

Ukrainian Agricultural Imports into the EU Necessary Limitations for Future Integration

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While the war is still raging in Ukraine, the EU just decided to reinstate tariffs on key Ukrainian agricultural products when they exceed their 2021-2023 average levels, although they should have been tariff-free at least until June 2025. This decision may sound like a betrayal when Ukraine needs financial resources more than ever to face the Russian enemy. Nevertheless, it is not exempt of sagacity.

Indeed, some elements must be considered:

- (1) Thanks to the coastal corridor put in place since the summer 2023 in the Black Sea, Ukraine has found again its traditional route to massively export its agricultural products, reducing the need to use continental European “solidarity corridors”. With this coastal corridor, Ukraine is again able to find alternative markets to the EU.
- (2) The long-term competition between European and Ukrainian agricultural products is very unequal given differences in productive models. Ukrainian farmers are very specialized on certain products (wheat, sunflower, barley, oats, etc.) such that their production costs are dramatically below their European peers. Besides, Ukrainian agricultural products do not have to comply with European agricultural and environmental regulation as of now. Politically and economically speaking, it makes sense to reinstate tariff as long as Ukraine and the EU have not merged their agricultural productive models.
- (3) The loss in annual revenues due to the reinstatement of tariffs above certain thresholds on key agricultural products only represents a miniscule fraction of what the EU has been giving to Ukraine in the context of the Russian invasion (less than 0,4%). The EU should compensate by providing more military and financial aid.

Therefore, the decision to limit free trade on agricultural products between Ukraine and the EU is meaningful but shall overall be revised, would Russia intensify its attacks on Ukraine, or on the coastal corridor. Limiting free trade with the EU shall only persist if Ukraine is not in more existential danger than it is right now.

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1 A EU-Ukraine free-trade agreement as root cause for the farmer crisis in Eastern Europe

Since May 2022, the European Union and Ukraine have established a total free trade agreement - without tariffs or quotas¹ - for Ukrainian agricultural products, allowing them to transit freely through the EU to their preferred markets (mainly outside the Union) or to find new customers within the Union.

This European solidarity reflex has led to a massive increase in the quantity of Ukrainian agricultural products on European markets in 2022 and 2023. Among other things, the cereal imports (mostly wheat, barley, maize, rapeseed, sunflower, oats) from Ukraine exploded to 22 millions of tons from July 2022 to June 2023, from 10 millions of tons on average in previous years.² 4.8 million tons of Ukrainian wheat were exported to the EU in the first four months of 2023, compared with 0.35 million tons in the first four months of 2022, i.e. an increase of 1150%.³ In 2022, Ukrainian chicken imports had jumped by 180% year-on-year, and by 74% in the first half of 2023⁴. Furthermore, the EU accounted for half of Ukrainian egg exports in 2022, whereas 69% went to the United Arab Emirates before the war.⁵ Finally, Ukrainian sugar exports multiplied by 10 in 2022/2023, while the EU increased its market share from 21% to 74%.⁶ Overall, the EU has indeed been flooded with large quantities of Ukrainian agricultural products since the beginning of the war in Ukraine.

While this increase in quantities initially made it possible to rebalance prices on European agricultural markets, which had soared in 2022 precisely because of the uncertainties linked to the supply of Ukrainian and Russian agricultural products to world markets,⁷ it also quickly became a challenge for EU countries, especially for countries bordering Ukraine, namely Poland, Slovakia, Hungary, Bulgaria and Romania. In Poland, for example, of the 4.1 million tons of Ukrainian oilseeds that entered the country between April 2022 and March 2023, 3.4 million tons were stored or sold in the country, while only 700,000 were exported.⁸ What's more, Ukrainian agricultural products, which don't necessarily meet the same standards as European products, and which generally come from much larger farms than their European counterparts, command much lower prices (USD 205 for Ukrainian wheat, compared with USD 290 for Polish wheat, for example).⁹

In this context, Ukraine's neighboring countries unilaterally decided to impose an outright ban¹⁰ on the sale of wheat, maize, sunflower and rapeseed on their territory from April 2023 on, without the

¹ Access2Markets, [EU-Ukraine Deep and Comprehensive Free Trade Area](#). Decision (EU) 2022/313 of the European Parliament and the Council¹ provisionally established a free-trade zone between Ukraine and the European Union by abolishing customs duties on Ukrainian agricultural products. The measures in question were all the easier to put in place as they were based on the 2014 Association Agreements, which already provided for the establishment of a free trade area "during a transition period of up to ten years from the date of entry into force of this Agreement"¹ (art. 25). Regulation (EU) 2023/1077 of May 31, 2023 on the temporary liberalization of trade between the EU and Ukraine - which it renews - is also largely based on the content of the association agreements.

