

Ukrainian agriculture

From Russian invasion to EU integration

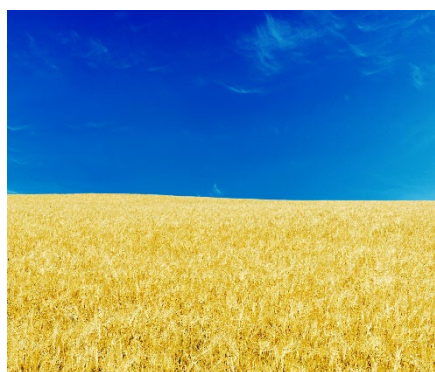
SUMMARY

Ukraine enjoys excellent conditions for agriculture, including around a third of the world's most fertile land. Three crops dominate the country's agricultural production: wheat, maize and sunflower, intended primarily for export. Medium-sized agricultural enterprises lead crop production, although some companies farm as much as 500 000 hectares. This is a direct consequence of Soviet collectivisation, and the agricultural policies adopted after Ukraine's independence in 1991. Only recently did Ukraine start opening up its land market.

In 2013, Russia blocked Ukrainian exports to prevent Kyiv from developing closer ties with the EU. Following Moscow's illegal annexation of Crimea and its military aggression in eastern Ukraine, Kyiv signed an association agreement with the EU, which became its primary market. Unlike most of its industrial production, Ukraine's crops remained competitive in the EU market and exports surged. By 2021, agriculture represented 41 % of Ukraine's exports, up from 27 % in 2013.

In addition to stealing millions of hectares of land, Russia has inflicted a terrible economic, environmental and human cost on Ukraine. By the end of 2023, the Ukrainian agricultural sector had sustained an estimated US\$80 billion in damages and losses. Rebuilding Ukraine's agriculture is expected to cost US\$56.1 billion, and demining will cost an additional US\$32 billion. Russia also blockaded Ukrainian agricultural exports. The EU Solidarity Lanes, the Black Sea Initiative, and the more recent Ukrainian Corridor have helped to keep Ukraine's economy afloat, and avert a wider global food security crisis.

Ukraine applied for EU membership shortly after Russia's full-scale invasion. In December 2023, the European Council authorised the opening of accession negotiations with Ukraine. Historically, agriculture has been a contentious issue in most enlargement negotiations, and integrating Ukraine's sizeable agricultural sector poses a challenge to the EU, especially without prior reform of the common agricultural policy. Despite the early stage of Kyiv's candidacy, some studies have tried to estimate the potential cost and benefits to the EU of Ukraine's eventual membership of the bloc.



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Ukrainian agriculture: An overview

Natural conditions

In 2020, Ukraine's **agricultural land** comprised **41.3 million hectares**, 68.5 % of Ukraine's total land area. Of this agricultural surface, **32.7 million hectares were arable lands**. By comparison, in 2020 France and Spain [had](#) respectively 27.4 million and 23.9 million hectares of utilised agricultural areas, the largest share of the EU's 157 million hectares used for agricultural production.

Ukraine benefits from [excellent conditions](#) for agriculture. The country is largely flat, except for the Carpathian range in the West and the Crimean Mountains in the South. The primary **weather** is moderate continental, with a temperate climate and adequate rainfall. Ukraine also has an abundant supply of **water**, thanks to a vast river network, which includes the Dnipro, Dniester, Pripjat, Donets, Southern Bug, and Desna rivers, as well as more than 3 000 lakes, and over 1 100 artificial water reservoirs. Climatic conditions are becoming gradually warmer and drier in the southern and eastern regions, which motivated the construction of the Dnipro-Donbas canal, and of the now-destroyed Kakhovka reservoir. Ukrainian agriculture also [benefits](#) from sufficient **sunlight**, especially in the Black Sea basin. These factors create optimal conditions for cultivation, but it is the highly fertile **soils**, covering nearly two-thirds of the country, that earned Ukraine the nickname 'the breadbasket of Europe'. **Chornozem**, Ukrainian for 'black earth', is the most fertile and common of these soils, extending through [28.3 million hectares](#). This dark soil is rich in organic matter, with up to 9 % of humus content,¹ and benefits from the continental climate present in parts of central and eastern Europe, and in North America. Other fertile soils include *cambisols* and *kastanozem*. The most fertile *chornozem* is located primarily in the forest and steppe zones running from west to east (see Figure 1), with less fertile but still rich soils closer to the Black Sea and the Sea of Azov. Despite the high quality of Ukraine's soils, [droughts](#), water and wind erosion were already affecting 20 million hectares in 2020, prompting [legislative initiatives](#) to preserve soil health.

