



EU-Ukraine Agricultural Trade Tensions: Political Focus versus Economic Relevance

By Oleg Nivievskiy, Kyiv School of Economics

Commissioned by Member of the European Parliament Viola von Cramon-Taubadel

Funded by the Greens/EFA in the European Parliament

Contents

Executive summary	3
Background and rationale of the paper	6
How the tensions between Ukraine and the EU over agricultural exports developed.....	8
Summarizing and rationalizing the main economic arguments flouting around in the tensions	11
Argument 1 – Political focus versus economic relevance: Key structural facts on agriculture in the EU and Ukraine	11
Argument 2 – Trade: Full trade liberalization only after Russian invasion?	12
Argument 3 – Price: Is Ukraine’s export responsible for drop in prices in the frontline EU member states?	13
Argument 4 – Costs: Cheap Ukrainian grain?	15
Argument 5 – Competition: Does Ukraine crowd out Poland from other EU countries’ markets?..	16
Argument 6 – Infrastructure: Tight grain infrastructure capacities in the frontlines EU MSs?.....	17
Argument 7 – EU consumers: Not relevant?.....	17
Conclusions and recommendations.....	18
Literature.....	21
Annex	23

Executive summary

Tensions between Ukraine and frontline EU member states (MSs: Poland, Slovakia, Hungary, Romania, and Bulgaria) over agricultural imports from Ukraine fundamentally started when Russia invaded Ukraine and blocked its Black Sea ports in February 2022. As Russia disrupted Ukraine's seaborne agricultural exports and the EU facilitated alternative trade routes by rail, truck, and barge through its western borders, the frontline EU MSs faced a surge of imports and transits of agricultural products from Ukraine. These first resulted in huge truck queues at the border with Poland and other frontline MSs, farmers' protests escalated then the situation to the point when the frontline EU MSs individually introduced import bans on Ukraine's agricultural imports in April 2023. European Commission (EC) reacted with two financial compensation packages and with a temporary limit of imports of four agricultural products (wheat, maize, rapeseed, and sunflower seed) from Ukraine until September 15, 2023. After the expiry of the temporary import ban, however, Poland, Hungary and Slovakia continued their unilateral import bans and their farmers continued the protests, cross-border and roads' blockade. In January 2024 the EC proposed to continue free-trade imports from Ukraine, but under the pressure of farmers' protests and associations and of a coalition of five frontline EU MSs supported by France, the EC has also agreed to implement safeguard provisions for a list of 'sensitive products' (poultry, eggs, sugar, oats, maize, groats, and honey) to guard against import surges. The final decision is to be reached in late April 2024 and farmers continue to protest and block shipments from Ukraine. A glaring lack of economic evidence on the key arguments that are framing the whole discussion, however, might prevent informed and rational decisions. We hope that summarizing and structuring these arguments and rationalizing them will help the EU institutions to strike a rational and win-win decision for further free-trade regime with Ukraine.

Argument 1 – Political focus versus economic relevance

Agriculture plays a substantially bigger economic role in Ukraine than in the EU and in the frontline MSs (in terms of share of national income and trade). Moreover, Ukraine accounts only for 1-2% of the EU's total agricultural imports. So, despite relative small economic relevance for the EU as a whole and for individual frontline MSs in particular, the political relevance of the issue was disproportionately elevated compared to its economic relevance and even scaled up to level of military or essentially existential level to Ukraine as some of the political leaders in the frontline EU MSs even threatened to revoke military aid to Ukraine.

Argument 2 – Trade: Full trade liberalization only after Russian invasion?

Together with the European solidarity lanes (ESL), the EU suspended the remaining trade tariff barriers on imports Ukraine (customs duties, quotas and trade defence measures known as ATMS) in May 2022 to counteract Russia's blockade of the Black Sea ports. Free-trade regime is expected to be renewed (with some safeguards) in June 2024. Very often, however, the fact of granting free-trade regime to Ukraine's imports is presented in public domain, as there was hardly a free trade between Ukraine and the EU before. In fact, Ukraine almost fully liberalized its trade with the EU under the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA) that came into effect in January 1, 2016. The remaining trade barriers from the EU side were the tariff rate quotas (TRQs) for altogether 40 product lines (grain, beef, pork, sheep and poultry meat, sugar, eggs, selected dairy products, selected vegetables, selected fruit juices, ethanol, and cigarettes), but in total they made up only 35% of total Ukraine's agricultural export to the EU in 2021, i.e. less than 1% in total agricultural imports to the EU. Consequently, the temporary full trade liberalization has not caused and could not cause drastic changes in the share of Ukraine in the EU agricultural imports. Moreover, the export shares of products that are in the current

list of 'sensitive' products did not change much from the pre-war time. Therefore, from an economic perspective, the list of sensitive products at least lacks an evidence.

Argument 3 – Price: Is Ukraine's export responsible for drop in prices in the frontline EU member states?

This was perhaps the most widely circulated argument, especially in the spring 2023, before the five frontline countries introduced unilateral import bans on Ukraine's imports. The war indeed shocked global agricultural markets and prices soared through mid-2022. They, however, have declined significantly since then and remain at pre-war levels. This happened mainly due to increased exports supplies and better crop expectations from major global suppliers (EU, Australia, Canada, North and South America) that allowed softening of initial shocks and tight stocks. As a result, the drop of domestic market prices in the frontline and other EU MSs was a result of declining world market prices and the price data shows that domestic prices in Poland and Hungary do not demonstrate extraordinary developments that are drastically different from the world or border reference prices. Moreover, the shock of the war and resulting skyrocketing world market prices allowed European farmers and other farmers across the globe to earn record incomes over the last two decades in 2022 and 2023. This is in high contrast to Ukrainian farmers that accumulated about USD 70 billion of economic losses since the beginning of the war because of the depressed domestic prices.

Argument 4 – Costs: Cheap Ukrainian grain?

Grain from Ukraine often was mentioned as 'cheap' and thus 'disrupting domestic markets and sales' for the EU farmers and thus take away incomes from farmers in Poland, Hungary or in other frontline countries. Ukrainian grains and oilseeds indeed became very 'cheap' since the beginning of the Russian war, primarily because of the disrupted seaborne exports from Ukraine and more costly alternative routes via ESL, and grain and oilseed farm-gate prices in Ukraine plummeted below their production costs and farmers of grain crops suffer losses second year in a row. This does not necessarily mean, however, that it will still be cheaper when it is delivered to Poland, because of the logistics costs involved. The evidence available shows that the spatial arbitrage or the difference between domestic prices in Ukraine and Poland, however, is not enough to compensate for the costs of delivery of grain from Ukraine to Poland.

Argument 5 – Competition: Does Ukraine crowd out Poland from other EU countries' markets?

Trade data demonstrate that the only country market where this situation could be observed is Spain and to a lesser extent Netherlands that started importing relatively larger shares of corn and especially of wheat from Ukraine. Poland indeed increasingly exported wheat and corn over the last 4 years, but the data does not confirm that Spain has been a traditional market for Poland from which it could be displaced by Ukraine's wheat. Even more so in terms of corn, where Spain and Netherlands have been traditional market for Ukraine's corn and to where Poland seems to be willing to increase its corn supplies.

Argument 6 – Infrastructure: Tight capacities in the frontlines EU MSs?

The argument or complain is that Ukrainian grain gets stored in inland elevators in Poland so that Polish grain has to compete for storage services and space with Ukrainian grain. Moreover, even if the grain is in the transit to polish ports, it also creates a competition for ports and logistic infrastructure there. Unfortunately, there is no reliable data in public domain on usage and performance of storage capacities in Poland. There is, however, an evidence that Gdansk port capacities have been utilized only by 50-60% and there is a substantial scope for increasing transshipments.

Argument 7 – EU consumers: Not relevant?

The whole discussion over Ukraine's agricultural imports to the EU is clearly lacking another stakeholder – the EU consumer (final consumers, food processors or livestock sector, biofuel producers etc.). Trade data shows that EU consumers are willing to get more of Ukraine's agricultural products. Bringing consumers into a public discussion would provide a more balanced view on the current situation and costs and benefits thereof. The available evidence demonstrate that the EU as a whole would benefit from keeping the trade free with the Ukraine.

Background and rationale of the paper

Russia invaded Ukraine at full-scale in February 2022. On top of its massive infrastructural and humanitarian destructions (Nivievskiy et al, 2024), Russia blocked Ukraine's Black Sea ports by its naval fleet essentially in the week leading up to the invasion. As the Black Sea is a critical export supply route for Ukraine, and as it played an increasingly essential role in supplying a growing global population with staple foods, the outbreak of the war immediately shocked global agricultural markets and world prices soared through mid-2022, and it forced substantial amounts of grains, oilseeds and vegetable to remain in Ukraine's ports and inland elevators (von Cramon-Taubadel and Nivievskiy, 2023; Ihle et al, 2022). Agricultural producers and exporters in Ukraine were forced to employ alternative but more costly trade routes by rail, truck, and barge through its western borders to destinations in Europe and to Romania's Black Sea port of Constanta. In May 2022 the EU introduced so-called European Solidarity Lanes (ESL) trade routes and lifted temporarily the remaining tariff trade barriers to the EU (so-called Autonomous trade measures – ATMs) that facilitated exports through the western borders of Ukraine and counteracted Russian blockage of Black Sea ports. As of January 2024, the ESL facilitated 122 million tons of exports from Ukraine, including 64 million tons of agricultural products¹. In relative terms, the ESL enabled the export of about 58% of Ukraine's grain since the beginning of the war.

Additionally to the ESL, a Black Sea Grain Initiative (BSGI) was successfully brokered by the UN, Turkey, Ukraine and Russia in the summer of 2022 and it allowed to boost the seaborne agricultural exports and relieve Ukraine's 2022 and 2023 stocks of grain (Glauber, 2024). BSGI operated almost a year, but its reliability was constantly undermined by Russia (Nazarkina and Nivievskiy, 2023) and used the food as a weapon². Russia pulled out of the BSGI in July 2023 and resulted to a temporary halt, but further success of Ukraine's military in the Black Sea has helped it to re-establish shipping of agricultural and non-agricultural products from Black Sea ports. By late fall 2023 and beginning 2024, monthly export volumes had rebounded significantly and even surpassed the pre-war levels (Glauber, 2024).

