Approaches to Minimize Post Harvest Losses within Food Chain" was organized by the Ministry of Agriculture and Forestry of Republic of Türkiye and was held on 20 October 2021. Issues such as best harvesting techniques, transportation and packaging practices, sale conditions in retail and wholesale markets, agricultural marketing, etc., were discussed.

### ***The European Union (EU) Framework***

30. The European Union is one of the world's leading producers and exporters of agricultural products. Agriculture and food related industries and services provide over 44 million jobs in the EU, including regular work for 20 million people in the agricultural sector. There are around 11 million farms in the EU that ensure agricultural resources and food security to the Union.



The EU's agricultural industry contributed with 1.3 percent to the EU's GDP in 2020. The total value of EU agri-food trade for January-September 2021, amounted to 239.5 billion EUR, which represents a 6.1 percent increase, compared to the corresponding period of the last year. An overall agri-food trade surplus accounting to 51 billion EUR, was recorded for the first nine months of the year, representing an increase of 17 percent, compared to the same period in 2020.

31. The common agricultural policy (CAP) of the EU is one of its oldest policies (1962). It aims at supporting farmers and market-oriented farming sector, improving agricultural productivity, guaranteeing the provision of safe, affordable, high-quality food, produced respecting strict standards (environmental, animal welfare, food safety, sustainability, etc.). The focus is also on maintaining rural areas and landscapes across the EU, supporting investment in the broader rural economy, helping tackle climate change and the sustainable management of natural resources, etc. The CAP is a common policy for all EU countries, being agreed, managed and funded at European level and implemented by national and local authorities. It is financed through two funds, the European agricultural guarantee Fund that provides direct support and funds market measures and the European agricultural Fund for rural development that finances rural development. The total allocation for the CAP amounts to 386.6 billion EUR within the EU's multiannual financial framework for 2021-27, adopted on 17 December 2020.

32. The new CAP was adopted on 2 December 2021 and is to be implemented from 1 January 2023. The policy is aligned with the European Green Deal – a wide-ranging strategy for environmental, economic and social sustainability in the EU. It is particularly harmonized with the Farm to Fork Strategy, which aims to accelerate transition to a sustainable food system. The new CAP is tasked to better address the specific needs of the farm sector and rural areas, regarding a fairer distribution of the income support, further stimulate innovation and modernization in agriculture and rural areas.

33. Following the outbreak of the Covid-19 pandemic, maintaining food security has been one of the EU's priorities. Although the agri-food sector has showed its resilience, farmers and producers were facing difficulties. Thus, the European Commission launched exceptional measures to support and stabilize agricultural markets. The actions were taken to maintain efficient food supply chains, by establishing green lanes at border crossings for all goods, including agri-food products, to keep single market functioning. Steps were introduced by qualifying seasonal workers as "critical workers", to secure food sector support. Exceptional market measures were launched, such as private storage aid, temporary derogation from EU competition rules and flexibility in the implementation of market support programmes.

34. The Contingency plan for ensuring food supply and food security in times of crisis, was published by the European Commission on 12 November 2021. Based on the lessons learned from the Covid-19 pandemic, the Plan was adopted with the objective to timely address any future crisis that might affect the food system and food security in the EU. It proposes the establishment of the European Food Security Crisis Preparedness and Response Mechanism, as well as a set of procedures to be followed in times of crisis.

#### ***Situation in the BSEC Member States***

35. The reforms in the field of agriculture carried out in *the Republic of Azerbaijan* in recent years are multifaceted and forward-looking. The overall support by the state to farmers has started to yield results. The production indicators in agriculture are growing steadily. This, in turn, creates preconditions for high domestic demand through local production, increasing the self-sufficiency rate and improving the income opportunities for farmers.

36. The state continues to support farmers in the purchase of agricultural equipment, breeding livestock, etc. In addition, the state covers 40 per cent of all entrepreneurs' expenditures for setting up irrigation systems. The introduction of amendments to the Tax Code contributed to the improvement of the business environment. Also, one of the important decisions is the VAT exemption starting from 1 January 2022 for the companies providing agricultural services.