Figure 1 – Map of Ukraine's ecological regions



Source: [FAO](#), 2018.

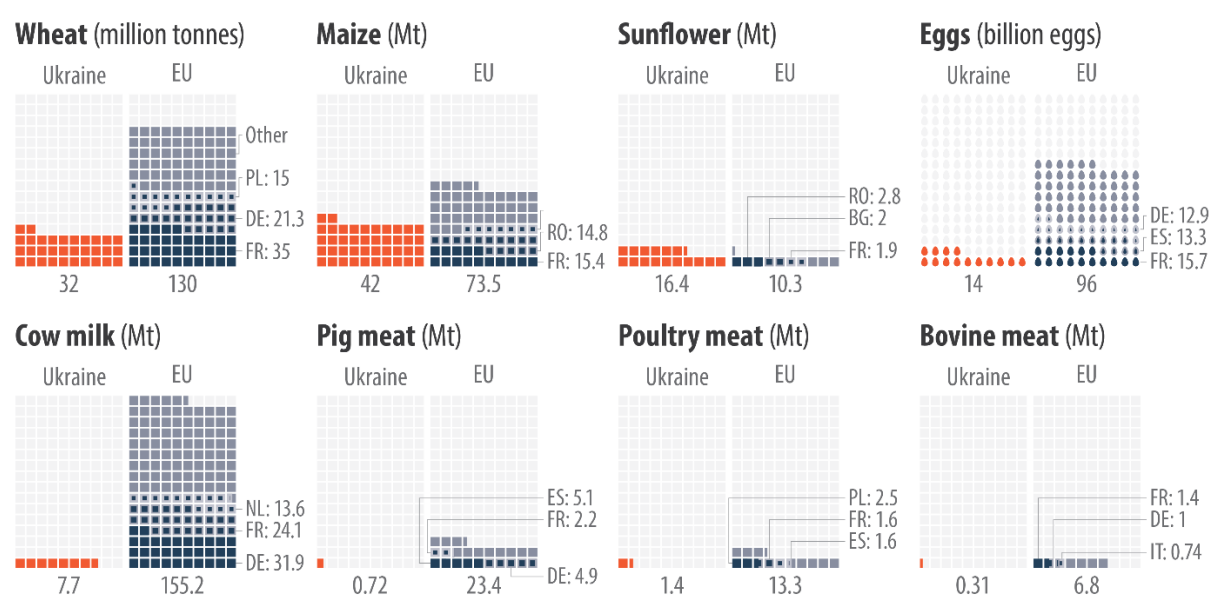
Pre-war agricultural sector

Agriculture is the [third](#) largest contributor to Ukraine's economy, after services and industry. In 2021, agriculture represented [10.9%](#) of Ukraine's GDP² and [employed 2.5 million](#) people, around 14 % of the total. By comparison, the agricultural sector contributes [1.4%](#) of GDP and [4.2%](#) of employment in the EU, although the actual share varies considerably across Member States.³

Regarding agricultural output, **cereals and industrial crops intended for export dominate** Ukrainian production. In 2021, [56%](#) of Ukraine's sown area was devoted to growing cereals (mostly **wheat and maize**, and to a lesser extent, **barley**), while an additional 32.3% produced industrial crops (primarily **sunflower**, followed by rapeseed and soybeans). Other noteworthy crops include potatoes and animal fodder, especially in western Ukraine, with less suitable conditions for grains and oilseeds. The **2021 cereal harvest** in Ukraine [yielded](#) 32 million tonnes of wheat, 42 million tonnes of maize, and 9.4 million tonnes of barley. Comparing the production of the three main crops between Ukraine and the EU, Member States' combined production in 2021 totalled [130 million](#) tonnes of wheat, 73.5 million tonnes of maize, and [10.3 million](#) tonnes of sunflower. The production of **industrial crops**⁴ in Ukraine was 16.4 million tonnes of sunflower, 10.8 million tonnes of factory sugar beet, 3.5 million tonnes of soya, and 2.9 million tonnes of rapeseed.