Uncertainties with seaborne trade led to substantial Ukrainian agricultural exports ending up or transiting through the neighbouring 'frontline' to Ukraine EU member states (Poland, Slovakia, Hungary, Bulgaria and Romania - EU MSs) via the ESL and it has been a source of controversy, tensions, triggering strong farmer protests in those MSs and even to individual countries' bans on Ukraine's agricultural imports in April 2023. Although individual MSs import bans contradicted the EU trade policy, the EU Commission managed this situation with about EUR160 million financial compensation packages to the farmers in the affected MSs and with a temporary import limit on wheat, maize, rapeseed, and sunflower seed from Ukraine to five frontline countries until September 15, 2023, as a safeguard measure. After its expiry, Poland, Hungary and Slovakia continued their unilateral import bans and the farmers continued the protests, cross-border and roads' blockade and lobbying efforts in Brussels. The situation ignited after the EU proposed to continue free-trade (ATMs) regime for Ukraine in January 2024, and under the pressure of farmers' protests and associations and of a coalition of five frontline EU MSs and France, the EC has also agreed to implement safeguard provisions for a list of 'sensitive products' (poultry, eggs, sugar, oats, corn, groats, and honey) to guard against import surges.

Before a final deal on Ukraine's ATMs is reached in late April and despite the exports to the frontline, countries have fallen back to pre-war levels, farmers in Poland continue to protest and block shipments from Ukraine. These protests and political deals in Brussels have been fuelled by many other factors, like falling world market prices, approaching accession negotiations between Ukraine and EU, farmers' protests because of the environmental measures in the EU, and all these are precipitated by ill-grounded arguments, political fighting and asymmetric information in general. This policy paper

¹ https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/eu-ukraine-solidarity-lanes_en

² https://www.eeas.europa.eu/hr-vp-oped-bsgi_en?s=184

explores in detail the economic arguments that have been intensively discussed in public domain in the current agricultural trade controversy between Ukraine and the EU. This is expected to enrich the whole discussion with empirical evidence and facts to contribute to rationalizing further decision making at the EU level.

How the tensions between Ukraine and the EU over agricultural exports developed

The detailed timeline of how the tensions between Ukraine and the EU over agricultural exports evolved, is contained in the Table 3 in the annex, but in general it could be described in the following way. Before Russian full-scale invasion in February 2022, Ukraine played an increasingly essential role in supplying a growing global population with staple foods (von Cramon-Taubadel and Nivievskiy, 2023) and a great majority of its agricultural exports was shipped by the Black Sea. Therefore, when Russia blocked Ukraine's Black Sea ports, this resulted in influx of more than 20 million tons of grains, oilseeds and vegetable in Ukraine's ports and inland elevators (Figure 1). Agricultural producers and exporters were forced to employ alternative but more costly trade routes by rail, truck, and barge through Poland, Hungary, Slovakia, and Romania to destinations in Europe and to Romania's Black Sea port of Constanta. In May 2022, the EU introduced so-called European Solidarity Lanes (ESL) and lifted the remaining trade tariff barriers with Ukraine by means of Autonomous Trade Measures (ATMs). This facilitated exports through the western borders of Ukraine by road, rail, and ports on the Danube River to counteract Russian blockage of Black Sea ports. As of January 2024, the ESL facilitated 122 million tons of exports from Ukraine, including 64 million tons of agricultural products³. In relative terms, the ESL enabled the export of about 58% of Ukraine's grain since the beginning of the war.

ESLs remained important even despite the launch of a so-called Black Sea Grain Initiative (BSGI) three months after the ESL launch (Figure 1). BSGI was operational from August 2022 to July 2023 and it indeed boosted the seaborne agricultural exports and relieved Ukraine's 2022 and 2023 stocks of grain, but its reliability was constantly threatened and compromised by the Russian side (Nazarkina and Nivievskiy, 2023). Russia pulled out of the BSGI in July 2023 and resulted to a temporary halt, but further success of Ukraine's military in the Black Sea has helped it to re-establish shipping of agricultural and non-agricultural products from Black Sea ports. By late fall 2023 and beginning 2024, monthly export volumes had rebounded significantly and even surpassed the pre-war levels (Figure 1; Glauber, 2024).

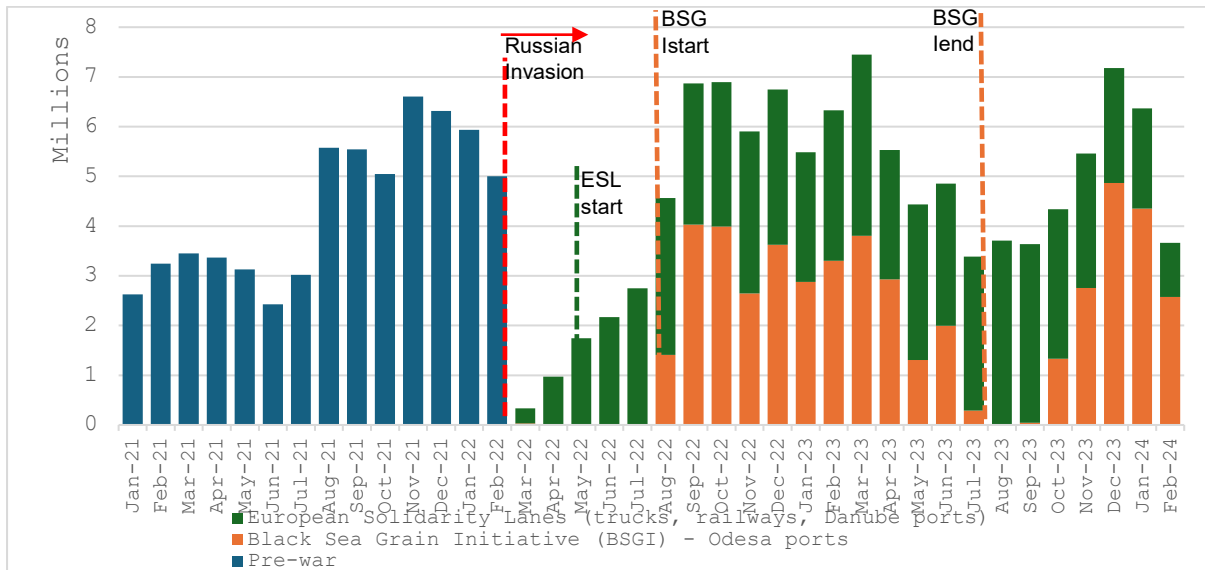
ESL coupled with the uncertainties on the BSGI and seaborne trade, led to a substantial increase of Ukrainian agricultural exports ending up or transiting through the neighbouring 'frontline' countries (Figure 2 and Figure 3). First tensions or problems arose in August-September 2022 already, when long (up to 60 km) truck queues lined up at the Polish border and unusually slow work of the Polish phytosanitary and veterinary control services, compared to the pre-war time period, were often mentioned as one of the key problems for extraordinary long waiting times (von Cramon-Taubadel, 2022; CFTS, 2022). These tensions triggered further strong farmer protests in frontline member states Poland, Slovakia, Hungary, and even individual countries' bans on Ukraine's agricultural imports in April 2023. Although these individual frontline MS trade measures contradicted the EU trade policy, the EU Commission reacted with about EUR160 million the financial compensation packages to the farmers of the five frontline EU member states (Bulgaria, Hungary, Poland, Romania, and Slovakia)⁴ and with a temporary limit of imports of four agricultural products (wheat, maize, rapeseed, and sunflower seed) from Ukraine till September 15, 2023, as a safeguard measure. After the expiry of the temporary import ban, Poland, Hungary and Slovakia continued their unilateral import bans and their farmers continued the protests, cross-border and roads' blockade and lobbying efforts in Brussels. In January 2024, the EU proposed to continue ATMs regime for Ukraine, but under the pressure of farmers' protests and associations and of a coalition of five frontline EU MSs supported by France, the EC has also agreed to implement safeguard provisions for a list of 'sensitive products' (poultry, eggs, sugar,

³ https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/eu-ukraine-solidarity-lanes_en

⁴ Beluhova-Uzunova et al (2024) discuss in detail how the financial package from the EU and with top ups from the national governments was used and allocated in the frontline member states.

oats, maize, groats, and honey) to guard against import surges. Before a final deal is reached in late April and despite the exports from Ukraine to the frontline MSs have fallen back to pre-war levels (Figure 2 and Figure 3), farmers continue to protest and block shipments from Ukraine through Poland and other frontline countries. These protests and political deals in Brussels have been fuelled by many other factors, like falling world market prices, approaching accession negotiations between Ukraine and the EU, farmers' protests because of the environmental measures in the EU and subsidies' cuts⁵, and all these are precipitated by questionable arguments, political fighting and asymmetric information in general. In the next section, we will try to construct from the discussion key economic arguments and try to rationalize them with the help of data and analysis.

