



The EBRD Trade Facilitation Programme (TFP) plays an important role in food and agriculture 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 the TFP's services 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 commodities and fertilizers rose 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 2022

Food and food commodities

Number of transactions
4,271

Total volume
€5.4 billion

Agribusiness

Number of transactions
1,046

Total volume
€1.1 billion

Contact

European Bank for Reconstruction and Development
Five Bank Street
London E14 4BG
United Kingdom
www.ebrd.com/TFP

Group-TFPOps@ebrd.com

Nana Khurodze
Email: khurodzn@ebrd.com

Yuka Masumizu
Email: masumizy@ebrd.com

How the TFP supports the food industry

In 2022 the TFP supported 308 foreign trade transactions for foods and food commodities for a total of €829 million, representing 23 per cent of the TFP's turnover for that year. This brings the total number of such transactions since 1999 to 4,271 for a total of €5.4 billion as of the end of 2022. 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, Lithuania, Romania and Ukraine.

Chart 1a: TFP support for foods and food commodities

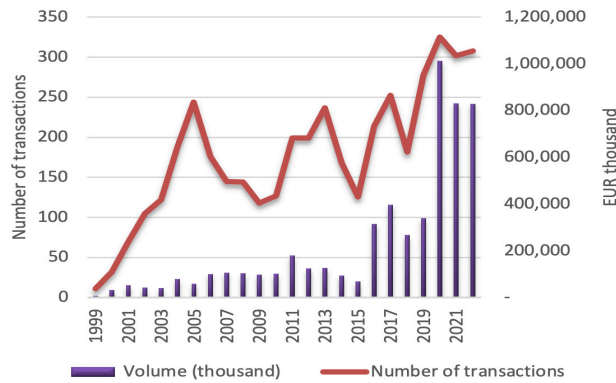
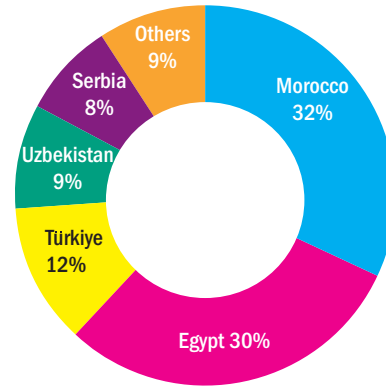


Chart 1b: Volume of transactions by country, 2022



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 more than 1,046 foreign trade transactions for these agri-related products for more than €1.1 billion (as of the end of 2022). Examples include the import of seeds, fertilizers, fuel, tractors and harvesters into Armenia, Moldova, Morocco, Serbia, Turkey, Ukraine and Uzbekistan.

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 struggled to plant new crops to harvest in autumn 2022. However, there were some in southern and central parts of the country who were able to keep operations running. But they needed 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.

Sustainability in food and agriculture

To secure and promote sustainable food systems worldwide, the TFP facilitates imports and exports of sustainably sourced food and agricultural commodities in the EBRD regions. Food and agricultural commodities with the following internationally recognised certifications meet the EBRD's Green Economy Transition (GET) approach: [Rainforest Alliance](#), [Fairtrade International Climate Standard](#) and [LEAF Marque Standard](#).