Ukraine's **livestock sector** has also experienced an intense transformation in the last two decades, marked by a steep increase in poultry production. While in 2000 pork, beef and veal represented [86%](#) of Ukraine's meat production, against only 11.6% for poultry, by 2022 the share of pork, beef and veal had decreased to 42%, while poultry had climbed to 56.8% of the total.⁵ Nevertheless, compared with the EU, Ukraine's livestock sector is **relatively small**. In 2021, Ukraine's herd consisted of 1.5 million cows, 5.6 million pigs and 202 million heads of poultry, while the EU [had](#) 76 million bovine heads, 142 million pigs and [1.63 billion](#) poultry birds. In total, Ukraine's **animal output amounted** in 2021 to 310 000 tonnes of beef and veal, 724 000 tonnes of pig meat, 1.37 million tonnes of poultry meat, 7.7 million tonnes of cow milk, and 14 billion eggs. In comparison, the 2021 EU's livestock production [was](#) 6.8 million tonnes of bovine meat, 23.4 million tonnes of pig meat, 13.3 million tonnes of poultry meat, 155.2 million tonnes of cow milk, and [96 billion](#) eggs.

Figure 2 – Comparison of Ukrainian and EU production of selected agricultural products



Data sources: [State Statistics Service of Ukraine](#) and [Eurostat](#).

Ukraine's **farm structure** differs significantly from the EU's. In 2020, the EU had [9.1 million](#) farms, 93 % of which were classed as family farms⁶ with an average size of 11 hectares. **Non-family farms** represent only 7 % of the EU's farms, but their relative size is considerably higher, with an average size of 102 hectares. In **Ukraine, agricultural enterprises play a prominent role** in land use and agricultural production, especially of crops intended for export such as maize (86 %), wheat (80 %) and oilseeds (86 % for sunflower). By contrast, **individual farmers** are responsible for most of the fruit and vegetable production, intended almost entirely for domestic consumption. This is a direct consequence of Soviet collectivisation and the subsequent privatisation of agricultural enterprises after Ukraine's independence (see Box 1). Regarding the size and productivity of farms in pre-war Ukraine, the majority cultivated under 100 hectares but represented a marginal share in cereal production. The **key actors in Ukrainian agriculture are the 8 600 medium-sized farms** (200 to 2 000 hectares) which produced over 50 % of the cereal output. Among the enterprises cultivating very large areas, 22 leased an area (across several oblasts) of more 50 000 hectares and, of these, 10 surpassed 100 000 hectares. The biggest land user in Ukraine is [Kernel](#), which utilised around 500 000 hectares in 2020. Ukraine has several **State support** programmes for agricultural producers, aimed at the most underdeveloped sectors, [primarily](#) livestock farmers, but also aquaculture or horticulture producers. The State compensates farmers for expenses such as seeds, loan interest, or machinery produced in Ukraine, and supports family and newly established farms. These yearly programmes are financed through the State budget, with a low overall allocation. For comparison, the 2019 Ukrainian support programmes amounted to €258.4 million, while Slovenia's common agricultural policy (CAP) budget for 2020 was [€262 million](#). Additional support measures include VAT exemptions for exported commodities. Russia's invasion [redirected](#) most of these funds to defence expenditure, but tax cuts and greater regulatory simplification were introduced to compensate.

Box 1 – From collectivisation to markets: Land reform in Ukraine

Following the forced collectivisation of agriculture, and the [genocidal](#) famine of the 1930s, all land in Soviet Ukraine was State-owned. The primary Soviet agricultural enterprises were the *sovkhoz* (State-run company) and the *kolkhoz* (agrarian cooperative). Small household plots were tolerated, providing farmers with additional food and income. After the dissolution of the USSR and Ukraine's independence in 1991, agricultural land was gradually privatised, albeit with strong restrictions, including a ban on land sales. State companies and agrarian cooperatives became 'collective agricultural enterprises' and were transferred ownership of the land they used. Their employees became shareholders and were assigned a plot of land, with the right to withdraw with it from the cooperative, but great difficulties to do so. Following these reforms, around 6 million to 8 million people received official recognition of land ownership in Ukraine. Private farming expanded, and leasing of land was allowed in 1998, but the agricultural sector remained dominated by collective agricultural enterprises.