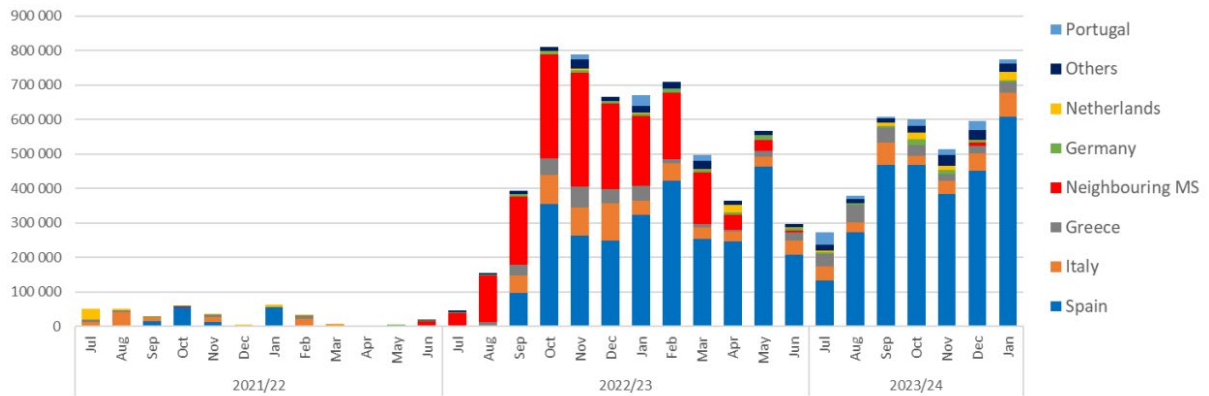
Figure 1 Ukraine grain and oilseeds exports, in million tonnes



Source: Own presentation using the data from the Ministry of Agrarian Policy and Food of Ukraine

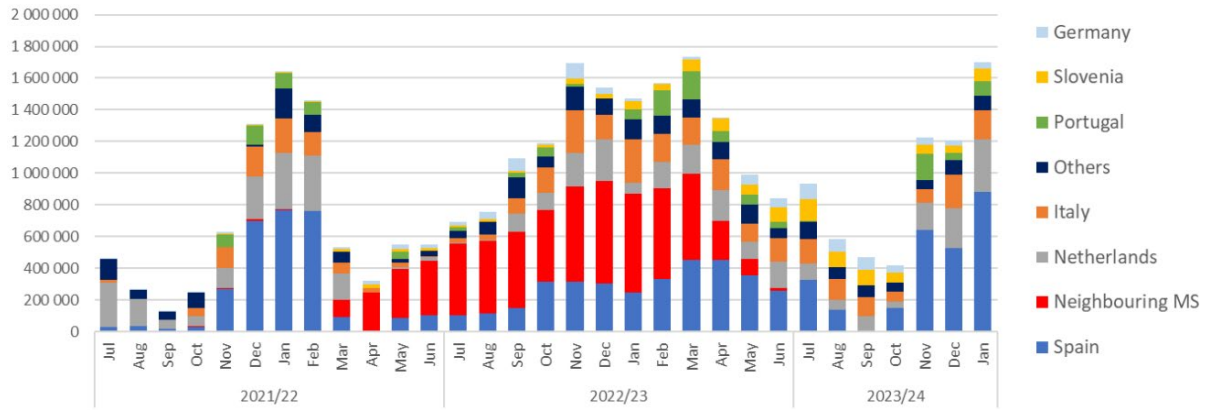
⁵ Lakner (2024); <https://foreignpolicy.com/2024/02/20/europe-farmers-protests-climate-eu-green-deal/>; <https://foreignpolicy.com/2024/01/18/germany-farmers-protest-subsidies-cuts-populism/>;

Figure 2 Imports of wheat from Ukraine to the main importing EU Member States, tons



Source: European Commission

Figure 3 Imports of corn from Ukraine to the main importing EU Member States, tons



Source: European Commission

Summarizing and rationalizing the main economic arguments flouting around in the tensions

From our point of view, the following several economic arguments dominate the discussion on Ukraine's agricultural exports to the EU in public domain. We will be constructing them and rationalizing with facts and figures and economic rationale below.

Argument 1 – Political focus versus economic relevance: Key structural facts on agriculture in the EU and Ukraine

The Table 1 below contrasts key economic characteristics of the EU and Ukraine and the role of agriculture that help to set up a big picture. The table below demonstrates that agriculture plays a substantially bigger economic role in Ukraine than in the EU, in terms of the agricultural land cover, share of national income and trade. In terms of agricultural output structure, both sectors are predominantly crop based, but crops dominate substantially more in Ukraine. Farms in the EU on average are also substantially smaller. So despite relative small economic relevance for the EU as a whole and for individual frontline MSs (and the trade argument below show more on this), political focus on the issue was incomparably larger and even was lifted to scale of a military or essentially existential level to Ukraine and also for EU. For example, Polish prime minister Mateusz Morawiecki and current Slovakia's prime minister Robert Fico threatened to revoke military aid to Ukraine as both countries headed into national elections in the fall 2023 (Dood and Welsh, 2024).

Table 1 Key indicators for the EU 27 and Ukraine in 2021/2020

	EU	Ukraine	Poland	Hungary	Slovakia	Bulgaria	Romania	France
Economic context								
GDP (mln EUR in PPPs)	13307	588	867	218	120	296	408	2070
Population (million)	447.3	44	38	9.8	5.5	7.0	19.3	67.3
Land area (thousand km ²)	3 996	579	312	93	49	111	238	638
Agricultural area (AA) (thousand ha)	163 962	41 311	18647	5110			13080	
Agricultural area (AA), % of total land	41	71	47.2	55.3	38.6	46.5	56.8	52
GDP per capita (EUR in PPPs)	29700	14 220	22 600	22300	22000	16300	21100	30600
Agriculture in the economy								
Agriculture in GDP (%)	1.6	10.6	2.7	4.1	2.8	3.9	4.2	1.9
Agriculture share in employment (%)	3.8	14.7	9.4	4.7	2.6	6.4	18.5	2.2
Agro-food exports (% of total exports)	9.5	40.6	13.4	9.2	4.2	17.3	11.3	14.8
Agro-food imports (% of total imports)	7.1	9.5	9.1	6.4	6.5	13	11	10.8
Characteristics of the agricultural sector								
Crop in total agricultural production (%)	61	82	49	63	63	71	71	61
Livestock in total agricultural production (%)	39	18	51					
Share of arable land in AA (%)	24.7	56.8	36.2	45.4	27.6	32.2	37.3	32.8
Average farm-size (ha)	15.2	514	10	11	74	22	3.7	61
# of farms	10 282 700	40 333	1410 720	430010	25650	202720	3422030	456520

Source: own presentation using OECD (2023); Nivievskiy et al (2021); EC (2021); https://agriculture.ec.europa.eu/document/download/6aa74b11-9ea9-454d-80df-53e0c9cfe3f8_en?filename=agri-statistical-factsheet-eu_en.pdf

Argument 2 – Trade: Full trade liberalization only after Russian invasion?

As mentioned above, the EU introduced ESL and suspended the remaining trade tariff barriers on imports Ukraine (customs duties, quotas and trade defence measures known as ATMs) in May 2022, renewed them in June 2023 and is expected to renew them again with some safeguards in June 2024. This facilitated exports to and through the frontline MSs by road, rail, and ports on the Danube River and relieved Ukraine from substantial exportable surpluses, allowing shipments of food where it was needed. Very often, however, the fact of granting ATMs in May 2022 is presented in public domain as there was hardly a free trade between Ukraine and the EU before, and all of a sudden, agricultural import from Ukraine became barriers-free. This message arguably begins from the EC message *'The Commission has proposed today to renew the suspension of import duties, quotas and trade defence measures on Ukrainian exports to the European Union – known as the Autonomous Trade Measures (ATMs) – for another year...'*⁶ and circulated further in various media articles and papers: *'The European Union's liberalisation of trade rules with Ukraine to help its exports in July 2022 has resulted in Ukrainian food flooding the Polish market and other neighbouring countries'*⁷, *'In response to Russia's full-scale invasion, the European Union allowed tariff-free food imports from Ukraine...'*⁸, *'the temporary lifting of trade barriers between the EU and Ukraine created an opportunity for Ukrainian exporters of agricultural products'*⁹, *'At the end of May 2022, in response to Russia's aggression and the blockade of Ukrainian maritime trade, the European Union decided to temporarily liberalise trade with Ukraine'*¹⁰.

Some of the texts were precise in their storylines: *'The duty-free measures were first introduced following Russia's invasion of Ukraine in 2022.... They removed remaining duties not addressed by the EU's [free trade agreement](#) with Ukraine from 2014...'*¹¹ or *'the ATMs significantly broaden the scope of tariff liberalisation under the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA) by suspending all outstanding duties and quotas, as well as duties on anti-dumping and safeguard measures on Ukrainian imports in Ukraine's hour of need'*¹²

Therefore, to set the initial conditions right, Ukraine has been liberalizing its trade with the EU since almost a decade already under the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA) that came into effect in January 1, 2016. The DCFTA was expected to almost fully liberalize the trade in goods over a transitional period of a maximum of 10 years up until 2026: 99.1% of duties by Ukraine and 98.1% of duties by the EU were set to be eliminated by then (Tinatin and Movchan, 2024). When it comes to agricultural goods, 82.2% of the relevant agro-food tariffs were completely lifted with the entry into force of the DCFTA, with additional 1.2% lifted over a transitional period of up to seven years. The EU, however, applies altogether 40 of the tariff rate quotas (TRQs) for remaining tariff lines,

⁶ https://ec.europa.eu/commission/presscorner/detail/en/IP_23_1023; accessed on April 16, 2024

⁷ <https://www.euractiv.com/section/politics/news/poland-launches-import-controls-at-ukrainian-border-to-protect-domestic-market/>; accessed on April 16, 2024

⁸ <https://www.csis.org/analysis/ships-trains-and-trucks-unlocking-ukraines-vital-trade-potential>; accessed on April 16, 2024

⁹ Beluhova-Uzunova et al (2024)

¹⁰ <https://www.ips-journal.eu/topics/economy-and-ecology/seeds-of-strife-7361/>

¹¹ <https://www.politico.eu/article/european-union-ukraine-duties-trade-agriculture-farmer-protests/>

¹² https://ec.europa.eu/commission/presscorner/detail/en/IP_23_1023

including many of the most important items (grain, beef, pork, sheep and poultry meat, sugar, eggs, selected dairy products, selected vegetables, selected fruit juices, ethanol, and cigarettes; see the Table 4 for details). TRQs are managed on a ‘first come – first served’ basis or through import licenses. Ukraine applies TRQs only for five groups of products. Utilization of the TRQs to the EU by Ukraine varied substantially across the product lines, although the degree of utilization was gradually increasing before the war outbreak and considerable over-quota supply were recorded for some good amount of product lines (honey, processed tomatoes, barley groats and meal, cereal grains, apple and grape juice, maize, flour and pellets, poultry meat, wheat, flour and pellets, sugars, butter and dairy spreads, starch processed - Figure 10). As a result, the EU somewhat increased TRQs for eight product lines in 2017. In general, Ukraine utilized 32 TRQs in 2019 (80%) versus 26 TRQs in 2016 (65%) – see Table 4 for more details. The remaining TRQs could not be utilized because of various reasons, including because of the quality and food safety requirements in the EU, etc. For example, no TRQ exports took place for beef, pork, sheep meat, as Ukraine was not able to get a third-country authorization to export these products to the EU (Taran, 2020).