37. On 18-20 May 2022 the Baku Expo Centre will host the 15<sup>th</sup> Anniversary Azerbaijan International Agricultural Exhibition Caspian Agro 2022. The innovations in various fields of agriculture will be part of the exhibition. This year there will be a special Smart Agro direction, which will include such sectors as: Smart Village, Internet of Things, Artificial Intelligence, Start-Ups, IT Services, Unmanned Aerial Vehicles (Drones) and Robotics Complexes.

38. In the context of the Covid-19 crisis, *the Republic of Bulgaria* has made efforts aimed at preserving the agricultural sector, limiting the farmers' losses and creating conditions for normal functioning of the chain of Bulgarian agricultural products and foods. One of the most serious challenges was the shortage of seasonal workers, especially in the active agricultural season, during the cultivation and harvesting period. Thus, upon the proposal of the Ministry of Agriculture, changes were made to the regulations, aimed at providing the agricultural labour from the category of persons who dropped out of the labour market, including those receiving unemployment benefit or social benefits, as well as part-time workers.

39. The business operators have ensured continuity of the production process and optimal working conditions in the emergency situation. Regulatory changes were made that obliged commercial sites representing store chains to offer Bulgarian products of regional producers on their sites, in order to support local producers and to preserve their livelihoods. Financial support was provided to the participants in the agri-food chain to stimulate the purchase of Bulgarian agricultural products through the application of minimum state aids.

40. Despite the growing challenges in recent years – acceleration of climate changes, price volatility on international markets, deterioration of the demographic structure of the population, etc., agriculture in the Republic of Bulgaria has been developing at a steady pace guaranteeing national food security. The consumption of the majority of the agricultural products is predominantly met by local production. The agriculture and the processing sector have significant potential for producing quality products with high added value that meet the diverse and growing demands of the European and global markets. Trade in agricultural goods forms a positive external trade balance. In recent years, it represents about 13-14 percent of the total goods traded by Bulgaria, about 16-17 percent of the total exports and about 10-11 percent of the total imports. Despite the Covid-19 pandemic, there has been an upward trend in agricultural trade in 2021, with the EU countries as a leading trading partner. Trade with the countries of the BSEC accounted for more than one third of Bulgaria's total agricultural trade of goods (37 percent in 2020).

41. In order to improve the liquidity of agricultural holdings, state aid schemes were implemented in accordance with the EU Temporary Framework on state aid measures to support the economy in the context of the Covid-19 outbreak. A special compensatory measure was introduced under the EU 2014-2020 Agriculture and Rural Development Programme - Measure 21 "Exceptional temporary relief to farmers and SMEs particularly affected by the Covid-19 crisis" aimed at providing financial assistance to farmers engaged in agricultural production and small and medium-sized enterprises processing agricultural products. Exceptional compensatory measures were also developed under the Maritime Affairs and Fisheries Programme 2014-2020. Moreover, two exceptional anti-crisis measures were implemented under the National Support Programme in the Wine Sector (2019-2023).

42. Over the last few years, the national investments in agriculture aimed at modernization of farms and achievement of food and feed safety standards, environmental protection, animal welfare, renovation of equipment and introduction of new technologies, modernization in the processing industry, etc.

43. **The Hellenic Republic** has successfully maintained the agricultural production process and the smooth operation of agri-food supply chain during the Covid-19 pandemic. Several measures were taken by the Government that ensured the health of farmers and their families, as well as economic viability and continuous operation of their businesses. Despite the pandemic, the exports of food, beverages and tobacco increased in 2020, mainly towards the EU and the United States. Moreover, the Ministry of Rural Development and Food and the Ministry of Finance issued several Joint Ministerial Decisions for the support of agricultural sector, according to the EU Temporary Framework of State aid measures regarding the granting of state aid in various sectors.