In 2001, Ukraine reformed the Land Code, strengthening private ownership, but including a moratorium on the sale of agricultural land. This ban on land sales made agricultural enterprises dependent on lease contracts, limiting long-term investments and incentivising intensive farming at the expense of soil health. The [IMF](#) pointed to the moratorium on land sales as one of the reasons preventing the creation of a land market in Ukraine and holding back the country's economic growth. Nevertheless, the moratorium remained in place for two decades, due to entrenched economic and political interests and strong popular backing, as [64.4 %](#) of Ukrainians feared oligarchs and foreigners taking control over Ukrainian land. In 2019, President Volodymyr Zelenskyy asked the *Verkhovna Rada* (Ukrainian Parliament) to lift the moratorium. The Act introducing an agricultural land market in Ukraine was passed in 2020, repealing the land sales ban. The new law came into effect in 2021 and it envisaged several stages, first allowing only individuals to acquire up to 100 hectares of land and, [from January 2024](#), extending the right to acquire up to 10 000 hectares also to Ukrainian entities. Foreigners cannot acquire land in Ukraine unless a future referendum greenlights it, and even this possibility would be closed to Russian nationals, foreign states and non-transparent entities.

Pre-war international agricultural trade

In 2013, agriculture represented [27 %](#) of Ukraine's exports, second to metallurgy's 28 %. By 2021, agriculture's share in exports had jumped to [41 %](#) and a value of US\$27 billion, surpassing metallurgy. By volume and value, Ukraine's **main export products** in 2021 were **sunflower oil** (5 million tonnes, US\$6.4 billion), **maize** (23 million tonnes, US\$5.9 billion), **wheat** (19 million tonnes, US\$5.1 billion), rapeseed (2.7 million tonnes, US\$1.7 billion) and barley (5.8 million tonnes, US\$1.3 billion).

The EU remained the [top destination market](#) for Ukrainian products (see Box 2), importing mostly cereals, vegetable oils and poultry meat, with a value of US\$7.7 billion. The largest [EU buyers](#) of Ukrainian products were the Netherlands, Spain, Italy, Poland and Germany. Despite its size, Ukrainian agriculture relies on exporting competitive but low-added-value grains and oilseeds. With regard to the more profitable **prepared foods** (excluding oilseed cake),

Ukraine is a [net importer](#), and these products represented only 6 % of Ukraine's trade with the EU. Conversely, the **EU also exported agricultural products to Ukraine**, mostly oilseeds, cocoa, coffee and tobacco, valued at [€2.9 billion](#). After the EU, China and India were Ukraine's biggest agricultural markets, with [€4.2 billion](#) and €2 billion respectively. Other relevant destinations for Ukrainian exports included Egypt and Turkey, especially for grains.

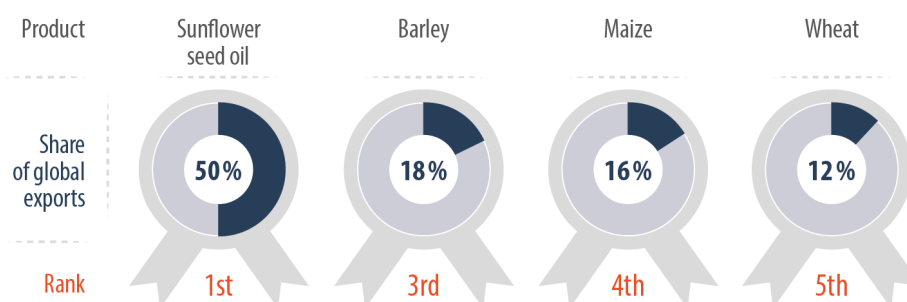
Ukrainian agriculture also plays an important role in international agricultural trade and **global food security**. Ukraine is a leading producer and exporter of key agricultural commodities, supplying numerous food-stressed countries in the **Middle East and East Africa**, and influencing international food prices. Furthermore, before Russia's invasion, Ukraine [supplied](#) 50 % of the grain stock of the **UN World Food Programme (WFP)**, the largest humanitarian organisation in the world.

Box 2 – How the EU became Ukraine's number one market

In 2013 Russia started [restricting](#) Ukrainian imports to prevent Kyiv from signing an [Association Agreement](#) with the EU. In the following year, Russia illegally annexed Crimea, instigated a military conflict in eastern Ukraine and blockaded Ukrainian exports to its traditional markets. In addition to their devastating effect on Ukraine's economy, Russia's actions forced Kyiv to seek new markets for its industrial and agricultural exports.