Overall, however Ukraine accounts only for around 0.5% of the EU’s total trade in goods and 1-2% in agricultural goods (Table 5). Furthermore, the share of agricultural exports under the TRQs in total Ukraine’s agricultural exports to the EU was only 35% in 2021. Consequently, the temporary full trade liberalization on imports from Ukraine has not caused and could not cause drastic changes in the share of Ukraine in the EU imports. Moreover, the relative weight of the ‘sensitive’ import product lines in the dispute between Ukraine and frontline MSs (e.g. grains, poultry or sugar) in total Ukraine’s agricultural exports to the EU also did not change much from the pre-war time. Corn share, for example, was about slightly above 20%, and others followed the same pattern or even decreased their shares (e.g. sugar). The only drastic change was observed for wheat, which share increased from 1% in 2021 to 8.1% in 2022, but interestingly enough it did not end up in the list of sensitive products. Therefore, from a pure economic or facts’ point of view, the list of sensitive products looks very questionable and more information would be needed to understand the rationale behind this list.

Table 2 Ukraine’s agricultural exports to the EU under TRQs

	In total agricultural exports to the EU	In total exports to the EU	In total agricultural exports to the world	In total exports to the world
2021	35%	10%	11%	4%
2022	46%	21%	26%	14%
2023	49%	26%	28%	17%

Source: Movchan (2024)

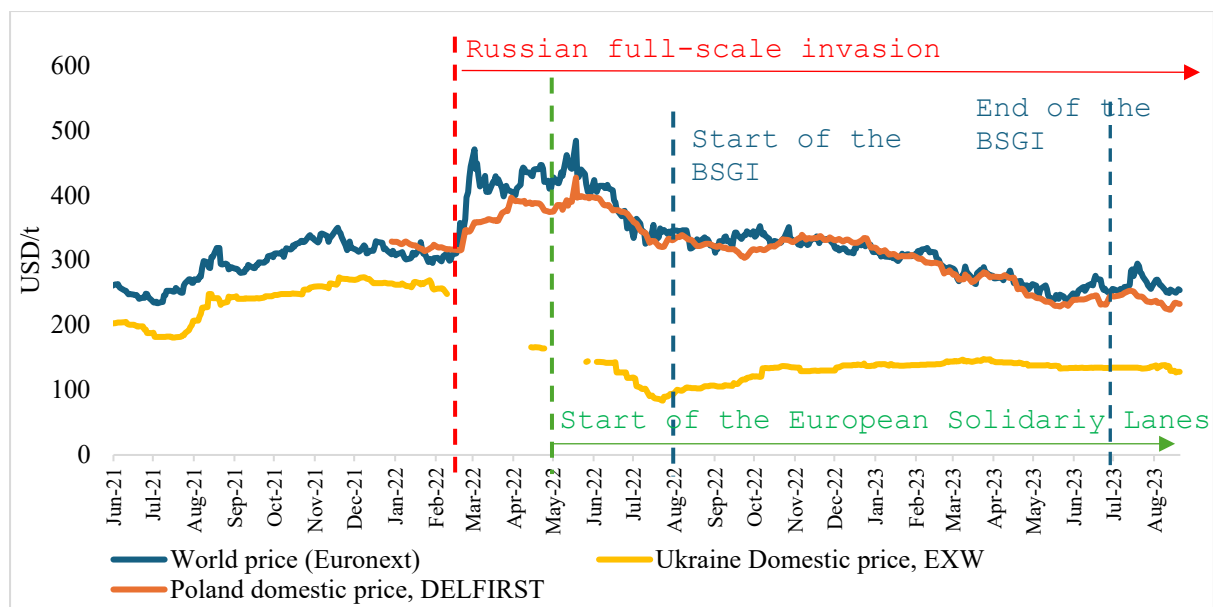
Argument 3 – Price: Is Ukraine’s export responsible for drop in prices in the frontline EU member states?

This was perhaps the most widely circulated argument, especially in the spring 2023, before the five frontline countries introduced unilateral import bans on Ukraine’s imports: *“The European Union’s liberalisation of trade rules with Ukraine to help its exports in July 2022 has resulted in Ukrainian food flooding the Polish market and other neighbouring countries, resulting in a drop in prices and demand for domestic production... Products from Ukraine, whose imports have caused serious disruptions to the Polish market since 2022, include grain, poultry, eggs, sugar, frozen fruit and even apple juice, of*

which Poland is one of the world's biggest exporters"¹³ or "Following the Russian invasion of Ukraine, the European Union (EU) lifted import tariffs for Ukrainian commodities to maintain Ukrainian exports to the world market. This led to a considerable decrease of prices for cereals and oilseeds in affected Member States"¹⁴.

To begin with, the war shocked global agricultural markets and world agricultural prices soared through mid-2022 (Ihle et al., 2022; Figure 4). As Russia blocked the Black Sea and Ukraine could not export substantial amounts of grains in the beginning of the war, concerns regarding agricultural commodity shortages arose as global stocks were low and markets were tight before the war began in Ukraine (von Cramon-Taubadel, 2022a). The prices, however, have declined significantly since the mid-22 and remain at pre-war levels. This was mainly due to increased exports supplies and better crop expectations from elsewhere in global suppliers (EU, Australia, Canada, North and South America) that allowed to soften initial shocks (Glauber, 2024). The effect of the BSGI, however, on international and domestic prices is questionable (Goyal and Steinbach, 2023; Nazarkina and Nivievskiy, 2023). Because of the problems with exports and more costly alternative routes, Ukraine's export costs increased enormously, while grain and oilseed farm-gate prices plummeted below their production costs. Domestic grain and oilseeds price developments were essentially decoupled from the world reference prices (Nivievskiy and Neyter, 2024; Figure 4). Usually for grain and other agricultural product exporting countries, farm-gate or domestic price is derived from a corresponding world market price by extracting a so-called transfer costs from the border reference price. The transfer costs include all the costs of delivering the product from the farm-gate to the port (e.g. transport costs, port and elevator handling, regulatory compliance costs, margins etc.).

Figure 4 Wheat world market and domestic prices in Ukraine and Poland



Source: own demonstration using the data from Ukragroconsult, European Commission cereals price data, National Bank of Ukraine

In contrast to Ukraine, the farmers in Poland and other frontline EU MSs did not experience logistical hardships and domestic prices were 'firmly tightened' to the world market development and

¹³ <https://www.euractiv.com/section/politics/news/poland-launches-import-controls-at-ukrainian-border-to-protect-domestic-market/>

¹⁴ Beluhova-Uzunova et al (2024)

essentially followed the global agricultural prices trend. Moreover, the drop of domestic market prices in the frontline and other EU MSs was a result of declining world market prices and at least visually, domestic prices in Poland and Hungary do not demonstrate extraordinary developments that are drastically different from the world or border reference prices' behaviour (Figure 4 through Figure 7). Moreover, the shock of the war and resulting skyrocketing world market prices allowed European farmers and other farmers across the globe record incomes over the last two decades in 2022 and 2023 (Lakner, 2024; USDA ERS, 2024). This is in high contrast to Ukrainian farmers that accumulated about USD 70 billion of economic losses since the beginning of the war because of the depressed domestic prices (Figure 4; Nivievskiy and Neyter, 2024).

Figure 5 EU market prices for milling wheat, EUR/t

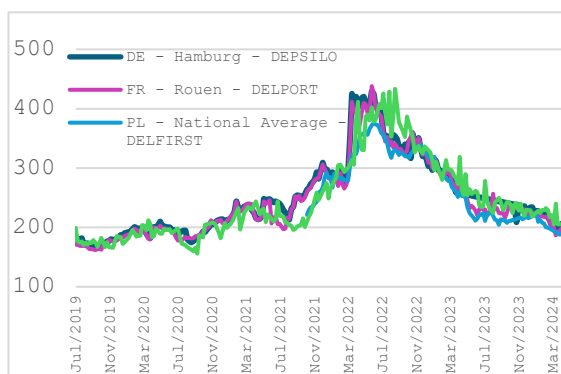


Figure 6 EU market prices for feed wheat, EUR/t

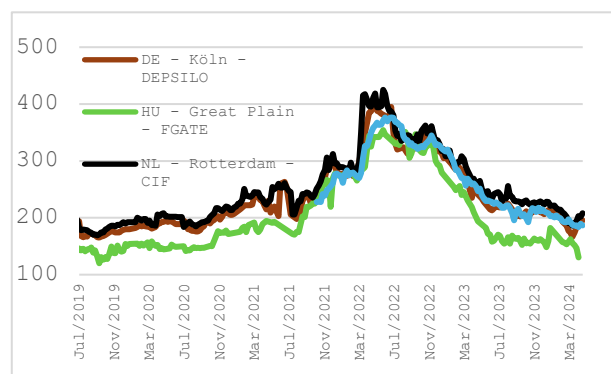
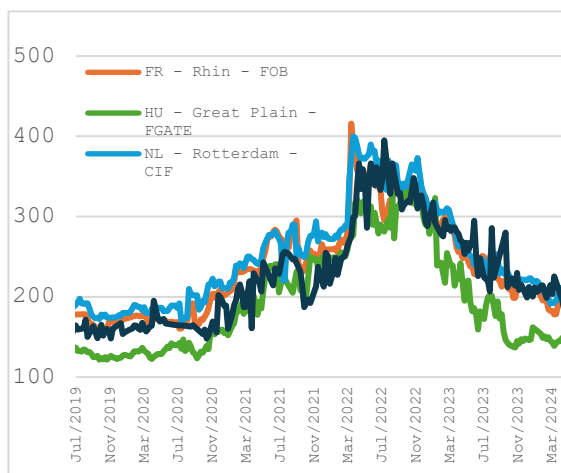


Figure 7 EU market prices for corn, EUR/t



Source: European Commission Cereals Statistics https://agriculture.ec.europa.eu/data-and-analysis/markets/overviews/market-observatories/crops/cereals-statistics_en

Argument 4 – Costs: cheap Ukrainian grain?