44. The General Secretariat for EU Resources and Infrastructure under the Ministry of Regional Development and Infrastructure came with operational planning to support the primary sector amidst the Covid-19 pandemic. This comprises resource utilization amounting to 2 billion EUR, directed to important reform actions with environmental and social implications and includes measures to strengthen entrepreneurship and competitiveness in the primary sector, protect the environment, mitigate climate change, boost agricultural income and the overall development of rural areas. The plan also functions as roadmap for the new EU CAP 2023-2027.

45. Resources allocated to the current Rural Development Program (RDP) 2014-2020, amounting to approximately 7 billion EUR, are currently being implemented, contributing to the national economy relaunch. For the RDP smooth implementation, a number of measures have been implemented for dealing with the effects of the Covid-19 pandemic in the agri-food sector. These measures include granting of direct aid and compensation, direct state aid, etc. Furthermore, in order to provide the financial support to producers and processing enterprises in farming and livestock sectors, the Rural Development Guarantee Fund has been activated through the European Investment Fund, which is expected to leverage resources amounting to 480 million EUR for the provision of loans on favorable terms by the banks. In addition, the possibility of obtaining a loan for investment purposes for the modernization of agricultural and livestock holdings, has been provided for. Moreover, several measures have been envisaged to facilitate RDP beneficiaries and simplify procedures and rules related to its implementation.

46. The agricultural sector of **the Republic of Moldova** represents an important pillar for the national economy, playing a vital role in ensuring food security, employment, especially in rural areas, and the general well-being of the population. Therefore, trade in agri-food products, especially exports, is becoming more important for the national economy. In the period 2010 - 2021, trade in agro-food products experienced a constant increase in commercial values, as the values of exported goods increased by about 2 times and the value of imports by about 86 percent.

47. The National Strategy for Agricultural and Rural Development 2023-2030 (NSARD 2030) of the Republic of Moldova is the third consecutive agricultural and food planning document and the second regarding the rural development. The NSARD 2030 corresponds to the provisions of the National Development Strategy *Moldova 2030* and the European Union CAP. The strategic aim of the document is a development of competitive agricultural and food sectors, focused on value chains with increased potential, environmentally friendly and climate change resilient, enhancement of food security and safety and providing welfare and better living conditions in rural areas.

48. In order to resolve the key issues in the agricultural and rural sectors for the period 2022-2030, the agricultural and rural development policy will focus on the following goals: strengthening the potential of the agricultural sector and promoting smart, sustainable and climate change resistant agricultural practices; developing the local market and increasing export potential; supporting sustainable rural socioeconomic development. Moreover, in the agri-food sector, following programs have currently been implemented: National Horticulture Development Program (2019 – 2023); the National Development Program of the Milk sector (2019-2025); National Beekeeping Development Program (2021-2025).

49. Agriculture is an important sector of the national economy in *the Republic of North Macedonia*. One of the priorities of the agrarian policy in the country is the development of the agricultural regions and the improvement of the infrastructure. Through subventions, financial support, free consulting and other support, the Government is aiming to increase the productivity in the agriculture and to broaden this industry, increasing the usage of modern technology and including young people in the sector.

50. Substantial progress was made by the adoption of the National Strategy for Agriculture and Rural Development for the period 2021-2027, as well as by aligning with the EU rules on common market organization. The “Law on Agriculture and Rural Development” is among the basic laws in the field. The country has a good level of preparation in the area of food safety and veterinary policy and progress was made in improving plant health control. Regarding the general food safety, the Food and Veterinary Agency developed a new Food Safety Strategy covering the period 2021-2025. As regards organic farming, the legislation, competent authority, control bodies, and the accreditation and certification system are established and operational. In the previous period, the improvement has also been achieved in the areas of placing of food, feed and animal by-products on the market, food safety rules, phytosanitary policy, etc.

51. The Government of the Republic of North Macedonia pays special attention and interest to agriculture as the activity that plays a key role in determining the state of rural economy. The commitment is reflected in various support programs. More than 7 billion denars (approximately 113.5 million EUR) are allocated through the Program for financial support in agriculture, 600 million denars (approximately 9, 7 million EUR) through the Program for financial support in rural development, as well as through the EU Instrument for pre-accession assistance for rural development (IPARD).