In 2014, the Association Agreement, including a Deep and Comprehensive Free Trade Area (DCFTA), was finally [signed](#), applying provisionally from 1 January 2016. The DCFTA led to partial liberalisation of Ukrainian agricultural exports to the EU, which [replaced](#) Russia as Ukraine's main trade partner. While Ukrainian industrial products [struggled](#) to compete in the EU market, the more competitive agricultural sector fared better. As a result, agricultural exports to the EU soared, despite the DCFTA's maintaining some quotas and tariffs on certain agricultural products.

Figure 3 – Ukraine's share of global agricultural exports and rank in the world before the Russian invasion



Source: [Infographic – How the Russian invasion of Ukraine has further aggravated the global food crisis](#), Council of the EU, 2022.

The impact of Russia's full-scale invasion

Ukrainian agriculture has been a [primary](#) military target of Russia's aggression. Currently, Ukraine controls an [estimated](#) 26.5 million hectares of arable land, down from 32.7 million. In addition to stealing some of Ukraine's most fertile lands, Russia has occupied or blockaded key Ukrainian Black Sea ports to prevent grain exports. Russia's theft of Ukrainian machinery and crops is also extensive.

Moscow's objective is twofold: to cripple Ukraine's economy, and thus Kyiv's ability to resist the invasion, and to provoke a [global food security crisis and thus create international pressure on Ukraine](#), effectively holding hostage [400 million](#) people dependent on Ukrainian food exports, particularly in the Middle East, Africa and South Asia.

Damages and losses

According to the latest [review](#) by the Kyiv School of Economics (KSE) for the Third Rapid Damage and Needs Assessment (RDNA) [report](#), as of December 2023 Ukrainian agriculture had sustained **US\$80 billion in damages and losses**.

Damages include stolen, destroyed or damaged assets, totalling **US\$10.3 billion**, with agricultural machinery representing 56.7% of the value lost. An estimated 181 000 pieces of agricultural equipment have been damaged or destroyed, and 2.8 million tonnes of grain, 1.2 million tonnes of oilseeds, 124 000 tonnes of fertiliser and 11.6 million litres of fuel are considered either lost or stolen. Storage facilities are also a recurring target of Russian attacks. KSE estimates **Ukraine has lost nearly 20 % of its storage capacity**, not including facilities in the occupied territories. While representing a smaller share of Ukrainian agriculture than the crop and oilseed sectors, the livestock and aquaculture industries have also sustained considerable damage, estimated at US\$254 million and US\$35 million respectively.

Overall **revenue losses** have been estimated at **US\$69.8 billion**. These refer to the lost revenue due to lower crop and livestock output, lower domestic prices, and the increase in production and recultivation costs incurred by Ukrainian producers. In the year following Russia's invasion, **Ukrainian grain and oilseed production fell by 30 %**, and **farm gate prices for maize and wheat fell by 45 %**, despite global price hikes. Lower agricultural productivity is responsible for [US\\$34.3 billion](#) of the estimated losses (around half of the total), while lower domestic prices due to Russia's export blockade have cost Ukrainian farmers an additional US\$24.1 billion.

Environmental impact: The Kakhovka Dam disaster

Russia's [deliberate destruction of the Kakhovka Dam](#) on 6 June 2023 resulted in the catastrophic flooding of 620 km² of land, causing considerable humanitarian, environmental and economic losses. The joint Ukraine-United Nations [Post Disaster Needs Assessment](#) report estimates **US\$406.6 million in agricultural damages and losses** as a direct effect of the dam's destruction, primarily due to the disruption of irrigation. Before its destruction, the Kakhovka Dam **fed an irrigation network of up to 800 000 hectares** in one of Ukraine's most fertile and sunniest regions, over 300 000 of which will now depend on uncertain rain-fed irrigation, resulting in productivity losses of up to 70 %.

Human cost

Ukrainian agriculture has also experienced severe **losses of labour and expertise**. Many farmers have either been [killed](#), displaced, or are serving in the armed forces. Equally, some of the most prominent figures in Ukraine's agricultural sector have been lost, such as top agrarian law expert [Oleksandr Polivodskyy](#), killed in combat, and 'grain tycoon' [Oleksiy Vadaturskyi](#), deliberately targeted in his home by a Russian missile.

Box 3 – Unblocking Ukrainian agricultural exports

Russian blockades of Ukrainian Black Sea ports resulted in [skyrocketing](#) international food prices, triggering fears of a [global food security crisis](#). Several initiatives allowed Ukraine to resume agricultural exports.