'Farmers continue to protest that cheap grain imports, mandated by the European Union, are hurting them, despite financial support'¹⁵ or '...Farmers in central and eastern Europe protested this week against the impact of cheap Ukrainian grain imports, which have undercut domestic prices and hit the sales of local producers'¹⁶ these and similar messages¹⁷ were put forward in the public domain to

¹⁵ <https://www.aljazeera.com/news/2024/2/12/ukraine-protests-destruction-of-grain-exports-by-polish-farmers>

¹⁶ <https://edition.cnn.com/2023/04/08/europe/ukraine-grain-protests-eastern-europe-intl/index.html>

¹⁷ <https://www.ips-journal.eu/topics/economy-and-ecology/seeds-of-strife-7361/>

strike presumably an argument that cheap Ukrainian grain will take away incomes from farmers in Poland, Hungary or in other frontline countries.

To start with, Ukrainian grains and oilseeds indeed became very cheap since the beginning of the Russian war, and indeed remarkably cheaper than grain in Poland, primarily because of the inflated export costs (Nivievskiy and Neyter, 2024; Figure 4). This does not necessarily mean, however, that it will still be cheaper when it is delivered to Poland, because of the spatial arbitrage or logistics costs involved. Just as an example, let us consider the case of wheat. A typical EXW wheat price in Ukraine has been around USD130/t, without VAT, while the average domestic price for wheat in Poland is about USD200/t now (Figure 5). The spatial arbitrage or the difference between domestic prices in Ukraine and Poland, however, is not enough to compensate for the costs of delivery of Ukrainian grain to Poland, which is now roughly USD80/t (MAFP, 2024; Figure 8). The price data on Figure 5 and Figure 6 also does not suggest that there was so-called ‘undercutting’ of domestic prices in Poland because of the allegedly cheap Ukrainian grain; otherwise, we would observe a certain regime change in domestic prices in Poland. In addition, as it was mentioned above, because of the more costly alternative export routes after the beginning of the war, export costs increased enormously, while grain and oilseed farm-gate prices plummeted below their production costs (Figure 4; Nivievskiy and Neyter, 2024). As a result, despite grains and oilseeds indeed might be defined as ‘cheap’ in Ukraine, still because of the high export costs farmers of grain crops suffer losses second year in a row (Figure 9).

Figure 8 Export logistics costs, USD/t

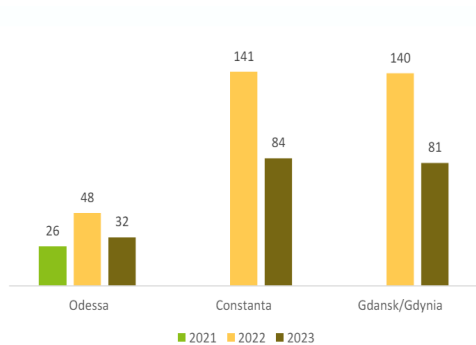
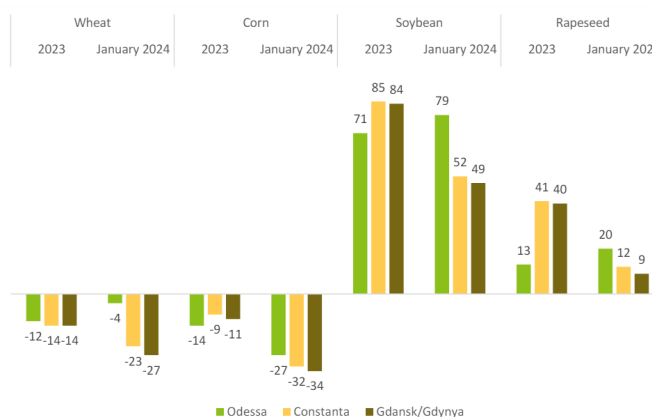


Figure 9 Crops profits on different export routes, USD/t



Source: MAFP et al (2024)

Argument 5 – Competition: does Ukraine crowd out Poland from other EU countries’ markets?

‘The other day, Poland’s deputy minister of agriculture, Michal Kolodziejczak, said that the country’s government is concerned that Ukrainian agricultural products are displacing Polish products on the German market’¹⁸. Figure 2 and Figure 3 demonstrate that the only country market where this situation could be observed is Spain and to a lesser extent Netherlands that started importing relatively greater shares of corn and especially of wheat. Figure 8 and Figure 9 demonstrate that Poland indeed increasingly exported wheat and corn over the last 4 years, but the data does not show that Spain has been a traditional market for Poland from which it could be displaced by Ukraine’s wheat. Even more so in terms of corn, where Spain and Netherlands have been traditional market for Ukraine’s corn and to where Poland seems to be willing to increase its corn supplies.

¹⁸ <https://visitukraine.today/blog/3410/why-has-ukrainian-grain-become-a-problem-for-europe>

Figure 10 Exports of wheat from Poland, mln t

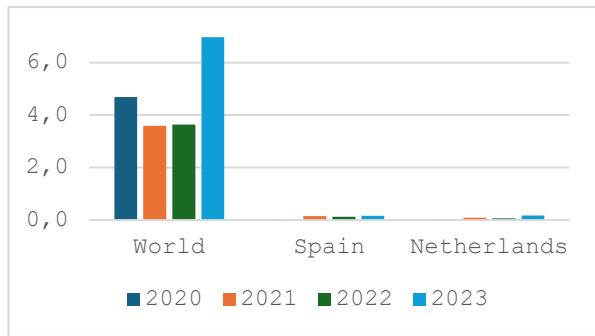
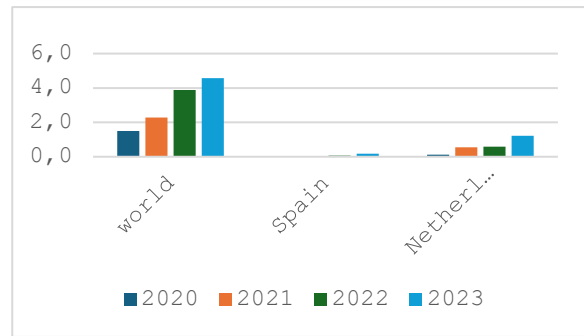


Figure 11 Exports of corn from Poland, mln t



Source: own demonstration using UN Comtrade data

Argument 6 – Infrastructure: tight grain infrastructure capacities in the frontlines EU MSs?

“... The capacity of Polish silos and the storage system is definitely not enough to absorb the Ukrainian grain, sunflower and other goods...”¹⁹. So the argument or complain is that Ukrainian grain gets stored in inland elevators in Poland so that Polish grain has to compete for storage services and space with Ukrainian grain. Moreover, even if the grain is in the transit to polish ports, it also creates a competition for ports and logistic infrastructure there. Unfortunately, there is no reliable data on usage and performance of storage capacities in Poland. However, there is analytics that demonstrate that Gdansk port capacities have been utilized by 50-60% so there is a substantial scope for increasing transshipments.

Argument 7 – EU consumers: Not relevant?

The whole discussion over Ukraine’s agricultural imports to the EU is clearly lacking another stakeholder in the EU – consumer. Farmers’ protests attract public attention, mobilize farmers’ associations and lobbying activities in Brussel and leave in a shadow the EU consumers (final consumers, food processors or livestock sector) that demonstrated that would want more of Ukraine’s agricultural products. Bringing consumers into a public discussion would provide a more balanced view on the current situation and costs and benefits thereof. Just to demonstrate the point, Countryman et al (2024) analysed the global effects of weak or strong ESL using a computable general equilibrium-modelling framework. The simulation setup is quite close to the current real situation as essentially what the five frontline MSs and France demand from the European Commission, Council of Europe and from European Parliament, is to weaken the ESL. The only difference is that the modelling setup assumes non-functioning seaborne trade. Results are available for all global regions and reflect combined effect on producers and consumers. The outcome for Europe show the welfare loss of USD 520 million under the weak ESL, and almost USD 2 billion welfare gain under the strong ESL scenario.

¹⁹ <https://www.ft.com/content/2aec31e9-4b52-4a9f-89d4-797c514fad6b>

Conclusions and recommendations

Tensions between Ukraine and frontline EU MSs fundamentally origin back to February 2022, when Russia invaded Ukraine at full-scale. Ukraine's agriculture and agricultural exports (primarily grains, oilseeds and vegetable oil) play a critical role for Ukraine's economy and increasingly important role for feeding a growing global population. The share of agricultural exports in total Ukraine's exports increased from 40% in the pre-war 2021 to almost 60% in 2023. More than 90% of Ukraine's agricultural exports were delivered to other countries by the Black Sea. Therefore, when Russia invaded Ukraine in February 2022 and blocked its Black Sea ports, it became a shock not only for Ukraine but also for the entire world as the world prices soared through mid-2022.

To relieve substantial amounts of grains, oilseeds and vegetable oil from Ukraine's blocked seaports and inland elevators, the EU introduced so-called European Solidarity Lanes (ESL) trade routes and lifted temporarily the remaining tariff trade barriers to the EU (so-called Autonomous trade measures – ATMs) in May 2022. As of January 2024, the ESL facilitated 122 million tons of exports from Ukraine, including 64 million tons of agricultural products, or about 58% of Ukraine's grain since the beginning of the war. The rest was exported via the Black Sea ports under the Black Sea Grain Initiative (BSGI) that was operational from August 2022 until July 2023. Russia pulled out of the BSGI in July 2023, but further success of Ukraine's military in the Black Sea helped it to re-establish and secure the shipping routes from the Black Sea ports. By late fall 2023 and beginning 2024, monthly seaborne export volumes had rebounded significantly and even surpassed the pre-war levels.