52. The Republic of North Macedonia has established the Agency for Financial Support of Agriculture and Rural Development and the Agency for Promotion of Agricultural Development. The Agency for Financial Support of Agriculture and Rural Development was established in 2007, with the aim to implement the measures under agricultural and rural development policies. The Agency for Promotion of Agricultural Development aims to enable the transfer of knowledge and information by providing advisory services to agricultural holdings in order to improve the quality and quantity of agricultural production, the sustainable development of agriculture in rural areas, as well to support the development and implementation of agrarian policy.

53. During the Covid-19 pandemic, the Government has implemented six sets of measures to support the economy, including the agriculture sector. These measures consist of financial support, credits with zero percent interests and customs reliefs.

54. Agriculture is a strategic sector in *Romania* and plays an important role due to the size of the rural population, agricultural employment rate, significant contribution to the GDP and the vast agricultural land. Positive features of the Romanian agricultural sector are: high level of access to and use of the EU funds; diversified agricultural production, both in the crop and

livestock sectors; high implementation of innovative technologies by the large commercial farms; sufficiency of raw agricultural products, cereals and sunflower in particular to cover the domestic demand; relatively large number of processed food products with significant added value; compliance with agri-environmental standards; low level of use of agri-chemical inputs, fertilizers and pesticides at national level.

55. Romania has a strong position in the EU single market for agri-food products. It ranks first for grain maize in terms of cultivated area and second in terms of production; first in sunflower both in terms of cultivated area and production; ranks fourth in wheat by cultivated area and sixth in production; fourth in potatoes by cultivated area and sixth in production.

56. The situation in Ukraine will affect the Romanian farmers in the medium and long term. Major vulnerabilities are felt in the cereals and oilseeds sectors, because of the proximity of the conflict zone, which will translate into a significant pressure on prices, and cause further increase of transport and insurance costs, the latter currently tripling from the pre-conflict period. All these developments are taking place against the background of the unprecedented rise in production costs- energy, fertilizers and feed, and the requirements for European operators to continue to invest in sustainability.

57. The Government of Romania launched the Program “Support for Romania”, a package of social and economic measures to help and protect the population and the companies hit by the rising prices and the conflict in Ukraine, including support measures for the agricultural sector - farmers, SMEs and the agri-food industry. Within that framework, 300 million EUR are available to Romanian farmers - grants for working capital and a minimum wage of 3,000 RON (500 EUR) for agricultural workers will be introduced. Also, the farmers will benefit from 200 million EUR for the processing of raw materials in Romania.

58. The Romanian farmers should focus on the following priorities: investments in storage capacities and seed selection; cultivation of protein crops (such as soybeans); association in cooperatives and initiating collaborations with public and civil entities engaged in economic diplomacy activities and facilitating business partnerships.

59. The agriculture sector in Romania needs to strengthen its performance and become long-term competitive, without dependencies or vulnerabilities due to access to finance, land fragmentation, labour shortages or adverse climatic events. Romania has the potential to have a technologized, professionalized and sustainable agricultural economy. To that end, the projects that are being implemented aim at a better mobilization of local resources and an efficient strategy for the development of infrastructure, services and rural heritage. In line with the EU CAP, the objective is to foster a smart, resilient and diversified agricultural sector that ensures food security, increased environmental protection and climate change mitigation actions, as well as to strengthen socio-economic relations and services in rural areas.

60. The Strategic framework for agricultural and rural development in *the Republic of Serbia* is defined by the Strategy for Agriculture and Rural Development of the Republic of Serbia for the 2014-2024 period. This document makes a basis for passing short-term development documents in the field of agriculture, including the National Agriculture Programme and the National Rural Development Programme. The Programmes include detailed three-year plans and the measures’ implementation dynamics, as well as the basic activities of adjustment of the national agricultural policy to the CAP schemes in the pre-accession period. Currently, the new National Agriculture Programme and the National Rural Development Programme are being developed for the 2022-2024 period.