On 12 May 2022, the European Commission and EU Member States bordering Ukraine launched the [EU-Ukraine Solidarity Lanes](#), allowing the export of blockaded Ukrainian goods through EU road, rail and river networks. Additionally, the EU agreed on [temporary trade liberalisation](#) to facilitate exports to the EU single market and support Ukraine's economy. The effect on global food prices was immediate, with a steep [decline](#) in the following months. By January 2024, the Solidarity Lanes had allowed the export of around [68 million tonnes](#) of agricultural products, representing 60% of Ukraine's wartime agricultural exports. However, EU imports of Ukrainian agricultural products also increased, affecting prices in neighbouring Member States and triggering [farm protests](#) and import bans. To address these imbalances, the Commission disbursed [€156 million](#) to affected farmers and [proposed](#) a safeguard mechanism to prevent market disruptions. Parliament is [expected](#) to vote during the April II session on the extension of EU trade benefits until June 2025. This extension would also include limitations on certain Ukrainian food imports if these exceed the average volumes imported in the second half of 2021, 2022 and 2023.

In parallel with EU efforts to establish the Solidarity Lanes, the UN-Türkiye-sponsored [Black Sea Grain Initiative \(BSG\)](#) was signed on 22 July 2022 in Istanbul. The BSG created a [maritime corridor](#) from three designated Ukrainian ports in which authorised vessels could safely navigate through the Black Sea to Istanbul. The BSG was extended on three occasions until Russia announced the [termination](#) of the initiative on 17 July 2023. Hostilities in the Black Sea resumed shortly afterwards. During its one-year duration, the BSG allowed the export of [nearly 33 million tonnes](#) of grains.

The most recent development allowing Ukraine to resume Black Sea exports is the successful [Ukrainian naval campaign](#). Through missiles and drone strikes, Ukraine has managed to expel the Russian fleet from the western Black Sea. These strikes, combined with [new insurance coverage](#) schemes for Ukrainian grain exports, have allowed Kyiv to resume its maritime shipping after the BSG termination. Thanks to this new '[Ukrainian corridor](#)', by February 2024 [over 700 vessels](#) had transported almost [23 million tonnes of cargo](#) from Ukrainian ports, of which more than two-thirds were agricultural products. This corridor is expected to allow the monthly export of 4 million tonnes of Ukrainian foodstuffs in 2024.

The cost of rebuilding Ukrainian agriculture

As a [vital](#) contributor to global food security, and a key sector in Ukraine's economy, agriculture is a top priority for reconstruction efforts. The KSE [estimates](#) that **rebuilding Ukrainian agriculture will cost US\$56.1 billion** in reconstruction and recovery needs. These numbers exclude the cost of demining and clearing unexploded devices, estimated to reach US\$32 billion. The reconstruction cost is set at US\$9.4 billion, to replace the lost assets that are necessary to restart industry. Recovery costs are estimated at US\$46.7 billion over a ten-year period, aimed at bringing agricultural production back to its pre-war levels. These measures include financial support to small producers, strengthening public agricultural institutions, and promoting more sustainable and resilient agriculture, with higher added value. [Studies](#) also point to the need to apply the '[Build Back Better approach](#)'⁷ to recovery efforts, as a way of modernising Ukrainian agriculture to converge with EU standards and prepare Ukraine for EU membership, avoiding a return to previous practices.

Due to the extension and the intensity of combat operations, Ukraine is already the [most mined country in the world](#), surpassing Afghanistan, Cambodia and Syria. The real extent of the mined areas is unclear, with the most affected regions situated along the frontline. According to Ukrainian authorities, [174 000 km²](#), representing about **a third of the country**, could require demining, although the actual area may be smaller. The challenge comes not only from land mines, but also unexploded ordnance.⁸ These explosives are a serious threat to the communities affected, and a major obstacle for the resumption of agricultural activities, and local economies. Ukrainian farmers are particularly exposed to the risk of unexploded devices when working on contaminated fields. The Ukrainian Agri Council (UAC) has [announced](#) that mines kill farmers 'every week'.

Clearing Ukraine of unexploded devices is considered a [prerequisite](#) for reconstruction, with President Zelensky's Peace Formula setting the [objective](#) of demining and bringing 80% of the potentially contaminated lands back to normal use in the next 10 years. The **cost of fully demining Ukraine is estimated to reach [US\\$32 billion](#)**.

