

Impact Assessment of Agri-Food Trade Between Ukraine and the EU

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XVIII EAAE CONGRESS: FOOD SYSTEM TRANSFORMATION IN CHALLENGING TIMES

OS: Consequences of Russia's invasion of Ukraine for Agricultural trade in the Black Sea and Ukraine's EU accession

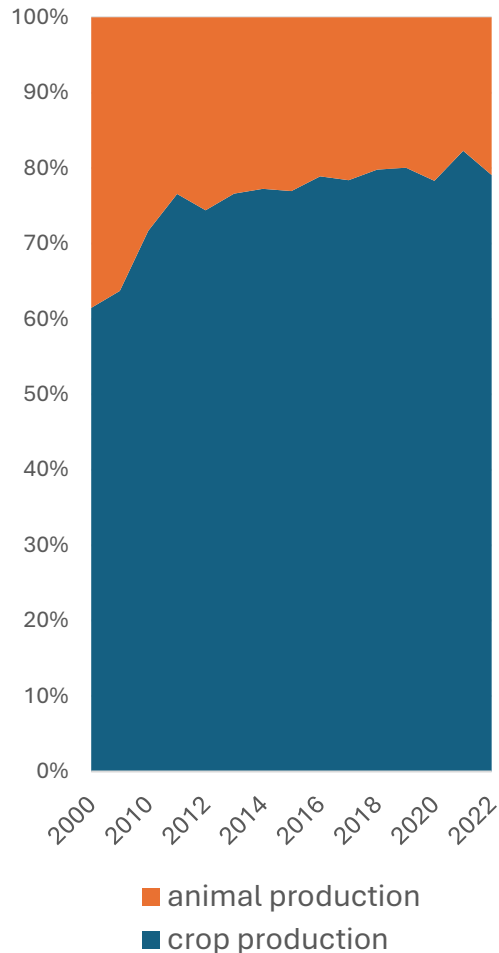
Bonn, August 26-29, 2025

Outline

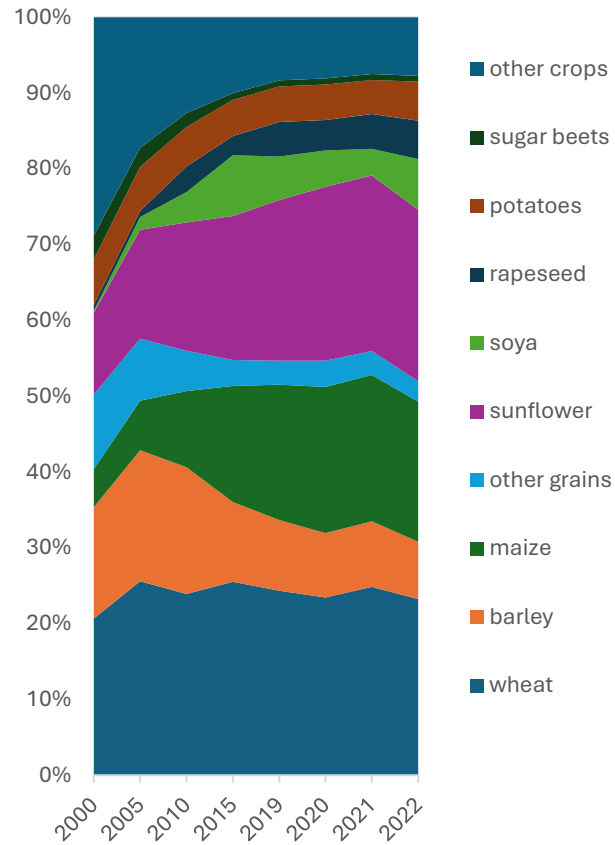
1. Agriculture and trade: Ukraine and the EU
2. Agricultural competitiveness of Ukraine in the EU
3. Ukraine and the EU: Modelling future agri-food trade
4. Conclusions