61. In 2020, there was a 2.9 percent increase in the agricultural production. However, the agricultural sector recorded an increase in prices by 4.8 percent as compared to the previous year, reflecting the trend of an increase in the food prices at the global level. According to the

price structure, the increase in the prices of agricultural and food products was mostly affected by an increase in the prices of cereals, fodder and fuel at the global level.

62. Agriculture has shown the highest level of resistance during the Covid-19 crisis, given the fact that the GVA in the agricultural sector was increased in 2020, while employment in the food industry sector increased, despite the pandemic. Furthermore, an absolute value of import and export of food products increased in 2020, as well as their relative share in the total import and export. Foreign trade in agricultural and food products has a significant share in the overall foreign trade of the Republic of Serbia, keeping the status of the only sector in the Serbian economy that has been making a positive foreign trade balance over the past sixteen years. In 2020, the share of agricultural and food products, in the total export of the Republic of Serbia, amounted to 21.3 percent, while the share of this sector in the total imports, was 8.8 percent. In the same year, a total trade in agricultural and food products amounted to nearly 5.7 billion EUR, which is as much as 10.8 percent more than the trade in 2019. The value of export of agricultural and food products in 2020 was nearly EUR 3.7 billion, while the value of import of agricultural and food products was about EUR 2 billion EUR. In 2020, the trend of surplus increase in the trade in agricultural and food products continued, in the value of about 1.6 billion EUR, which is so far, the highest surplus achieved in the trade in agricultural and food products.

63. In 2020, two measures were adopted through the Economic Support Measures Programme, aimed at mitigating the Covid-19 pandemic consequences in agriculture. The Decree on Financial Support to Agricultural Holdings Aimed at Mitigating the Consequences of the Covid-19 Disease Caused by SARS-CoV-2 Virus, envisages a state aid provided in the form of a one-off payment. The Decree on financial support to agricultural holdings through a facilitated access to loans in aggravated economic conditions due to the Covid-19 pandemic provides for the financial support, enabling a facilitated access to loans for the following: (1) development of livestock farming that includes purchase of animals and animal insurance premium; (2) development of crop growing, fruit growing, wine growing, vegetable growing and flower-growing; (3) investments in agricultural machinery and equipment; (4) purchase of fodder; (5) investments in specific types of machinery and equipment used in crop agricultural production; (6) liquidity.

64. *The Republic of Türkiye* has a vast land and water resources and unique agro-ecological conditions. Agriculture significantly contributes to the GDP and the overall employment in the country. Within the scope of the accession negotiations with the European Union, the Turkish agricultural policies have gradually started to converge with the EU policies. “The Decree-Law on the Organization and Duties of the Ministry of Food, Agriculture and Livestock” from 3 June 2011 and “The Decree-Law on the Organization and Duties of the Ministry of Forestry and Water Affairs” from 29 June 2011, were repealed with the Presidential Decree No. 1 published in the Official Gazette No. 30474 on 10 July 2018 and the Decree Law No.703 published in the Official Gazette, on 9 July 2018. These changes led to the establishment of the Ministry of Agriculture and Forestry. Other important legislation in the field of agriculture comprises, inter alia, “the Agricultural Law” No.5488 of 18 April 2006, “the Law on Veterinary Services, Plant Health, Food and Feed” No. 5996 of 11 June 2010, as well as the strategic plans of the Ministry of Agriculture and Forestry.

65. During the Covid-19 pandemic, Türkiye has taken the necessary measures at every stage to ensure that the agriculture production and value chains remain alive and to keep the entire system, from supply to logistics working. In this process, product stocks were constantly checked by relevant organizations, hygiene inspections were tightened, and measures were taken to prevent price increases. Citizens engaged in agriculture and livestock farming were exempt from the lockdown. In order to avoid challenges regarding the sustainability of

production and food supply, the Scientific Board in the field of Agriculture and Food was established. The Digital Agricultural Market has been implemented and the e-farmer portal was launched.