As Russia disrupted Ukraine's seaborne agricultural exports and the EU facilitated alternative, though more costly trade routes by rail, truck, and barge through its western borders, the frontline EU MSs faced a surge of imports and transits of agricultural products from Ukraine. First problems or tensions between Ukraine and the EU frontline MSs over agricultural exports were recorded in August-September 2022 already when long truck queues (up to 60 km) lined up at the Polish border and unusually slow work of the Polish phytosanitary and veterinary control services, compared to the pre-war period, were often mentioned as one of the key problems for extraordinary long waiting times at the border. It then paved the way to strong farmer protests in Poland, Slovakia, Hungary, Romania, and Bulgaria, and even resulted in individual countries' bans on Ukraine's agricultural imports in April 2023. Although these individual trade measures contradicted the EU trade policy, the European Commission (EC) reacted with the financial compensation packages to the farmers of the five frontline EU member states and with a temporary limit of imports of four agricultural products (wheat, maize, rapeseed, and sunflower seed) from Ukraine until September 15, 2023, as a safeguard measure. After the expiry of the temporary import ban, Poland, Hungary and Slovakia continued their unilateral import bans and their farmers continued the protests, cross-border and roads' blockade and lobbying efforts in Brussels. In January 2024 the EC proposed to continue free-trade regime for Ukraine, but under the pressure of farmers' protests and associations and of a coalition of five frontline EU MSs supported by France, the EC has also agreed to implement safeguard provisions for a list of 'sensitive products' (poultry, eggs, sugar, oats, maize, groats, and honey) to guard against import surges. Before a final deal is reached in late April and despite the exports from Ukraine to the frontline MSs have fallen back to pre-war levels, farmers continue to protest and block shipments from Ukraine through Poland and other frontline countries. These protests and political deals in Brussels have been fuelled by many other factors, like falling world market prices, approaching accession negotiations between Ukraine and the EU, farmers' protests because of the environmental measures in the EU and subsidies' cuts, and all these are precipitated by questionable arguments, political fighting and asymmetric information in general. So we hope that summarizing and structuring the following key economic arguments that have been floating around in public domain, and rationalizing them will help the EU institutions to strike a rational

and win-win decision for further free-trade regime with Ukraine, and without a list of ‘sensitive products’.

Argument 1 – Political focus versus economic relevance

Agriculture plays a substantially bigger economic role in Ukraine than in the EU, in terms of the agricultural land cover, share of national income and trade. Moreover, Ukraine accounts only for around 0.5% of the EU’s total trade in goods and 1-2% in agricultural goods. So despite relative small economic relevance for the EU as a whole and for individual frontline MSs (and the trade argument below show more on this) in particular, political focus on the issue was way disproportionately larger and even scaled up to level of military or essentially existential level to Ukraine and also for EU as some of the political leaders in the frontline EU MSs even threatened to revoke military aid to Ukraine.

Argument 2 – Trade: Full trade liberalization only after Russian invasion?

As mentioned above, the EU introduced ESL and suspended the remaining trade tariff barriers on imports Ukraine (customs duties, quotas and trade defence measures known as ATMS) in May 2022, renewed them in June 2023 and is expected to renew them again with some safeguards in June 2024. Very often, however, the fact of granting ATMs in May 2022 is presented in public domain as there was hardly a free trade between Ukraine and the EU before, and suddenly agricultural import from Ukraine became barriers-free.

In fact, Ukraine almost fully liberalized its trade with the EU under the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA) that came into effect in January 1, 2016. The DCFTA was expected to almost fully liberalize the trade in goods over transitional period of 10 years up until 2026: 99.1% of duties by Ukraine and 98.1% of duties by the EU were set to be eliminated by then. When it comes to agricultural goods, 82.2% of the relevant agro-food tariffs were completely lifted with the entry into force of the DCFTA, with additional 1.2% lifted over a transitional period of up to seven years. The remaining trade barriers from the EU side were the tariff rate quotas (TRQs) for altogether 40 product lines (grain, beef, pork, sheep and poultry meat, sugar, eggs, selected dairy products, selected vegetables, selected fruit juices, ethanol, and cigarettes), but in total they made up only 35% of total agricultural export to the EU. Consequently, the temporary full trade liberalization on imports from Ukraine has not caused and could not cause drastic changes in the share of Ukraine in the EU agricultural imports. Moreover, the relative weight of the ‘sensitive’ import product lines in the dispute between Ukraine and frontline MSs (e.g. grains, poultry or sugar) in total Ukraine’s agricultural exports to the EU also did not change much from the pre-war time. The only drastic change was observed for wheat, which share increased from 1% in 2021 to 8.1% in 2022, but interestingly enough it did not end up in the list of sensitive products in the end. So from a pure economic or facts’ point of view, the list of sensitive products at least lacks an evidence.

Argument 3 – Price: Is Ukraine’s export responsible for drop in prices in the frontline EU member states?

This was perhaps the most widely circulated argument, especially in the spring 2023, before the five frontline countries introduced unilateral import bans on Ukraine’s imports. To begin with, the war shocked global agricultural markets and world agricultural prices soared through mid-2022. The prices, however, have declined significantly since mid-22 and remain at pre-war levels. This was mainly due to increased exports supplies and better crop expectations from elsewhere in global suppliers (EU, Australia, Canada, North and South America) that allowed softening of initial shocks. As a result, the drop of domestic market prices in the frontline and other EU MSs was a result of declining world market prices and the price data shows that domestic prices in Poland and Hungary do not demonstrate extraordinary developments that are drastically different from the world or border

reference prices. Moreover, the shock of the war and resulting skyrocketing world market prices allowed European farmers and other farmers across the globe to earn record incomes over the last two decades in 2022 and 2023. This is in high contrast to Ukrainian farmers that accumulated about USD 70 billion of economic losses since the beginning of the war because of the depressed domestic prices.

Argument 4 – Costs: Cheap Ukrainian grain?

Grain from Ukraine often was mentioned as ‘cheap’ and thus disrupting domestic markets and sales for the EU farmers and thus take away incomes from farmers in Poland, Hungary or in other frontline countries. Ukrainian grains and oilseeds indeed became very ‘cheap’ since the beginning of the Russian war, and indeed remarkably cheaper than grain in Poland, primarily because of the disrupted seaborne exports from Ukraine and more costly alternative routes by rail, truck, and barge via European solidarity lanes to destinations in Europe and to Romania's Black Sea port of Constanta, and grain and oilseed farm-gate prices in Ukraine plummeted below their production costs. This does not necessarily mean, however, that it will still be cheaper when it gets delivered to Poland, because of the spatial arbitrage or logistics costs involved. The evidence available shows that the spatial arbitrage or the difference between domestic prices in Ukraine and Poland, however, is not enough to compensate for the costs of delivery of Ukrainian grain to Poland. Moreover, despite grains and oilseeds indeed might be defined as ‘cheap’ in Ukraine, still because of the high export costs farmers of grain crops suffer losses second year in a row.

Argument 5 – Competition: Does Ukraine crowd out Poland from other EU countries’ markets?

Trade data demonstrate that the only country market where this situation could be observed is Spain and to a lesser extent Netherlands that started importing relatively greater shares of corn and especially of wheat. Poland indeed increasingly exported wheat and corn over the last 4 years, but the data does not confirm that Spain has been a traditional market for Poland from which it could be displaced by Ukraine's wheat. Even more so in terms of corn, where Spain and Netherlands have been traditional market for Ukraine's corn and to where Poland seems to be willing to increase its corn supplies.

Argument 6 – Infrastructure: Tight grain infrastructure capacities in the frontlines EU MSs?

The argument or complain is that Ukrainian grain gets stored in inland elevators in Poland so that Polish grain has to compete for storage services and space with Ukrainian grain. Moreover, even if the grain is in the transit to polish ports, it also creates a competition for ports and logistic infrastructure there. Unfortunately, there is no reliable data on usage and performance of storage capacities in Poland. On the other hand, there is evidence that Gdansk port capacities have been utilized by 50-60% so there is a substantial scope for increasing transshipments.

Argument 7 – EU consumers: Not relevant?

The whole discussion over Ukraine's agricultural imports to the EU is clearly lacking another stakeholder in the EU – consumer. Farmers' protests attract public attention, mobilize farmers' associations and lobbying activities in Brussel and leave in a shadow the EU consumers (final consumers, food processors or livestock sector) that demonstrated they would want more of Ukraine's agricultural products. Bringing consumers into a public discussion would provide a more balanced view on the current situation and costs and benefits thereof. Some available evidence demonstrate that the EU as a whole would benefit keeping the trade free with the Ukraine.

Literature

WSJ. The Wall Street Journal (2023). Tensions Over Ukrainian Grain Split European Union. September 15, 2023. Available online at <https://www.wsj.com/world/europe/tension-between-ukraine-and-ally-poland-over-grain-exports-vexes-eu-b350a479> [Accessed Apr. 15, 2024].

NYT. The New-York Times (2023). Russia Attacks Ukrainian Ports on Danube River. August 16, 2023. Available online at <https://www.nytimes.com/2023/08/16/world/europe/russia-drone-attack-danube-port-ukraine.html> [Accessed Apr. 15, 2024].

Taran, Svitlana (2020). How to Liberalize EU-Ukraine Trade under DCFTA: Tariff Rate Quotas. <https://freepolicybriefs.org/wp-content/uploads/2020/06/freepolicybriefs20200601-1.pdf> [Accessed Apr. 15, 2024]

Vos, Rob and Joseph Glauber (2023). Eastern European Farmers Protests Gluts of Ukraine Food Exports: the Struggle to Keep Solidarity Lanes Open. IFPRI Blog. April 26, 2023. <https://www.ifpri.org/blog/eastern-european-farmers-protest-gluts-ukraine-food-exports-struggle-keep-solidarity-lanes>

Glauber, Joseph (2024). Ukraine and Global Agricultural Markets Two Years Later. IFPRI Blog. February 26, 2024. <https://www.ifpri.org/blog/ukraine-and-global-agricultural-markets-two-years-later>

Dood, Emma and Caitlin Welsh (2024). Fracturing Solidarity: The Grain Trade Dispute between Ukraine and the European Union. Critical Questions by the Center of Strategic and International Studies. <https://www.csis.org/analysis/fracturing-solidarity-grain-trade-dispute-between-ukraine-and-european-union>

Der Agrarhandel (2022). The Logistics of Grain and Oilseeds from Ukraine – Situation Report. A Letter from the Der Agrarhandel to the EU DG for Mobility and Transport. Unpublished.