1. Ukraine's agriculture: mainly crops and productivity gap

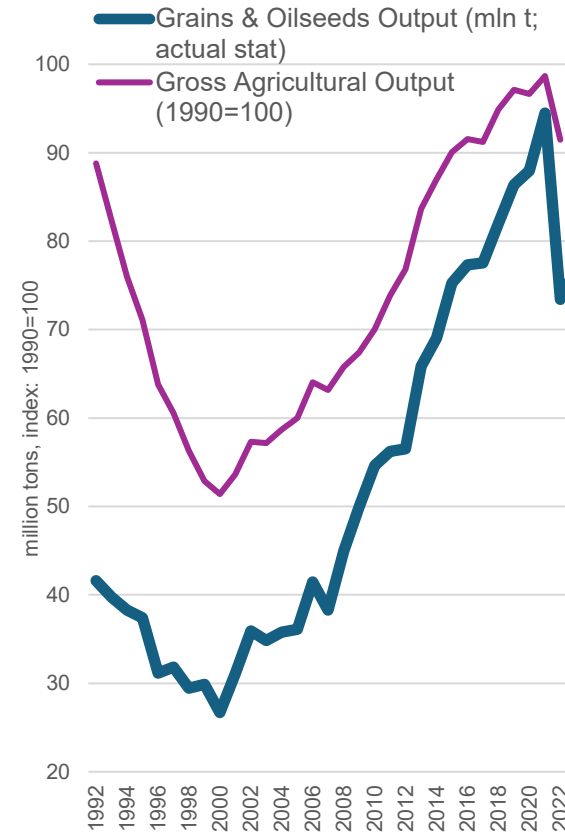
Gross agricultural output is dominated by crops