66. The amount of agricultural support was increased by 37 percent, compared to the previous year and reached 22 billion TL (approximately 1.46 billion EUR) in 2020. The fertilizer support was increased by 100 percent to ensure uninterrupted agricultural production. Livestock farming support reached 6.6 billion TL (approximately 440 million EUR) in 2020, which is an increase of 32 percent compared to the previous year. Low-interest loans have been provided to meet the financing needs of the farmers. Loans from Ziraat Bank and Agricultural Credits Cooperatives are subsidized at the rates from 25 to 100 percent. In line with the Presidential Decision No.3489 of 3 February 2021, the loan installments of approximately 161 000 agricultural producers reaching 6 billion TL (approximately 400 million EUR) were postponed, and as a result of the applications, 97 000 agricultural producers preferred to postpone the instalment amounted to 4.5 billion TL (approximately 300 million EUR) for six months, without interest. Within the context of the aforementioned postponement, approximately 270 million TL (approximately 18 million EUR) of resources were transferred from the budget.

67. Sustainability of food systems has become one of the key areas of intervention for Türkiye, featuring the increased political and institutional commitment. The principles discussed at the United Nations Food Systems Summit held in 2021, i.e., access to safe and nutritious food, increasing sustainable consumption and production, and building resilience to food security vulnerabilities are taken into account by Türkiye.

68. The high competitiveness of domestic agricultural and food products in *Ukraine* enables increase in export. If in the mid-90s of the last century, when Ukraine just entered foreign markets, the export of agricultural products was slightly over 3 billion USD, in 2020 it went up to almost 22.2 billion USD. In recent years, Ukraine's role as a global food supplier has grown significantly - 45 percent of the country's total exports are agricultural products.

69. Until 24 February 2022 Ukraine was the guarantor of food security for many countries in the world due to its traditionally robust agricultural export. Ukraine has been exporting agricultural products to more than 180 countries and its contribution to the global food market in 2021 was equivalent to food supplies for approx. 400 million people. The temporary “loss” of Ukraine during the current season equals to the loss of about 4% of world wheat exports, 9% of world corn exports and almost 30% of world oil exports.

70. The Russian military aggression against Ukraine disrupted the functioning of food systems and changed the main tasks that aim at ensuring food security in Ukraine. Forecasted threats to functioning of food systems because of the conflict are as follows: breaking of the agricultural and food supply chains, from field to fork, as well as the added value agro-industrial activities including production, processing, distribution, consumption; complicated sowing campaign along the high global prices on gas and, fertilizers, fuel shortages and active hostilities in the territories where most of wheat crops are grown; complex export of Ukrainian products to foreign markets; changes in domestic demand in the region and respectively consumption; availability of agricultural labour force caused by population displacement; crops damage due to hostilities; damaged railway infrastructure, etc.

71. Ukraine does its best to restore or rearrange the supply and export chains for the main Ukrainian production. The industry and agricultural sector are resuming capacities where it is possible. Ukraine notes the utmost importance of ensuring safety of international maritime transport in the Black Sea region, which serves as a supply chain for food products for other countries.

72. With the aim to quickly involve agricultural land plots in agricultural production during the military hostilities, the Verkhovna Rada of Ukraine adopted on 24 March 2022 the Law of Ukraine No. 2145-IX "On Amendments to Certain Legislative Acts of Ukraine Regarding Creation of Conditions to Ensure Food Security Under Martial Law". In addition, the Verkhovna Rada is considering the draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on the Uninterrupted Production and Supply of Agricultural Products during Martial Law" (No.7264 of 8 April 2022}, aimed at maintaining the uninterrupted production and supply of agricultural products during martial law. The Draft law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Concerning the Special Features of Regulation of Land Relations under Martial Law" (No. 7289 of 15 April 2022) envisages solution of urgent needs of national economy in wartime.

#### **IV CONCLUDING REMARKS**

73. Agricultural development is essential to achieving many of the Sustainable Development Goals. Therefore, agricultural issues are central to the 2030 Agenda, for all states, including the countries of the Wider Black Sea region. It is necessary to strengthen the participation of this sector in the national development strategies and to ensure the synergies between sectors and the components of sustainability.