Von Cramon-Taubadel, Stephan (2022b). Ukraine's Agricultural Exports: Don't Forget the Land Route! Blog at Agrardebatten. <https://agrardebatten.de/agrarzukunft/ukraines-agricultural-exports-dont-forget-the-land-route/>

CFTS. Center for Transport Strategies (2022). A test on friendship test: Why Ukrainian-Polish border cannot cope with the flow of trucks. September 8, 2022. Available online at https://cfts.org.ua/articles/viprobuвання_druzhibi_chomu_ukrainsko_polskiy_kordon_ne_spravlyaet_sya_z_potokom_vantazhivok_1922

Beluhova-Uzunova, R., Mann, S., Prisacariu, M. and Sadłowski, A. (2024), Compensating for the Indirect Effects of the Russian Invasion of Ukraine – Varied approaches from Bulgaria, Poland and Romania. EuroChoices, 23: 11-18. <https://doi.org/10.1111/1746-692X.12422>

Lakner, Sebastian (2024). Streit um den Agrardiesel: Der Versuch einer Einordnung <https://slakner.wordpress.com/2024/01/04/streit-um-den-agrardiesel-der-versuch-einer-einordnung/>

Akhvlediani, Tinatin and Veronika Movchan (2024). The Impact of Ukraine's Accession on the EU's Economy. The Value Added of Ukraine. ICDS policy paper. February 2024. <https://www.ceps.eu/ceps-publications/the-impact-of-ukraines-accession-on-the-eus-economy/>

Movchan, Veronika (2024). Unpublished report on the EU-Ukraine agricultural trade EC (2024). [EU cereals market.pdf \(europa.eu\)](#)

Goyal, Raghav, and Sandro Steinbach (2023). "Agricultural commodity markets in the wake of the Black Sea Grain Initiative." *Economics Letters* 231: 111297. doi.org/10.1016/j.econlet.2023.111297

Nazarkina, Roksolana, and Oleh Nivievskyi (2023). Did Black Sea Grain Initiative help Ukrainian farmers? *Vox Ukraine*, Jul 4, 2023. Available online at <https://voxukraine.org/en/did-black-sea-grain-initiative-help-ukrainian-farmers> [Accessed Mar. 25, 2024].

von Cramon-Taubadel, Stephan (2022a). Russia's Invasion of Ukraine – Implications for Grain Markets and Food Security. *German Journal of Agricultural Economics* 71(2): 1:13. DOI: <https://doi.org/10.30430/71.2022.5.Apol>.

Nivievskyi, Oleg, and Roman Neyter (2024). Zwischenbilanz zum Krieg: Schaeden und Verluste der ukrainischen Landwirtschaft. *Ukraine-Analysen*. Ausgabe 294. doi: 10.31205/UA.294.01. <https://laender-analysen.de/ukraine-analysen/294/zwischenbilanz-zum-krieg-schaeden-und-verluste-der-ukrainischen-landwirtschaft/>

Nivievskyi, Oleg, Dmytro Goriunov and Anna Nagurney (2024). Schäden und Wiederaufbau der ukrainischen Infrastruktur. *Ukraine-Analysen*. Ausgabe 296. DOI: 10.31205/UA.296.03. <https://laender-analysen.de/ukraine-analysen/296/ukrainekrieg-schaeden-infrastruktur-wiederaufbau/>

USDA ERS (2024). U.S. net farm income and net cash farm income, inflation adjusted, 2003–24F. <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=82240>

Ministry of Agrarian Policy and Food of Ukraine (MAPF), UCAB and World Bank (2024). Ukraine: the impact of the war on farming profitability. <https://minagro.gov.ua/storage/app/sites/1/uploaded-files/viini-na-pributkovist-silskogospodarskogo-virobnitstvavipusk-3.pdf>

Countryman, Amanda, Maria Bogonos, Valentyn Litvinov, Ivan Kolodiazhnyi and Oleg Nivievskyi (2024). Global Economic Effects of War-Induced Agricultural Export Declines from Ukraine. forthcoming in the *Applied Economic Perspectives and Policy* journal.

Annex

Table 3 Timeline Ukraine-EU tensions over grain imports to the EU

Date	Event	Description
February 24, 2022	Ukraine's Black Sea Ports blockade	Russia invaded Ukraine and blocked its Black Sea ports. This terminated Ukraine's sea exports
May, 2022	Launch of the European Solidarity Lanes (ESL) and ATMs	EU Commission launched the Solidarity Lanes Action Plan known as the European Solidarity Lanes (ESL) to facilitate alternative export routes through the western borders of Ukraine, by road, rail, and river ports on the Danube River. This huge intragovernmental project contained urgent and medium run measures to address transport logistics bottlenecks between the EU and Ukraine. The package also included autonomous trade measures (ATMs), which waved tariffs and quotas for the import of Ukrainian agricultural products to the EU
August, 2022	Launch of the Black Sea Grain Initiative	The UN and Turkey moderated the BSGI with Ukraine and Russia to make large, blocked stocks of grain in Ukraine available for import-dependent countries. The BSGI established a corridor to transport grain from Ukraine's three deep-water Black Sea ports: Odesa, Chornomorsk, and Pivdennyi
August-September, 2022	First signs of tensions: long truck ques at border crossing with Poland	Truck ques at the Ukraine-Poland border lined up to 60 km in September 2022. Ukrainian trucker reported that he had been waiting 12 days at the Polish border with a cargo of corn destined for the Netherlands. https://agrardebatten.de/agrarzukunft/ukraines-agricultural-exports-dont-forget-the-land-route/ https://www.express.co.uk/news/world/1597374/Ukraine-war-news-latest-eu-border-Poland-belarus-russia-50-mile-queue-trucks-sanctions Border phytosanitary and veterinary controls were mentioned as one of the key problems: "before the full-scale invasion ... SPS inspectors controlled 80 trucks per day, but only up to 25 in last days of August [2022]" https://cfts.org.ua/articles/viprobuвання_druzhbi_chomu_ukrainsko_polskiy_kordon_ne_spravlyaetsya_z_potokom_vantazhivok_1922
March, 2023	Farmers' protests in five frontline EU MSs	The diversion of Ukraine produce into the domestic food markets of Poland, Hungary, Romania, and Slovakia triggered the strong farmers' protests.
March, 2023	Financial support package to farmers from the EC	In late March, the EU offered a €56.3 million (\$62.2 million) financial support package to compensate affected farmers in Bulgaria, Hungary and Poland, of which about €30 million (\$33 million) would go to farmers in Poland. https://agriculture.ec.europa.eu/news/commission-presents-support-measure-worth-eu563-million-bulgarian-polish-and-romanian-farmers-2023-03-20_en
April, 2023	Unilateral EU MSs bans on Ukraine's grain imports	By April 19, 2023 Poland, Hungary, Slovakia, and Bulgaria had approved bans against the import of Ukrainian grain. On April 20, Hungary expanded the list of banned Ukrainian products to 25 item: meat products, eggs, honey, vegetables, grains (such as wheat, rye, barley, maize, etc.), flour, oily seeds, sugar and wine. https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/DS/619-1.pdf&Open=True https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/DS/620-1.pdf&Open=True https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/DS/621-1.pdf&Open=True
April, 2023	EU: unacceptable unilateral trade actions	The EU has criticized the moves of its member states to ban Ukrainian grain imports, as such "unilateral actions" are unacceptable and breach the EU trade policy

May, 2023	Additional financial support package to farmers from the EC	by mid-April the European Commission announced it would allocate an additional €100 million (\$110 million) in compensation to farmers in the affected five member state countries (Poland, Hungary, Romania, Bulgaria, and Slovakia). The Commission proposes to allocate €9.77 million to Bulgaria, €15.93 to Hungary, €39.33 million to Poland, €29.73 to Romania and €5.24 to Slovakia. The five countries can complement this EU support up to 200% with national funds, which would amount to a total financial aid of €300 million for affected farmers. In return, however, countries would need to drop import restrictions to obtain the EU support. https://agriculture.ec.europa.eu/news/eu100-million-support-farmers-bulgaria-hungary-poland-romania-and-slovakia-2023-05-03_en
May, 2023	exceptional and temporary preventative measures by the EC	The EC introduced temporary restriction (until June 5, 2023) of imports of four agricultural products (wheat, maize, rapeseed and sunflower seed) to the five affected MSs. During this period, the four agricultural products can continue to be released for free circulation in all the Member States of the EU other than the five frontline MSs. https://ec.europa.eu/commission/presscorner/detail/en/ip_23_2562
June, 2023	Joint Coordination Platform. extension of the ATMS and of the safeguard ban on domestic sales in the five MSs	EU extended ATMs for another year to Ukraine. Exceptional and temporary preventive measures adopted on 2 May 2023 on imports of wheat, maize, rapeseed and sunflower seed from Ukraine, are to be phased out by September 15, 2023. The scope of these measures is further reduced from 17 to 6 tariff lines for the 4 products covered. A Joint Coordination Platform was set up to coordinate the efforts of the Commission, Bulgaria, Hungary, Poland, Romania and Slovakia, as well as Ukraine to improve the flow of trade between the Union and Ukraine, including transit of agricultural products along corridors. Executive Vice-President Valdis Dombrovskis is leading this process at political level. https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3059
July, 2023	Joint declaration of the five agricultural ministers	the agriculture ministers of the frontline five countries signed a joint declaration stating the countries' intention to extend the ban on domestic sales of Ukrainian wheat, maize, rapeseed, and sunflower seed until the end of the year regardless of the EC decision by September 15, 2023
September 15, 2023	Safeguard measures expire and Ukraine's export self-control	The EC allowed the safeguard measures to expire. Ukraine agreed to put in place effective measures to control the export of four agricultural products to avoid grain surges to the five frontline EU MSs. https://ec.europa.eu/commission/presscorner/detail/en/ip_23_4497
September 15, 2023	Resumption of individual state-level bans	Following the EC's decision, Poland, Hungary, and Slovakia immediately announced the resumption of state-level bans on the domestic sale of Ukrainian agricultural products. Romania and Bulgaria held off on extending state-level bans
September 21, 2023	Ukraine initiates WTO dispute complaints against Hungary, Poland and Slovak Republic	Ukraine has requested WTO dispute consultations with Hungary, Poland and the Slovak Republic regarding the continued imposition of import bans by the three countries on certain agricultural products, including grains, from Ukraine. The request for consultations formally initiates a dispute in the WTO. https://www.wto.org/english/news_e/news23_e/ds619_620_621rfc_21sep23_e.htm Ukraine also threatens with retaliatory import restrictions on certain goods from Poland and Hungary unless the bans were lifted
September-November 2023	Slovakia case	On September 21, Slovakia the first agreed to lift the ban in exchange for the new system's successful implementation and removal from Ukraine's WTO complaint; but after Robert Fico's victory in parliamentary elections on September 30, the government extended and expanded the ban on Ukrainian agricultural products to add honey, barley, wheat flour, soybeans, and cane or beet sugar to the list of banned agricultural products in November https://rokovania.gov.sk/RVL/Material/29033/1 ; https://kyivindependent.com/slovakia-to-extend-ukrainian-grain-ban/