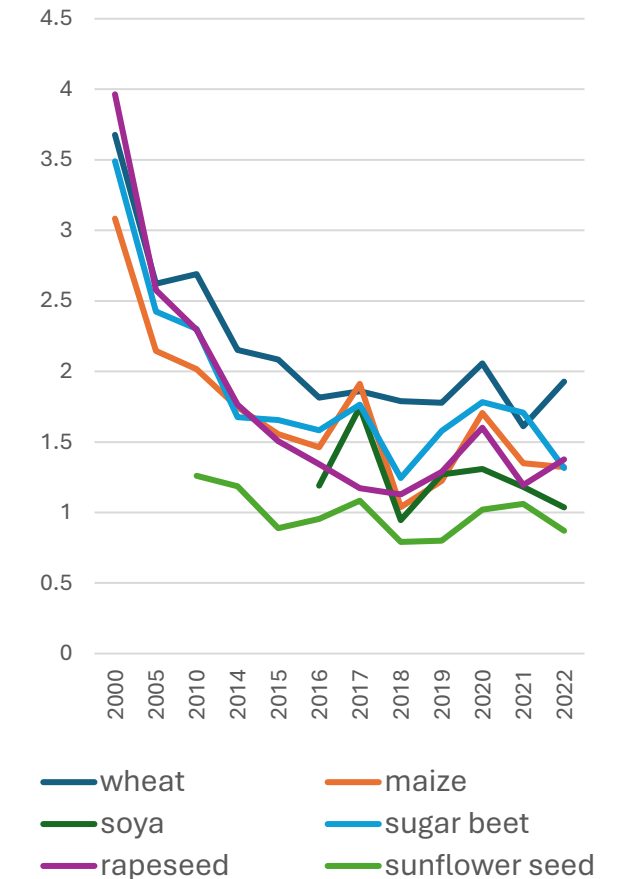
Grains and oilcrops dominate crops



Grains and oilseeds drive agricultural growth



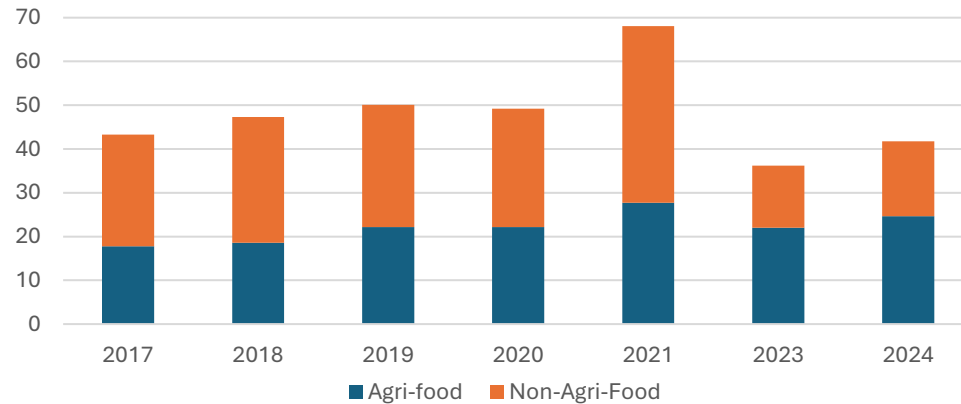
Productivity gap: yields in Germany to Ukraine



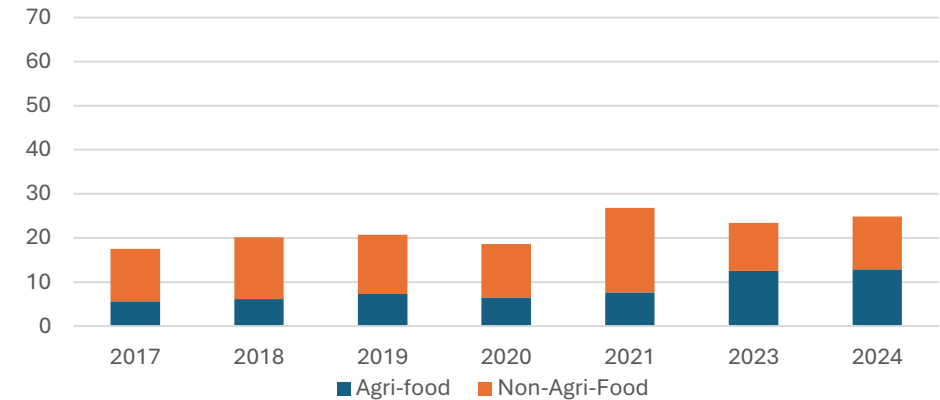
Source: own presentation using Ukstat data