74. The uncertainty surrounding the Russian military aggression against Ukraine and its serious consequences significantly affect the development of agricultural industry and trade. It triggered a considerable price increase in global food markets that have exceeded the already high post-pandemic prices. To mitigate the negative impact of the conflict on the food and agricultural sectors, concerted efforts should be made to support international trade in food and fertilizers. It is very important to find ways to solve the urgent issues of maintaining the smooth operation of the agricultural sector and ensuring its long-term sustainability at the national, regional and international levels.

75. Global challenges, such as supplying a growing world population with food, fighting poverty and avoiding negative impacts on the climate, can only be solved if sustainable rural development can be achieved. Food security is one of the main areas for ensuring the national security of the Member States, a necessary condition for the implementation of the national priority, which provides for improving the quality of life of the population. Optimizing the role of agriculture in ensuring food security requires an integrated approach and multi functionality. It is also necessary to pay due attention to improving the quality of land and soil resources, protect ecosystems and genetic diversity, and increase resilience to climate change.

76. The agricultural sector demonstrated a high resilience against the global pandemic, compared to other sectors of the economy. The global Covid-19 crisis demonstrated how crucial agriculture and food sectors are for the countries. Regardless of the pandemic fight, the BSEC Member States deployed capacities to increase competitiveness of the agricultural sector and maintain food safety. They implement coherent agro-industrial policies aimed at the efficient use of their resource potential to optimize the volume of production of competitive agricultural products, meet the needs of the general agricultural market and increase exports.

77. Considering the sound ground of agricultural traditions and favourable nature conditions in the region, maintaining and developing competitive agricultural sector is a long-term policy goal for every BSEC Member State. A competitive agro-industry can serve as a platform for inclusive and sustainable development. The highly developed agricultural sector of the BSEC Member States integrated in the global markets, can significantly contribute to both regional and global food security. The development of competitive, knowledge-intensive, differentiated and sustainable agricultural production is of a paramount importance.



78. Restructuring and modernization of the agricultural facilities, the enhancement of agricultural trade, the development of the scientific research and innovation, the sustainable management of natural resources, the fight against climate change are important to keep the agricultural sector. The Member States take measures to provide rural areas with necessary infrastructure facilities like communications, transport and energy. Efforts in strengthening rural infrastructure lead to improvement of the overall social and entrepreneurial environment in rural areas which directly impacts the sustainability of agricultural sector. Investments in agricultural programmes contribute to the diversification of the rural economy, ensure more sustainable food systems and food security, etc. Enhancement of digitalization in production, processing, distribution and trade, as well as use of new and innovative technologies serve as successful respond to future challenges. For these purposes, financial means from regional financial institutions, such as the Black Sea Trade and Development Bank could be used.

79. Solid regional agricultural policy coordination and cooperation are necessary. The regional cooperation through joint regional programs contributes to developing sustainable agriculture. Final results of the agriculture sector depend not only on the level of development of agriculture itself, they are also determined by the progress of the industries serving it. With the growth in agricultural production, also increases the need for enhanced coordination of actions to improve logistics. The regional agricultural cooperation is to be stimulated at all levels. It is to include the parliaments by the exchanging legislative experience and knowledge of the respective committees for agriculture, the governments and the relevant ministries, the competent institutions, agricultural stakeholders and associations, etc. In accordance with the regulatory legal acts of the Member States, priority areas and mechanisms for agricultural production and ensuring food security are determined.

80. Even though the leading role for strengthening agriculture undoubtedly lies within governments and parliaments of the BSEC Member States, the cooperation with the FAO, WFP, IFAD and other specialized organizations is necessary for an effective resolution of global agriculture and food related challenges. Since all the BSEC member states are the FAO members, intensive international cooperation and concerted actions are needed.

81. Cooperation in the field of agriculture and food security, due to its complex nature, must be considered not only at the level of Member States, but also within the framework of wider regional and international cooperation. It is expedient to define a systematic approach in this area, which will allow Member States to timely identify and prevent threats to national food security, on a collective basis. The BSEC Member States are to encourage and support the agricultural producers in order to make the agricultural sector attractive for the future generations. To this end, the agricultural policy in the region should be implemented in line with broader social and public objectives.