The EU recently [approved](#) the €50 billion [Ukraine Facility](#), which will assist reconstruction and recovery efforts until 2027. Additionally, the [Donor Coordination Platform for Ukraine](#) was launched in January 2023 to coordinate support, reconstruction and recovery efforts, bringing together the Ukrainian government, G7 countries, the EU, and international financial institutions. The US\$300 billion in **confiscated Russian assets** is another potential source of financing for Ukrainian reconstruction, although subject to [complex legal challenges](#).

Figure 4 – Map of areas potentially contaminated by mines or unexploded ordnance



Source: [Ukrainian government](#), 2023.

The road to EU membership

Ukraine [applied](#) for EU membership in February 2022 and was granted candidate status in June 2022. Following the Commission's recommendation, the European Council agreed to open accession negotiations with Ukraine in December 2023. In March 2024, EU leaders [welcomed](#) Kyiv's progress in advancing the necessary reforms, inviting the Council to swiftly adopt the draft negotiating framework with Ukraine. Membership negotiations are a [complex process](#), in which the candidate country must adopt EU rules and standards. If successful, these negotiations culminate in an accession treaty that must be ratified by the European Parliament and all EU Member States.

Historically, agricultural policy has been one of the most contentious elements in EU enlargement negotiations, especially when it involved big agricultural producers. Farmers in existing Member States fear the potential competition for markets and subsidies from their newer counterparts. Consequently, successive EU enlargements were preceded by CAP reforms, and exigent accession compromises from candidate countries (see Box 4). Given the size and productivity of Ukrainian agriculture, Kyiv's EU bid has created similar concerns. The heads of France's and Germany's largest farmer associations have claimed that Ukraine's membership would be a ['catastrophe'](#) for European

agriculture, and cause the ['demise'](#) of family farming in the EU. In addition to overcoming such opposition, Ukraine will have to fully adopt EU agricultural and phytosanitary standards, as outlined in the Commission's [report](#) recommending opening accession negotiations. Conversely, Ukraine's EU membership also presents several opportunities. European integration is a major economic boost to new Member States, and would be central to Ukraine's post-war recovery. Additionally, successive enlargements helped position the EU as a leading agricultural producer and exporter. Ukrainian accession would strengthen the EU's position globally in this regard, as well as its international negotiating strength.

Box 4 – Historical precedents: Agricultural policy and EU enlargement

The southern and eastern EU enlargements illustrate the challenges of integrating large agricultural producers, and the CAP reforms and political compromises often required to enable their accession.

In a context of economic stagnation ('Eurosclerosis') and of intense debate over CAP reforms, the late 1970s and early 1980s saw strong opposition to the **southern enlargement** of the European Economic Community (EEC). French farmers, notably in the south, feared Spanish competition for wine, vegetable and fruit markets in northern Member States, [arguing](#) in a study titled 'Espagne : un choc pour l'Europe' that they could not compete with the lower production costs and better climatic conditions of Spain. Calls of ['Oui à l'Europe, non à l'Espagne et à la Grèce'](#) and threats of a 'farmer's revolt' ('jacquerie') if **Spain** joined the EEC grew in intensity. Attacks against Spanish trucks transporting food became frequent occurrences at the border, straining bilateral relations. Ultimately, agricultural objections to Spanish accession were lifted through a prior EEC agreement on [CAP reform](#), additional [economic support](#) to Greece and certain French and Italian regions, and Madrid's willingness to accept ['tough'](#) agricultural concessions, which put its farmers at a disadvantage and were subsequently contested after Spain's accession in 1986.

As in the 1980s, the **eastwards expansion of the EU** [faced](#) significant reticence from existing EU countries. EU farmers [feared](#) a surge of grains, oilseeds, dairy products, and poultry following enlargement. The expected 55 % increase in EU arable lands, potentially entitled to CAP payments, also raised fears over budget sustainability and [possible cuts](#) to the cohesion and farm payments to previous beneficiaries. In that regard, the Commission [estimated](#) in 1995 that the budgetary impact of extending the CAP to the central and eastern European (CEE) candidate countries would be ECU 12 billion per year (€21.68 billion, adjusted for inflation). The EU approach [resembled](#) the negotiations with Spain in the 1980s, linking enlargement to policy reform to curb expenditures, and proposing long transition periods. The initial Commission proposal in the Agenda 2000 excluded CEE candidate countries from direct CAP payments. Candidate countries led by Poland rejected what they saw as unacceptable 'second class' treatment, echoing Spanish objections in the 1980s. During last-minute negotiations at the 2002 Copenhagen summit, a gradual ten-year phase-in of direct payments was agreed, starting at 25 % in 2004, but allowing the new Member States to top them up with national funds. CAP funds for Poland [totalled](#) €33 billion between 2005 and 2013. In this context, the CAP underwent significant [reform](#), with the introduction of a second rural development pillar, and the ultimate adoption of the **Fischler reform** in 2003, which ended support linked to production, orienting farm subsidies towards respecting environmental, food quality and animal welfare standards.