1. EU-Ukraine Trade

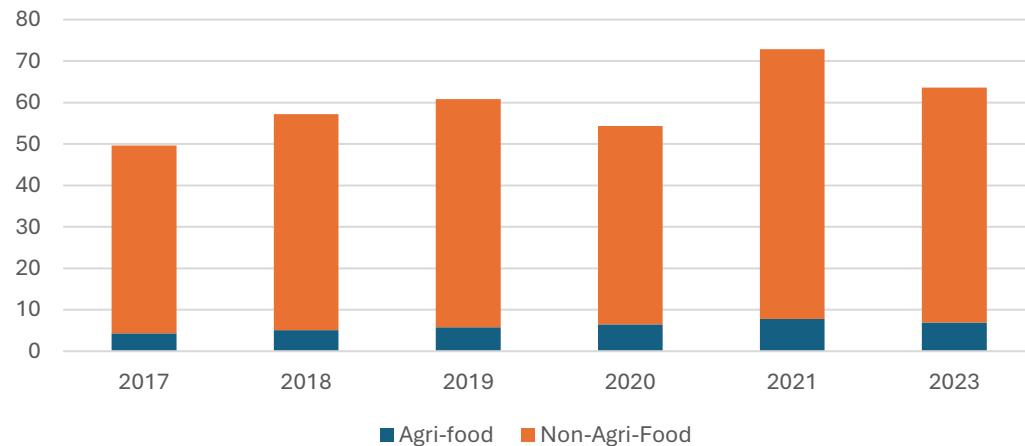
Total Export from Ukraine, USD bln



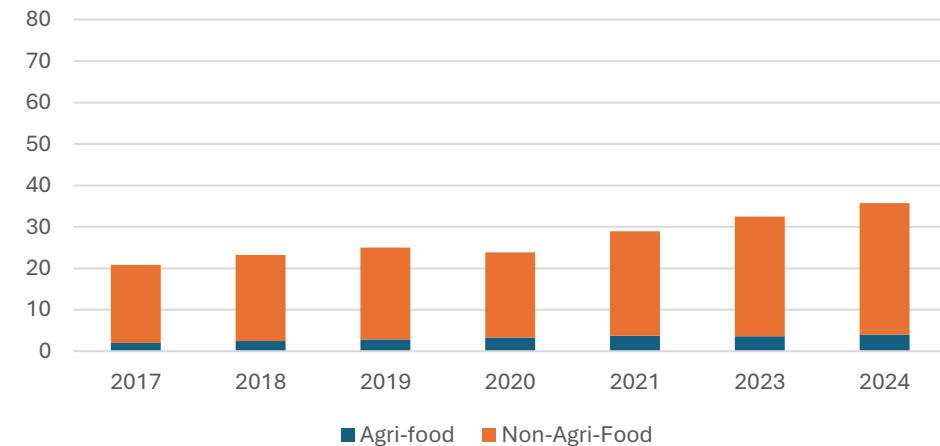
Export from Ukraine to EU, USD bln.



Total Import to Ukraine, USD bln.



