

A Study of the Implications of the Customs Union on Food Security in Kyrgyzstan

Goals and Objectives

The aim of our research is to investigate and understand the impact that Kyrgyzstan's accession to the Customs Union will have on food security in Kyrgyzstan. We believe the current situation offers a unique opportunity to measure and evaluate where things are at and what people working in the food industry are anticipating on the eve of accession, and to compare those findings with how things actually turn out in the months following accession. Such data will be useful for identifying, not in the abstract, but with actual cases, the early warning signs of potential problems in the short term, but also the markers for success where restructuring of the food industry is concerned.

To date Kyrgyzstan's transition to a market economy has been challenging for a number of reasons: limited access to economic resources and information; a deficiency in economic knowledge and practical business skills; administrative barriers at various levels; inadequate training of local authorities; immaturity of Civil Society Organizations; and ineffective coordination of relationships among key players. With regards to accession to the Customs Union, a study conducted by the Tian Shan Policy Center (2014) posits additional challenges: low capacity of governance institutions and high corruption; poor use of the export capacity; continued focus on support of re-exports; issues with investment climate and business support; high levels of shadow economy; delayed progress in reforming systems of technical regulation; and inadequate financial support for businesses. Although Kyrgyzstan's accession to the Customs Union is touted as a strategy to ensure sustainable economic growth, to pursue modernization of the economy, and to reduce (or at least halt) development gaps with other CU countries, the challenges it already faces will continue to complicate the economic reforms and integration processes associated with accession. All of these have important implications for food security in Kyrgyzstan.

According to the *Food and Agriculture Organization (FAO)*, food security "exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life." Among the measures that need to be adopted in preparation for Kyrgyzstan's accession to the CU is reorganization of the agricultural and agro-processing sector. Reorganization means major reforms to ensure compliance with requirements laid out in the framework of CU agreements, and to enhance competitiveness of food products in CU markets. These two factors, whether considered separately or in tandem, will have an effect on both the availability of and access to food in a variety of local contexts. Our concern is that changes to the structure of agricultural production and food distribution will impact unevenly upon not only employment and incomes, but also on food security itself.

With this in mind, our research objectives are threefold:

1. To examine what local distributors anticipate the effects of the CU will be on the food market and their business or business operations; i.e., how the coming changes will affect customers' access to food, affordability of food, and quality of food. To what degree

industry players are satisfied with how the food market currently operates and what they anticipate will change after entry into the CU.

2. To determine how the CU will affect already existing networks in the food market and what challenges exist for building new networks (where necessary). Since the CU implies changes in trade relations and reorganization of the market, the effects of the CU on food production, distribution, and consumption networks present a particularly interesting focus for studying implications of the CU.
3. To determine what changes food industry players anticipate with regards to new forms of certification required by CU agreements, and what impact these have on profits, sourcing, etc.
4. To publish our finding as an article in an academic journal. We anticipate that this will be the first publication on this topic.

We propose to conduct this research in two phases. The first phase will consider the above factors just prior to accession. Phase One will lay the foundation for making comparisons in September using interviews with the same respondents for Phase Two. Findings from Phase One and Two will serve as invaluable starting points for making longer term comparisons in the future. This project promises to significantly increase understanding of how various dimensions of the food production and distribution chain are actually prepared (or preparing) to deal with the coming changes, and how effective their preparation will actually have been several months (or years) after accession. Findings can be used to inform, develop, and evaluate policy and programs aimed at assisting food industry networks in their adjustment to the requirements of CU membership.