² Toute l'Europe, [Les importations et exportations de céréales dans l'Union européenne](#), 31.01.2024.

³ Portail IE, [Ukrainian wheat: the dilemma of solidarity or rescuing Eastern Europe's agricultural sector](#), 05.05.2023.

⁴ Capital, [Colère des agriculteurs : trop de poulets ukrainiens s'immiscentent dans nos assiettes](#), 02.02.2024.

⁵ Chambres d'Agriculture, [War in Ukraine: Act III against a backdrop of crisis](#), 02.2024, p. 2.

⁶ Ibid.

⁷ Euronext, [European grains market turmoil since 2022](#), 21.04.2023.

⁸ CSIS, [Fracturing Solidarity: The Grain Trade Dispute between Ukraine and the European Union](#), 20.02.2024.

⁹ Portail IE, [Ukrainian wheat: the dilemma of solidarity or rescuing Eastern Europe's agricultural sector](#), 05.05.2023.

¹⁰ CSIS, [Fracturing Solidarity: The Grain Trade Dispute between Ukraine and the European Union](#), 20.02.2024.

European Union managing to prevent them from doing so with a new aid package¹¹ and a relaxation of obligations linked to the Common Agricultural Policy¹². Nevertheless, these countries were still facilitating the transit of Ukrainian agricultural products to the rest of the European Union. The European Commission decided to accept these measures until the distortions observed on national markets had been resolved. On September 15, 2023, it deemed this to be the case and therefore announced the lifting of the ban on Ukrainian grain sales to these five countries.¹³ However, Slovakia, Hungary and Poland quickly reinstated these bans without agreement with the European Union.¹⁴

2 Safeguard mechanisms dedicated to limiting agricultural imports from Ukraine

This situation continues today. It was among other things against this backdrop that the European Commission proposed in January¹⁵ to modify the free trade agreement with Ukraine, due for renewal on June 5 for a further year. The aim is to limit Ukrainian agricultural exports to Ukraine by re-introducing customs duties on certain products under certain conditions. These conditions are known as "safeguard mechanisms" and concern eggs, chickens, sugar, groats, corn and honey.¹⁶ On April 9, 2024, the Council and Parliament agreed that customs duties will be reintroduced on each of these products if their respective volume exceeds the arithmetic mean of their volume from mid-2021 to mid-2023.¹⁷ France and Poland pushed for this extension of the calculation to 2021 in order to mechanically lower the arithmetic average for each product concerned. On the other hand, they did not obtain the inclusion of wheat among the products subject to a safeguard mechanism.

Thus, given the forecasts for Ukrainian agricultural imports into the EU, Ukrainian exporters are likely to lose more between 200 and 500 million euros, compared with the current situation of total free trade.¹⁸

Is the solution found adequate for the States of the Union? Given that Europe has experienced numerous farmer demonstrations denouncing falling incomes and increasing regulatory constraints in Eastern Europe as well as in Germany, France, Spain and Belgium, European institutions had to find solutions. Over and above the concessions made at the time of the demonstrations in France concerning set-aside obligations, the abandonment of pesticides and the reduction of greenhouse gas emissions in the agri-food sector¹⁹, the European states are keen to continue satisfying the farming community as the European elections approach. Nevertheless, it is likely that certain groups of farmers, notably in Poland where they have been the most vehement in imposing a veritable blockade on Ukrainian agricultural vehicles, will continue their actions right up to the elections and beyond.

¹¹ Agriculture and rural development, [Commission presents supports measure worth €56,3 million for Bulgarian, Polish and Romanian farmers](#), 20.03.2023.

¹² Agriculture and rural development, [Measures to safeguard food security and support EU farmers](#).