Total Imports to Ukraine from EU, USD bln



2. Agricultural competitiveness of Ukraine in the EU

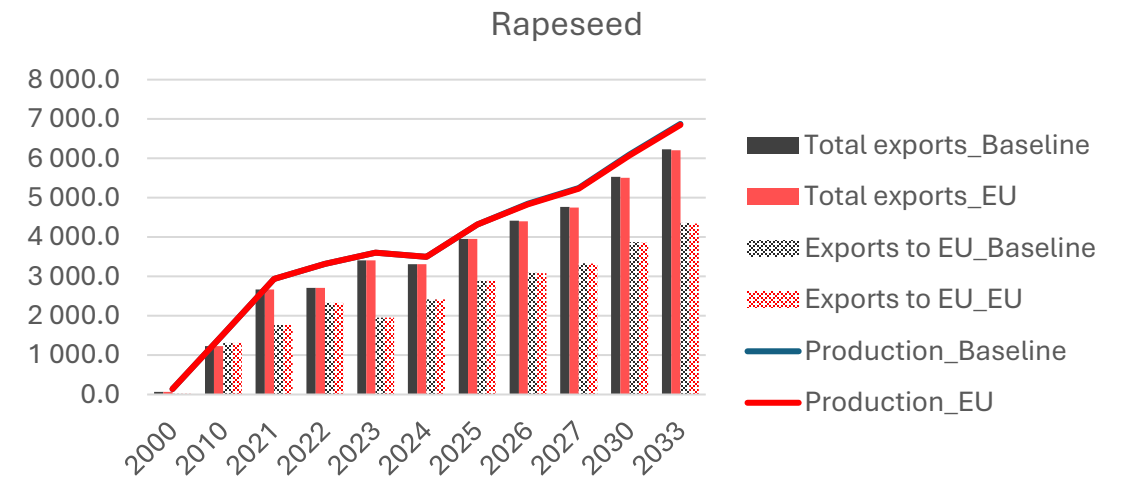
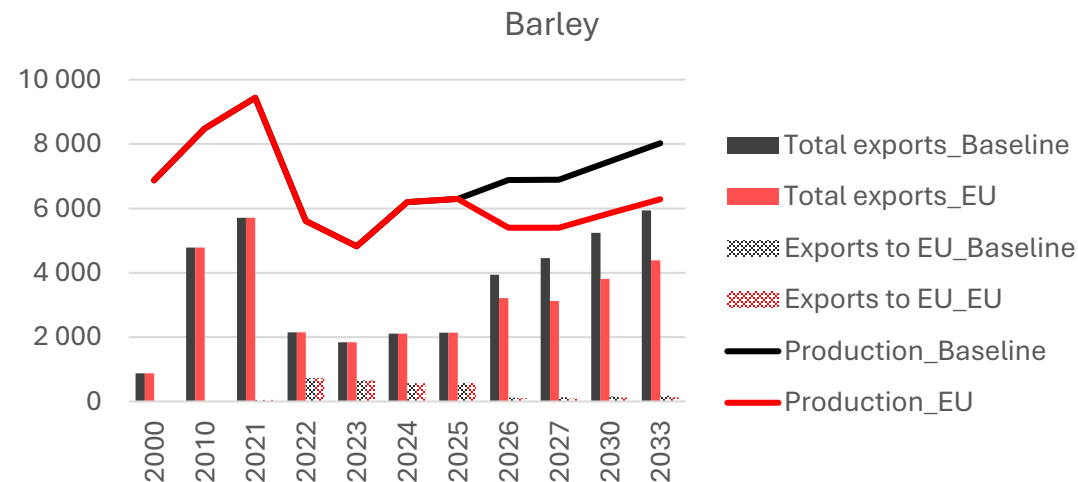
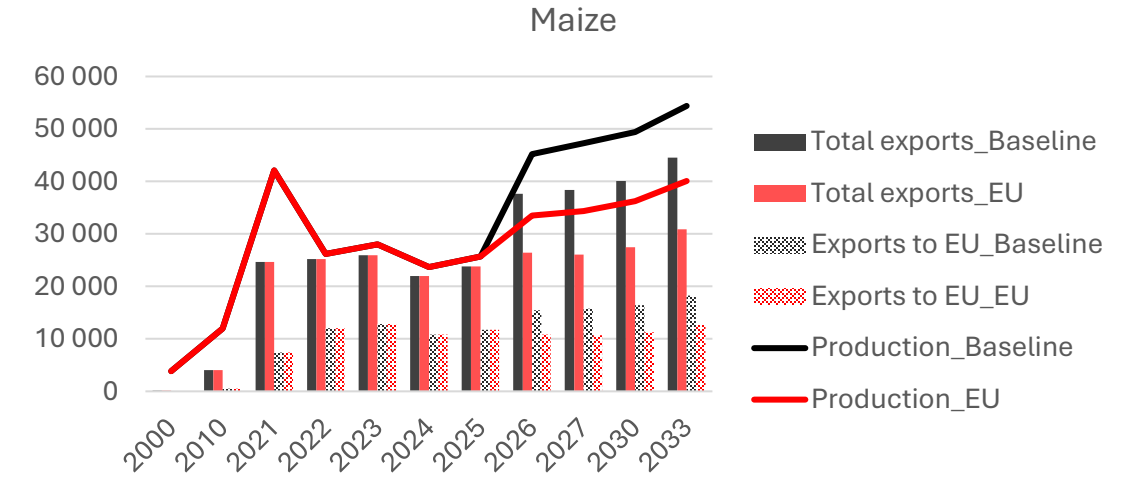
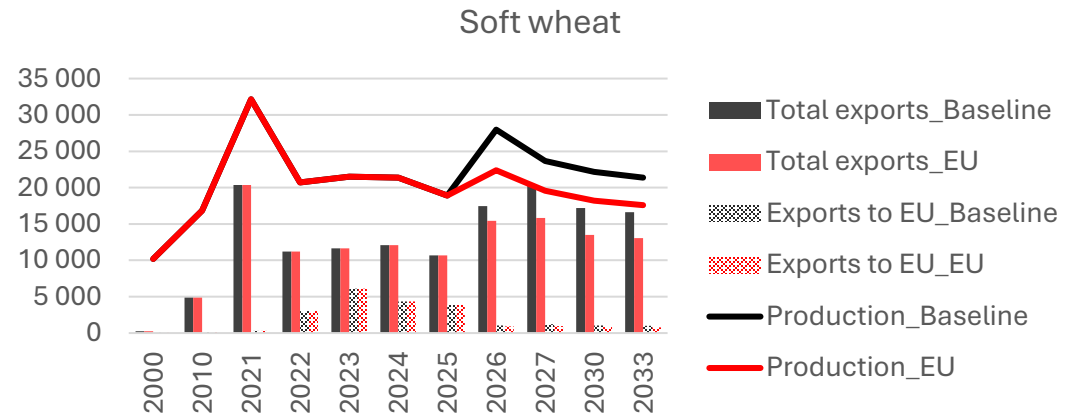
- $\% \Delta \text{Competitiveness} = \% \Delta a * P_{\text{outputs}} - \% \Delta b * P_{\text{inputs}} + \% \Delta \text{TFP}$
- a and b – revenue and cost shares
- Main dimensions:
 - Trade measures
 - EU Acquis: public and private challenges
 - Impact of the CAP subsidies

