



The EBRD Trade Facilitation Programme (TFP) plays an important role in food security in the economies where the EBRD invests. However, the war on Ukraine has put international food security at risk.

Ukraine and Russia are both major exporters of common grains such as wheat, barley, sunflower and maize. Unfortunately, exports of harvested crops have come to a standstill because of disruption to the trade corridors through the Black Sea ports, and many farmers have been unable to plant new crops for the spring. The war has pushed food prices up dramatically, which is severely affecting countries that rely on food imports.

Food security in the EBRD regions can be achieved only when trade and related finance is available, and demand for TFP support is greater than ever. The TFP continues to offer swift support for its partner banks in the EBRD regions, just as it did when responding to the Covid-19 pandemic.

- Some countries, particularly those in the southern and eastern Mediterranean, have been relying on food imports and food commodities from Ukraine and Russia; the populations of these countries are expected to grow, and food demand will continue to rise. These countries are low-income where basic food imports are vital.
- Some of the economies in which the EBRD invests, particularly Kazakhstan, Romania and Ukraine, are major exporters of foods and food commodities into the EBRD regions but they need to import seeds, fertilizers and agricultural machinery to plant and harvest their crops. The food and agricultural industries are important sources of income for these countries.
- Concerns over food security will result in further disruption to food supply chains and higher export quotas, which will accelerate the increase in food prices and poverty in those countries relying on food imports. Higher food prices will mean more demand for trade finance, which will exceed the risk-taking capacity of foreign commercial banks, insurance underwriters and export credit agencies.
- At the same time, global commercial banks are reducing their trade finance credit limits for banks in the EBRD regions due to increasing instability of the economies there. Demand for TFP guarantees from partner banks to cover the higher cost of food and food commodities is rising sharply. In April 2022 the TFP supported transactions for foods and food commodities for a total of €32 million – one-and-a-half times more than the month before.
- Large partner banks and state-owned banks (SOBs) play a systemic role in supporting imports and exports of economically vital goods, services and equipment and therefore support to SOBs in the EBRD regions is crucial.

In numbers

as of December 2021

Food and food commodities

Number of
transactions
3,963

Total volume
**€4.6
billion**

Agribusiness and non-food commodities

Number of
transactions
949

Total volume
**€880
million**

Contact

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How the TFP supports food security

In 2021 the TFP supported 302 foreign trade transactions for foods and food commodities for a total of €831 million, representing 26 per cent of the TFP's turnover for that year. This brings the total number of such transactions since 1999 to 3,963 for a total of €4.6 billion (as of the end of 2021). Examples of transactions financed include the import of grain, oil seeds and vegetable oils into Egypt, Jordan, Morocco, Serbia, Tajikistan, Turkey and Uzbekistan. A significant part of these transactions supported intra-regional trade, including imports from Kazakhstan, Moldova, Romania and Ukraine.

Chart 1a: TFP support for foods and food commodities

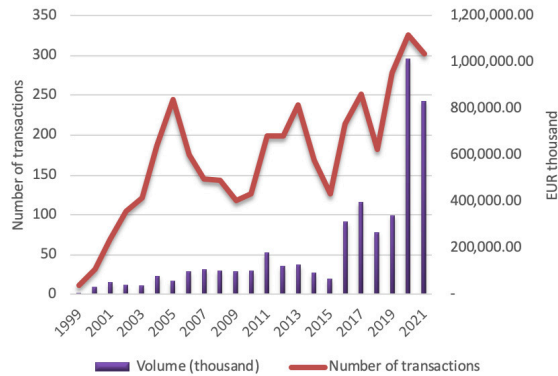
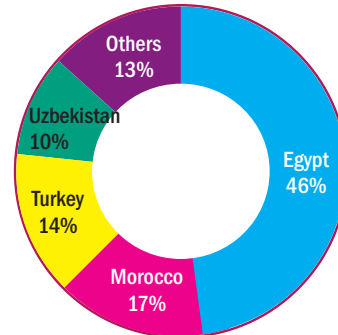


Chart 1b: Volume of transactions by country, 2021



Financing the whole supply chain

The TFP facilitates imports of not only food and food commodities, but also raw materials, feed, fertilizers, and agricultural machinery and equipment for the production of food commodities. Since 1999 the TFP has supported 949 foreign trade transactions for these agri-related products for a total of €880 million (as of the end of 2021). Examples include the import of seeds, fertilizers, fuel, tractors and harvesters into Serbia, Turkey, Ukraine and Uzbekistan.

Chart 2a: TFP support for agribusiness and non-food commodities

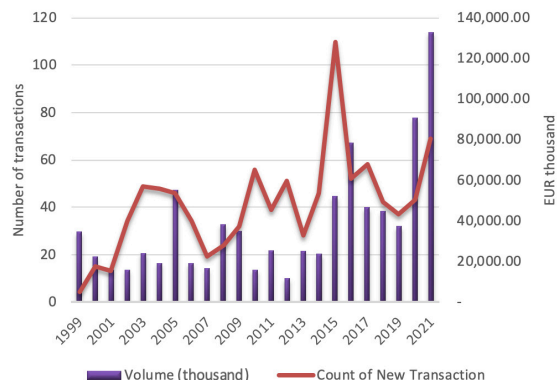
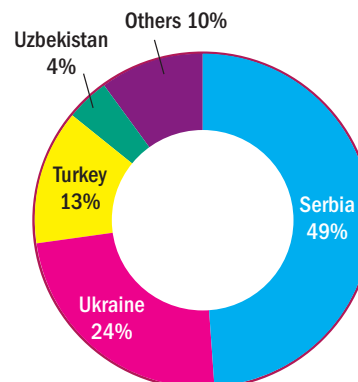


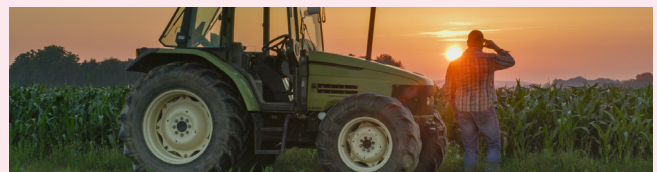
Chart 2b: Volume of transactions by country, 2021



Case study: Importing Ukrainian wheat into Egypt

Egypt is the world's largest wheat importer, with more than 80 per cent of what it buys on the international markets coming from Russia and Ukraine.

The General Authority for Supply Commodities, a government entity responsible for securing food imports to Egypt, requested post-import financing in US dollars to pay for wheat imported from Ukraine. An Egyptian bank received US\$ 18.3 million from the EBRD, which it then lent to the General Authority.



Case study: Helping Ukraine to import agricultural machinery from France

With the war on Ukraine, many farmers in the country have struggled to plant new crops to harvest in autumn 2022. However, there are some in southern and central parts of the country who have been able to keep operations running. But they need machinery such as tractors and sprayers.

To help, a Ukrainian agricultural machinery distributor wanted to import machinery and spare parts from a French company. A Ukrainian bank issued a standby letter of credit for €345,000, an Austrian bank confirmed the standby letter of credit and the EBRD covered 100 per cent of the political and commercial payment risk.