¹³ European Commission, [Following the expiry of the restrictive measures on Ukrainian exports of grain and other foodstuff to the EU, Ukraine agrees to introduce measures to avoid a renewed surge in EU imports](#), 15.09.2023.

¹⁴ CSIS, [Fracturing Solidarity: The Grain Trade Dispute between Ukraine and the European Union](#), 20.02.2024.

¹⁵ See cepAdhoc Network, [Farmer Crisis](#), 09.02.2024

¹⁶ Conseil européen, [Ukraine: le Conseil et le Parlement parviennent à un accord visant à renouveler les mesures commerciales autonomes de l'UE](#), 20.03.2024.

¹⁷ Alarabiya News, [EU agrees on tougher restrictions for some Ukrainian farm imports](#), 09.04.2024.

¹⁸ Le Monde, [L'UE durcit les restrictions pour les produits agricoles venant d'Ukraine, sans plafonner le blé](#), 27.03.2024.

¹⁹ See cepAdhoc Network, [Farmer Crisis](#), 09.02.2024.

Is this the right solution for Ukraine? At a time when the country is likely to face a new Russian offensive and Western military aid is drying up,²⁰ this decision does little to help a nation in need of resources, which has already lost much of its agricultural land to the war²¹, particularly in wheat production. What's more, Russia has not hesitated to do everything in its power to regain the usual markets for Ukrainian agricultural products in the Middle East²² and Africa, notably by producing extraordinarily large quantities of wheat to compensate for Ukrainian losses.

3 A European decision that shall not jeopardize Ukraine's war effort

Nevertheless, there is reason to believe that this decision on the part of the European Union will not contribute to making things worse in Ukraine. The European "solidarity corridors" introduced in May 2022, via the establishment of total free trade between Ukraine and the EU, were dictated by Russia's embargo on the Black Sea ports through which Ukrainian exports usually transited. In fact, a Russian-Ukrainian agreement under the aegis of the UN and Turkey had been implemented in July 2022, establishing a corridor allowing ships to travel in the Black Sea without being attacked. Since its expiry on July 17, 2023, a new coastal corridor was established in August. Today, volumes transiting through this corridor have already reached 36 million tons of goods²³, whereas the first corridor saw only 33 million tons transiting in the space of a year. So, barring any unfavorable military developments in the Ukraine, the usual trade routes now appear to be functional and sustainable, as they do not involve an agreement with Russia. Ukraine will therefore undoubtedly have the means to find new outlets for its products, in order to avoid paying customs duties in the European Union.

Moreover, there are many other ways in which the European Union can help Ukraine, and these few hundred million euros in lost farm income per year are nothing compared to the 143 billion euros that the EU and its Member States have disbursed since 2022 or will disburse in financial, military or humanitarian aid²⁴. Even if support for Ukraine needs to be stepped up, it makes more political sense to do otherwise than by supporting the massive import of Ukrainian agricultural products into the Union.

However, in the longer term, and with a view to Ukraine's integration into the European Union, a major debate on the Common Agricultural Policy will have to take place, given Ukraine's agricultural power compared to all other EU states. It will be useful to seek the best of each model: the innovation and efficiency of Ukrainian farms will have to be combined with the quest for quality and respect for the environment promoted by the current Common Agricultural Policy. Since the aim is to turn the ecological transition into an economic success²⁵, it's a safe bet that we Europeans will have a lot to learn from Ukrainian agricultural methods. Once these two models have merged, there will be no question of limiting any trade in agricultural products within the Union.

²⁰ See cepAdhoc Network, [Military aid to Ukraine](#), 14.03.2024.

²¹ According to the Food and Agriculture Organization of the United Nations (FAO), in 2022, Ukraine produced 20.7 million tonnes of wheat. In 2021 - the year before the conflict - Ukrainian wheat production stood at 32.4 million tons.

²² Russia has increased its wheat exports to Egypt by 30% compared to 2022. Milling and grain, [Egypt: Increased wheat imports in 2023](#), 06.12.2023.

²³ The Kyiv Independent, [Minister: Over 36 million tons of goods exported via Black Sea corridor since August 2023](#), 06.04.2024.

²⁴ European Council, [EU solidarity with Ukraine](#), 18.03.2024.

²⁵ See cepAdhoc Network, [Farmer Crisis](#), 09.02.2024.



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