

crisis. These agencies typically provide financial support through loans, grants, and other financing instruments. Examples of such multilateral ECAs include the International Monetary Fund (IMF), the World Bank, the European Bank for Reconstruction and Development (EBRD), and others.

In countries where ECAs are active, they are often an integral part of the national economy and play an important role in ensuring stable exports and the development of the country's economy as a whole. In addition, ECAs are an important tool for foreign policy and diplomacy, as they can help strengthen economic relations between countries and develop international trade.

Overall, ECAs are important tools for supporting exports and strengthening a country's economic potential. They can help provide exporting companies with the necessary resources and protection against financial risks, as well as strengthen international cooperation and trade development between countries. In a world where international trade is becoming increasingly important, ECAs can be a key tool to support exports and economic development in general.

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### **CURRENT SITUATION ON THE GLOBAL AGRICULTURAL MARKET**

The global agricultural market has shown consistent growth over the past decades. The global agricultural market grew from \$11.1 trillion in 2021 to \$12.2 trillion in 2022 at a compound annual growth rate (CAGR) of 9.4%.

The coronavirus disease (COVID-19) outbreak has become a massive deterrent to the agricultural market in 2020 as supply chains have been disrupted by trade restrictions and consumption has declined due to lockdowns imposed

by governments around the world. Since governments have imposed quarantine measures, farmers have found it difficult to harvest and sell their products. In addition, agricultural exports have fallen significantly as countries have imposed restrictions on cross-border trade. The Russo-Ukrainian war has undermined the chances of the global economy recovering from the COVID-19 pandemic, at least in the short term. The war has led to economic sanctions, a surge in commodity prices and supply chain disruptions that have affected many markets around the world. Overall, the agricultural market is expected to grow to \$16.7 trillion in 2026 at a CAGR of 8.2% [1].

In the 2000s, about 40% of the population was employed in the agricultural sector, and 20 years later, in 2020, only 27% (874 million people) of the global labor force worked in agriculture. The share of agriculture in global GDP has been stable at around 4% since 2000. Global value added generated by agriculture, forestry and fisheries grew by 73% in real terms between 2000 and 2019, reaching \$ 3.5 trillion in 2018, equivalent to an increase of \$ 1.5 trillion since 2000. In Africa, value added more than doubled during this period, rising from \$ 170 billion to \$ 404 billion. Given its size, Asia accounted for the largest share of global value added, namely 64% of the global total in 2019: the continent showed an increase of 84% over the period. At the same time, the Americas and Europe showed an increase of 52% and 19% respectively between 2000 and 2019, while Oceania increased its agricultural value added by only 9 percent, seeing a decline since 2016. The Americas and Europe have declined since 2000, while Africa's acreage has increased and Asia's has remained flat.

Future food demand is directly related to population and demographic changes, income growth and distribution, and food prices. Demand for food will also be shaped by socio-cultural and lifestyle changes, including urbanization and the increasing participation of women in the labor force, as well as by growing consumer awareness of health and sustainability issues. Demand for non-food agricultural products is also shaped by a number of specific factors. The demand for feed has two main drivers: the overall demand for livestock products, which determines the level of production in the livestock and aquaculture sectors, and the structure and efficiency of production systems, which determine the amount of feed required for livestock and aquaculture production. The industrial use of agricultural products – mainly for biofuels and as feedstocks for the chemical industry – is largely dependent on overall economic conditions, regulatory policies, and technological change. In the case of biofuels, consumption is highly sensitive to policy changes, as well as overall demand for transportation fuels, which in turn depends on the price of crude oil.

Global demand for food is projected to grow by 1.4% per year over the next decade, driven by population and per capita income growth. Most of

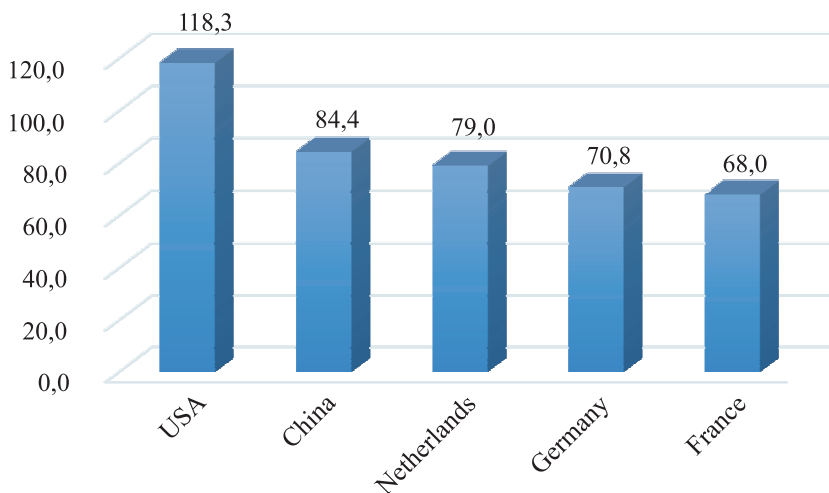
the additional demand for food will continue to come from low- and middle-income countries, while in high-income countries it will be constrained by slow population growth and saturation of per capita consumption of several commodities [2].

