

**COA 104 Statement 27-28 march 2023**  
**politics, food security, Russia`s concerns**

We urge all members to refrain from politicization and disrupting the WTO work. The WTO had proved to be an organization that was guided by economic considerations and solid legal standards. Regrettably, an ever-increasing pressure for its politicization had already brought numerous inefficiencies and threatened the existence of the Organization as a whole.

Certain delegations continue their attempts to politicize the work of the Committee. Statements delivered today serve just as an instrument to promote certain political agenda, which is not shared by all WTO Members.

The situation in Ukraine should be discussed in other appropriate international organizations and diplomatic agencies such as UN Security Council.

We have witnessed a number of attempts to accuse Russia of triggering the global food crisis, which are not based on objective assessment of the background data. Once again, we refer to the figures presented by FAO in the recent Food price Index release. After experiencing sharp increases in the early months of the last year grain and soybean prices have returned to its levels by the end of 2022. However, AMIS report points out that prices remain elevated and within the upper range of historical levels. That makes clear that first of all price movements are independent of current situation in Ukraine and second that they are driven by other systemic factors that need to be addressed.

We call on to focus on the fundamental causes of the unfolding crisis recognized by specialized international organizations and think tanks.

Longstanding difficulties in ensuring food security has evolved over the years. A range of factors have contributed to the process: post-pandemic macroeconomic policies leading to soaring inflation, booming commodity prices and rising interest rates along with devaluation of national currencies, fertilizer shortages, weather

conditions, forced adoption of biofuel technologies and green farming practices which increased the costs and reduced productivity and last but not the least regulatory distortions and unilateral restrictive measures in the agricultural market. We draw the attention of the members to these facts not only for the sake of challenging the one sided picture of the current market developments but to call to make an objective assessment of the fundamental drivers of the unfolding crisis so that members are able to take appropriate trade policy decisions to deal with the origins of food and fertilizer global insecurity.

The refereed growth in prices for inputs (fertilizers and energy resources) is fully attributed to **some countries' decision to reject Russian hydrocarbons** that resulted in an increase in prices for fertilizers and agricultural products. Gas and electricity prices reached record levels in 2022 and hit all-time highs. High input costs, supply disruptions, and trade restrictions are driving the recent spike.

All the attempts to shift the blame for all of the abovementioned problems on Russia look ridiculous in the light of the efforts taken by Russia to ensure the global food security and supply of food worldwide.

Also, Russia contributed to global food security providing humanitarian assistance to vulnerable economies. In 2022 UN World Food Program delivered Russian food products to countries in need that was accompanied by emergency humanitarian supplies. In total these deliveries addressed the food needs of almost 20 countries. Russia also granted 260 thousand tons of fertilizers blocked in European ports for the needs of least developed countries.

As a response to global shortage of foodstuff, Russia implements its part of the Black Sea Grain Deal and supported the extension for the next 60 days. However, does the grain deal benefit poor countries as stated by other delegations? So far, the main destination of the Ukrainian food shipments is not low-income but high-income countries. The precise data is published at the UN Black Sea Grain Initiative Joint Coordination Centre website. It shows that the cargo mainly goes to Spain, Italy and

the Netherlands. These countries are in the list of top 5 destination states. The combined volume of shipments to high-income countries constitutes 46%. Those countries can not be considered as starving. It seems that grain supplies to European countries do not address the global food crisis. At the same time, for instance, Djibouti, Sudan and Somalia received only 125 thousand tons of grain as long as all low-income countries in total have received less than 3%.

The «Black Sea Initiative» on the export of Ukrainian food was prolonged for the next 60 days under the condition of achieving the tangible progress in accordance with the Russia-UN Memorandum on the normalization of Russian agricultural exports. At the moment those members who urged to assist vulnerable economies have not achieved any tangible results in providing free access for Russian grain and fertilizers to the world markets.

As was reasonably mentioned by panelist during the trade finance workshop for the working program on food security, vague and discretionary sanctions regulations remain among obstacle for trade finance activity of agobanks. We have heard repeated statements concerning the exemption of supplies of Russian fertilizers and agricultural products from any restrictions. However, in practice exporters are facing numerous restrictions, including:

- blocking of the banking accounts and payments,
- limited access to port infrastructure,
- restrictions for freight and road transport as well as insurance and legal services,
- failure buying spare parts for agricultural equipment due to the ban,
- difficulties in making export sales of grain resulting from inability to use the arbitration clause to GAFTA in contracts and the consequent.

Some of the cases are questioned and described in more details under the review procedures of the current Committee and are based on factual data and legal acts

unlike the politically biased accusations of Russia coming from certain WTO members.

Just one recent examples which relates to the major European container carrier which is facing vague and unpredictable EU sanction regulations and as a result requires importers of Russian goods from Brazil, Israel, US to take additional commitments and cover all the risks of non-compliance with sanctions regulations. That is unacceptable for most of the customers and leads to the failure to purchase the needed products. Such actions result in increased costs and *de facto* quantitative restrictions for Russian supplies of food and fertilizers contributing to global food shortages and price volatility.

The total number of unilateral economic restrictive measures imposed against Russia is approaching 3000 and continues to grow. By applying various bans and restrictions, the authors of the sanctions affect not only Russia. They have adversely affected those who want to continue trading with Russia under rules. They have added problems to many other economies around the world due to the spillover effects. As a result, the developing and least developed countries have to pay much higher price for the products they need. As an example, Russian fertilizers ensure the production of 117 million tons of wheat, or 440 million tons of corn worldwide, which is enough to feed about 500 million people. The unilateral economic measures against Russia lead to increase in transaction costs and as a result we see growing costs for farmers and reduction in the availability of such goods for those in need.

We are witnessing two-facing policy of some WTO members. Announcing commitment to ensure accessibility of food products and avoid any unjustified trade restrictive measures that lead to food and fertilizer price volatility at recent **g20 and global forum for food and agriculture** ministerial meetings they are in fact implementing variety of restrictions which contribute to global food insecurity.

Unfortunately, the sponsors of the sanctions do not provide neither any response to the questions raised nor WTO consistent justification for illegal actions and in return we hear only political slogans. As we understand they simply cannot present any meaningful arguments in defense of their trade policies. As a result of their actions, the developing and least developed countries have to pay much higher price for the required products while the originator members make excuse by reference to national security interests.

We need to caution that unilateral imposition of politically biased trading measures clearly states the new norm that no Member is safe from same unlawful treatment. The Russian Federation believes that addressing unilateral coercive measures and elimination of discriminatory obstacles to trade will positively impact international markets and prices and provide the opportunities to face current economic and food crisis.

Thank you Chair!