3. Ukraine and the EU: Modelling future agri-food trade

Assumptions	1) Baseline	2) Free Trade	3) ATM	4) EU accession
Export capacity from Ukraine	as of September 2024, unlimited since 2026			
Duration of the war	ends in December 2025			
Reduction of UAA	as of May 2024, 100% return since 2027			
Change in production costs	Following the crop-specific production costs survey conducted by KSE Agrocenter in 2023 in 2025-2033			Increase in production costs (due to the EU agricultural acquis compliance costs): wheat and grains 5%, dairy 5%, beef, pork and poultry 10%
World market prices	OECD-FAO Outlook 2023, with internal projections for sunflower oil			
Macroeconomic assumptions on GDP, GDP deflator, Population, Inflation and UAH/USD exchange rate follow the projections of the Ministry for economy of Ukraine with own USDA-based extrapolations to 2033				
EU-UA trade policy	For 2025, ATM as in September 2024; return to EU-UA DCFTA in 2026-2033	For 2025, ATM as in September 2024; Free trade in 2026-2033	ATM as in September 2024 for 2025-2033	For 2025, ATM as in September 2024, free trade and EU agricultural production guidelines compliance in 2026-2033

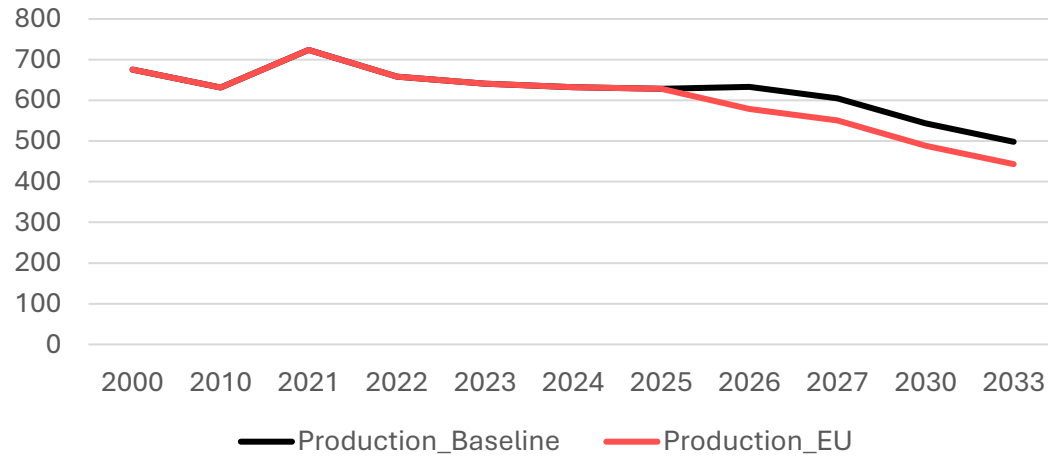
Using AGMEMOD

3. Modelling outcomes

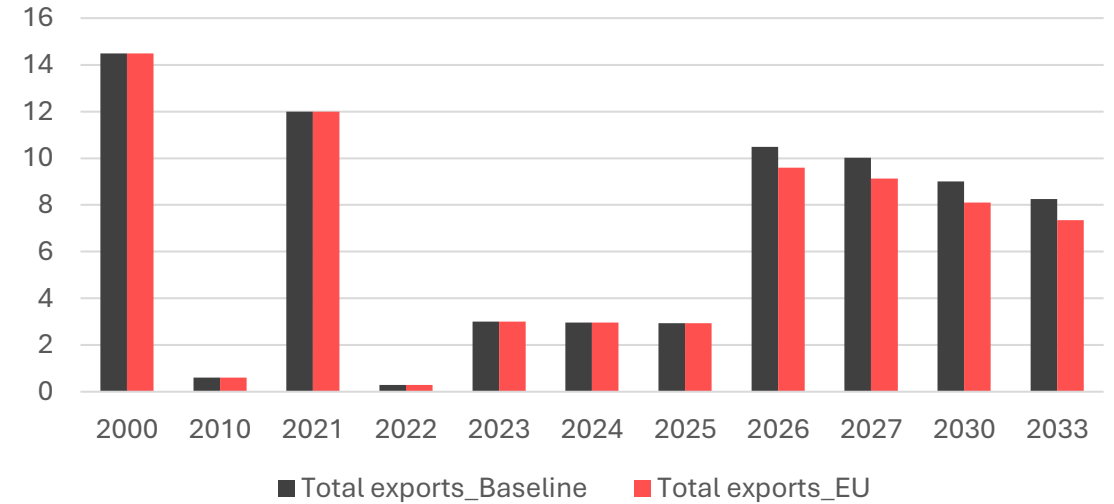


3. Modelling outcomes

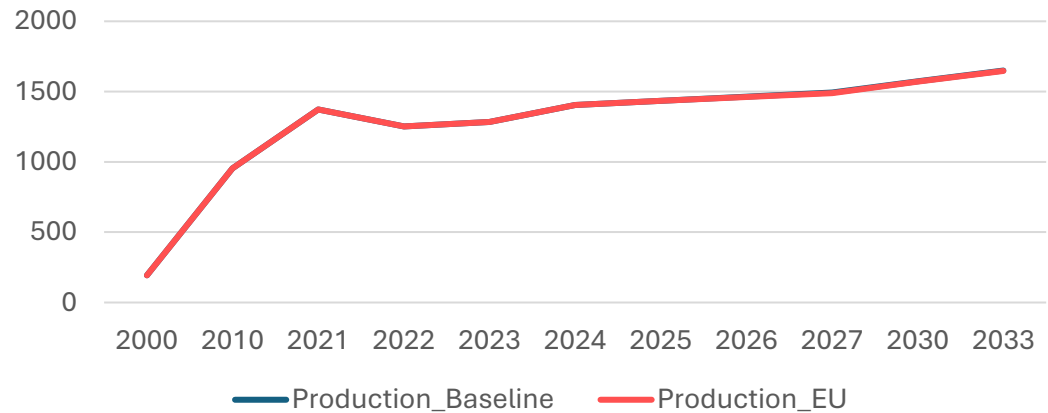
Pork



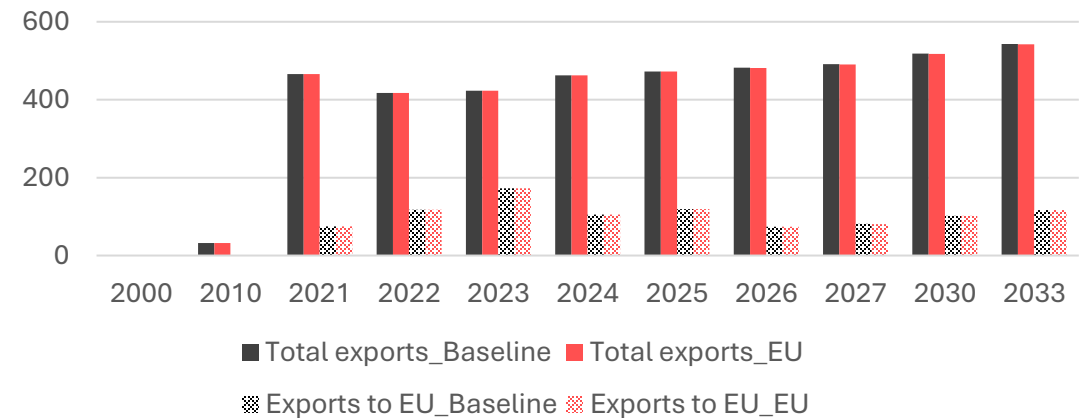
Pork



Poultry meat



Poultry meat



Conclusions

- Impact on agricultural competitiveness of Ukraine
 - Support of public institutions is important
 - Impact of CAP and subsidies
- Modelling agricultural trade between Ukraine and EU:
 - Free trade and ATM scenarios are not different from the baseline
 - EU membership scenario: negative impact on grains (lower development trajectory)