The evolution of global consumption patterns towards more animal products requires the cultivation of crops and other agricultural products as feed. In 2019-2021, about 1.7 billion tons of cereals, protein meal and processed products (e.g., cereal bran) were used as animal feed. Global feed use is projected to grow by 1% per year over the next decade, reaching 2 billion tons in 2031. In lower-middle-income and low-income countries, feed use is projected to grow faster, by about 2% per year over the next ten years, reflecting the rapid expansion of ruminant and aquaculture production, as well as intensified feed use due to the shift to more commercial production systems. In upper-middle-income countries, feed consumption is projected to grow by 1.1% per year over the next decade, in line with the growth in livestock and aquaculture production.

Livestock production in low-income countries is heavily dependent on small-scale, locally produced feed systems. Commercial feed utilization is low and dominated by low-protein feeds (i.e., cereals, roots and tubers). Upper-middle-income countries have the highest consumption and share of high-protein feeds, which has increased over the past decade (from 22% to over 24%) due to the shift to compound feed production systems, but is expected to remain stable over the next decade. The share of high-protein feed consumption in China is already high, exceeding that of the European Union and the United States. In addition, the liberalization of the grain market in China since 2016 has led to a drop in feed grain prices, which favors the use of corn (compared to protein meal) in feed mixtures.

Since the early 2000s, the demand for biofuels (ethanol and biodiesel) has increased significantly following the introduction of policies to support national commitments to reduce carbon dioxide emissions, reduce dependence on fossil fuel imports, and create additional demand for commodity crops to support domestic producers. Biofuel demand is projected to grow by 0.6% per year over the next decade, significantly lower than in the last decade (4% per year), mainly due to reduced fuel use and weaker policy incentives in high-income countries. Most of the additional demand will come from middle-income countries, mainly driven by subsidies to support domestic production. Ethanol consumption is projected to grow by 12% between 2019 and 2031, with India accounting for half of the additional consumption. Biodiesel consumption is also projected to grow by 7% between 2019 and 2031, with Indonesia accounting for 77% of the additional consumption [2].

Among the main producers and exporters, the United States, China, the Netherlands, Germany, and France (Fig. 1) are the leading countries, with production and export volumes differing in weight terms, as the Netherlands supplies products with high added value. Wheat accounts for the majority of the world's land allocated for agricultural production. Overall, sugar cane, corn and wheat are the most widely grown commodities in the world, with Brazil, the United States and China producing the largest volume of these products. Cargill, Archer-Daniels-Midland, and Bayer hold a leading share of the global agricultural market, offering customers raw materials, food, agricultural services and medicines.



**Fig. 1. The largest exporters of agricultural products in 2021, USD billion**

Source: [3].

Let's take a closer look at some of the major agricultural exporting countries. Corn, soybeans, wheat, cotton, and hay account for 90% of the harvested area in the United States. The United States is well known for its advanced agricultural science and is also considered one of the most advanced agricultural technologies in the world. In 2020, the agriculture-related industry contributed \$1.055 trillion to the US gross domestic product (GDP), accounting for 5.0%.

China accounts for only 10% of the world's arable land, but produces a quarter of the world's grain. China also leads the world in growing fruits, vegetables, grains, cotton, eggs, and poultry. However, wheat, rice, and corn are the three main crops, and production of these three crops accounts for more than 90% of China's total food production. In 2019, China overtook the United States and the

European Union to become the world's leading agricultural export destination (\$133.1 billion).

The main products grown in France include wheat, cereals, potatoes and root vegetables, as well as pork, beef and milk. In addition, France is the largest wine producer in the world. There are about 730,000 farms in France, so about 7% of the French population is involved in agriculture and forestry.

Germany's agricultural sector is one of the largest in the European Union. Germany is the world's fourth largest sugar beet producer, as well as a leading producer of wheat and barley. About 80% of the country's land is used for agriculture and forestry [4].

Consequently, the agricultural market is expected to grow at an average annual growth rate of 8.2% and reach \$16.7 trillion in 2026. Over the past 20 years, the share of global agriculture in global GDP has increased from 3% to 4%, while the number of employed people has decreased to 27% (compared to 40% in the 2000s). This trend indicates an increase in the productivity of the industry, as well as a growing share of higher value-added products, which allows for higher profits in the agricultural sector. In general, the agricultural market is developing due to the growing demand for food, animal feed, and biofuels.

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