November, 2023	Poland case	After Polish parliament elections in the mid-October 2023, Polish truckers and farmers organized a large-scale blockade of three border crossings with Ukraine, complaining about competition from Ukraine in their respective sectors. This resulted in that the Prime Minister Tusk's new government to maintain the import ban and oppose the extension of ATMs for Ukraine. The protests were suspended over the 2023 holiday season https://www.reuters.com/world/europe/polish-truckers-block-ukraine-border-crossings-over-loss-business-2023-11-06/
February, 2024	EC proposal on ATMs for Ukraine and resumed farmers' protests	On January 31, 2024, the EC proposed to renew the ATMs for Ukraine for another year. The renewed ATMs contain a reinforced safeguard mechanism This makes sure that quick remedial action can be taken in case of significant disruptions to the EU market, or to the markets of one or more Member States. For the most sensitive products – poultry, eggs and sugar – an emergency brake is foreseen which would stabilise imports at the average import volumes in 2022 and 2023. EC proposal is to be approved by the Council and the Parliament. Farmers resumed farmers' blockade, joining a wave of farmers' protests across the bloc demanding that the EU ease environmental and agricultural regulations to ensure farming remains a profitable livelihood. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_562 https://www.euractiv.com/section/agriculture-food/news/farmers-in-eastern-europe-set-to-protest-as-eu-moves-to-extend-ukraine-trade-benefits/
March, 2024	France steps in; extension of the safeguards list and of the reference period	EU negotiators at the EU Council and the Parliament agreed on 20 March to extend the list of imported products considered 'sensitive' – including poultry, eggs, sugar, oats, maize, groats, and honey – and to trigger automatic safeguard measures if import volumes rise above the 2022-23 average. But a coalition of EU countries, led by France and Poland, deemed those safeguards insufficient to protect EU farmers, from the influx of Ukrainian agricultural products, succeeding in pushing for additional provisions. The Council's position now extends the reference period to pre-war levels, the second semester of 2021 – when Ukrainian exports to the EU were lower, and including wheat and barley as sensitive commodities. These steps were demanded by the six associations representing farmers (Copa and Cogeca), the poultry processors and traders in the EU, the sugar manufacturers, the maize producers, the beet growers, and the union of wholesalers of eggs poultry and game, demanded to extend the safeguards to cereals and honey and to fix the reference period for triggering the safeguard mechanism at pre-war import volumes, i.e. before 2022. French wheat and grain growers joined the call for 'emergency brakes' https://www.euractiv.com/section/agriculture-food/news/member-states-push-for-further-safeguards-against-ukrainian-imports/ https://www.euractiv.com/section/agriculture-food/news/farmers-pressure-eu-for-more-safeguards-on-food-imports-from-ukraine/ https://www.euractiv.com/section/agriculture-food/news/french-cereal-growers-join-eastern-europes-call-for-safeguards-against-ukrainian-imports/
April 8, 2024	A deal on extending ATMS for Ukraine till 2025	Negotiators from the European Parliament and the Council of the EU was the last chance to close a hard-fought deal extending Ukraine's ATMs benefits until June 2025, including the emergency brake for sensitive products. The details are laid down above, but eventually wheat and barley were not included in the list of sensitive products
April 22-25, 2023	Final approval	If the committee's MEPs agree to the revised measures, the plenary will still have to give the final go-ahead at a session on 22-25 April, the last of the current mandate. The EU Council will then also have to give the green light. However, if the new ATMs are not approved, the EU could return to the pre-war trade framework with Ukraine, the so-called Deep and Comprehensive Free Trade Area (DCFTA), reinstating import quotas and duties. https://www.euractiv.com/section/agriculture-food/news/eu-parliament-and-council-seal-last-minute-deal-to-extend-ukraines-trade-benefits/

Source: own compilation using various sources indicated in the table, in Dood and Welsh (2024) and in Vos and Glauber (2023)

Table 4 DCFTA tariff-rate quotas (TRQs) and their utilization, 2016-2019

TRQ product	2016			2019		
	Quota volume	Utilization		Quota volume	Utilization	
	t	t	%	t	t	%
<i>“First-come, first-served” method for TRQ allocation</i>						
Sheep meat	1500	0	0,0%	1950	0	0,0%
Honey	5000	5000	100%	5600	5600	100%
Garlic	500	49	9,8%	500	393	78,6%
Oats	4000	4000	100%	4000	1239	31,0%
Sugars	20070	20070	100%	20070	20070	100%
Other sugars	10000	5929	59,3%	16000	1006	6,3%
Sugar syrups	2000	0	0,0%	2000	7	0,4%
Barley groats and meal, cereal grains otherwise worked	6300	6300	100%	7200	7200	100%
Malt and wheat gluten	7000	7000	100%	7000	6319	90,3%
Starches	10000	1898	19,0%	10000	10000	100%
Starch processed	1000	0	0,0%	1600	1600	100%
Bran, wastes and residues	17000	7286	42,9%	20000	14467	72,3%
Mushrooms main	500	0	0,1%	500	0	0,0%
Mushrooms additional	500	0	0,0%	500	0	0,0%
Processed tomatoes	10000	10000	100%	10000	10000	100%
Grape and apple juice	10000	10000	100%	16000	16000	100%
Fermented-milk processed products	2000	0	0,0%	2000	866	43,3%
Processed butter products	250	0	0,0%	250	0	0,0%
Sweetcorn	1500	13	0,9%	1500	23	1,5%
Sugar processed products	2000	340	17,0%	2600	417	16,0%
Cereal processed products	2000	55	2,7%	2000	1989	99,5%
Milk-cream processed products	300	73	24,4%	420	9	2,2%
Food preparations	2000	5	0,3%	2000	65	3,2%
Ethanol	27000	1889	7,0%	70800	6083	8,6%
Cigars and cigarettes	2500	0	0,0%	2500	0	0,002%
Mannitol-sorbitol	100	0	0,0%	100	0	0,0%
Malt-starch processed products	2000	0	0,0%	2000	1998	99,9%*
<i>Import licensing method for TRQ allocation</i>						
Beef meat	12000	0	0,0%	12000	0	0,0%
Pork meat main	20000	0	0,0%	20000	0	0,0%
Pork meat additional	20000	0	0,0%	20000	0	0,0%
Poultry meat and preparations main	16000	16000	100%	18400	18400	100%
Poultry meat and preparations additional	20000	8552	42,8%	20000	9174	45,9%
Eggs and albumins main	1500	232	15,5%	2400	2027	84,5%
Eggs and albumins additional	3000	0	0,0%	3000	1891	63,0%
Wheat, flours, and pellets	950000	950000	100%	980000	980000	100%
Barley, flour and pellets	250000	249460	99,8%	310000	249250	80,4%
Maize, flour and pellets	400000	400000	100%	550000	550000	100%
Milk, cream, condensed milk and yogurts	8000	0	0,0%	9200	250	2,7%
Milk powder	1500	450	30,0%	3600	560	15,6%
Butter and dairy spreads	1500	690	46,0%	2400	2400	100%

Source: Taran (2020)

Figure 12 Ukraine's within and over TRQs exports to the EU, 2016-2019



Source: Taran (2020)

Table 5 Ukraine's role in agricultural imports to the EU in 2021 and 2022

Product label	European Union (EU 27)'s imports from Ukraine					
	USD m, 2020	USD m, 2021	USD m, 2022	Share in EU total, 2020	Share in EU total, 2021	Share in EU total, 2022
All products	20,011	29,873	29,884	0.4%	0.5%	0.4%
Agriculture and food	7,126	8,661	13,949	1.3%	1.4%	2.1%
'1512 Sunflower-seed oil	1,664	2,041	2,749	41.1%	37.8%	32.9%
'1005 Maize or corn	1,737	1,934	3,471	21.3%	19.7%	23.5%
'1205 Rape or colza seeds	1,084	1,496	1,646	17.0%	18.2%	15.7%
'2306 Oilcake and other solid residues	340	377	345	12.5%	12.1%	9.5%
'0811 Fruit and nuts	146	293	293	5.5%	9.0%	9.0%
'1201 Soya beans	221	282	490	3.1%	3.0%	5.2%
'1507 Soya-bean oil	137	228	274	14.8%	16.7%	16.4%
'0207 Meat and edible offal of poultry	169	188	346	2.3%	2.2%	3.2%
'1514 Rape, colza or mustard oil	45	150	64	1.7%	3.4%	1.2%
'0409 Natural honey	107	136	140	11.3%	12.3%	12.5%
'0802 Other nuts	88	111	78	1.2%	1.5%	1.1%
'2207 Undenatured ethyl alcohol	82	111	31	1.8%	2.2%	0.4%
'1905 Bread, pastry, cakes	75	94	83	0.5%	0.5%	0.4%
'1704 Sugar confectionery not containing cocoa	72	91	65	2.0%	2.2%	1.5%
'2304 Oilcake and other solid residues	79	91	119	0.9%	0.9%	1.0%
'1001 Wheat and meslin	161	87	933	2.2%	0.9%	8.1%

Source: Akhvlediani and Movchan (2024)