Challenges of enlarging the CAP

EU budget and CAP payments

The cost of Ukraine joining the CAP is a major [concern](#) for EU farmers and Member States, who fear a significant redistribution of farm subsidies to support Ukraine's farming sector. Applying current CAP rules, an internal Council study [claimed](#) that Ukraine's membership would cost the EU **€96.5 billion in CAP payments** over seven years, resulting in a 20% reduction in farm subsidies for existing Member States. Though widely reported, these estimates should be **viewed with caution**, as they may have several [shortcomings](#). The first is assuming the size of the EU's budget at the time of Ukraine's eventual accession. Considering the European Council President's [suggestion](#) of 2030 as an indicative date for Ukraine's membership, this would happen under the next multiannual financial framework (MFF), whose size and structure are currently unknown. Furthermore, the

€96.5 billion scenario results from directly applying current CAP rules to Ukraine, including area-based payments without ceilings. This is unlikely to happen, taking into account the historical precedents (see Box 4) and relevant political statements regarding this possibility. EU Agriculture Commissioner Janusz Wojciechowski has [supported](#) capping farm subsidies to prevent payments to Ukraine's biggest agro holdings, and Germany's Agriculture Minister has called for a wider CAP reform ahead of enlargement. With an ongoing [strategic dialogue on the future of EU agriculture](#), Ukraine is likely to face a different set of CAP rules upon joining. Finally, all new EU members since 2004 have agreed to a ten-year phase-in period for direct payments (see Box 4). It is reasonable to expect a similar arrangement in the case of Ukraine.

While facing the same methodological limitations, **other studies have offered lower estimates** of Ukraine's impact on the EU budget. Taking Poland and Romania as comparator States (due to population and development levels), Estonia's International Centre for Defence and Security (ICDS) [calculated](#) that Ukraine's CAP payments could amount to **€10.4 billion per year** if it were an EU Member State in 2022, close to France's €9.3 billion in agricultural receipts. It should be noted that the ICDS's estimate does not include a capping scenario for Ukraine's biggest farms, which it believes to be 'crucial'. The Jacques Delors Centre [offers](#) a much smaller estimate of **€7.6 billion per year** in CAP payments to Ukraine in current conditions and without phasing-in payments. Finally, the German Economic Institute (IW), taking the ICDS's model into consideration, adopts an intermediate [position](#) within a **range of €70 billion to €90 billion during the seven-year MFF period**, a similar range to [Bruegel's €85 billion](#). The big differences presented (from €96.5 billion to €53.2 billion over a seven-year period) illustrate that estimating the cost of Ukraine's membership is extremely difficult and inevitably involves making certain assumptions, as well as a degree of speculation about future decisions by EU leaders. The final impact of Ukrainian accession on EU agriculture will depend on the evolution of the war and reconstruction, the EU agricultural policy applicable when Ukraine becomes a member, and the conditions agreed in the accession treaty.

Oligarchic capture of EU funds

As in many post-Soviet economies, independent Ukraine has suffered from high levels of [oligarchic capture](#). Despite the progress of de-oligarchisation efforts, Kyiv's candidacy has raised [fears](#) that land-owning oligarchs could profit from EU agricultural funds, a situation already affecting [several](#) EU Member States. However, oligarchic influence is [considerably smaller](#) in the agricultural industry (especially compared to metallurgy and energy), as the 22 companies leasing more than 50 000 hectares only controlled 12 % of Ukraine's pre-war cultivated area. Nonetheless, under current CAP rules, Ukrainian companies holding tens of thousands of hectares would be entitled to millions of euro in CAP payments. Furthermore, and although Ukrainian legislation forbids foreigners from owning agricultural land (see Box 1), companies with foreign capital control an estimated 10 % of Ukrainian land. Cyprus tops the list of foreign capital flows (understood to be returning Ukrainian capital), followed by Denmark, Poland, the Netherlands, and Germany. These concerns have contributed to the calls for capping payments to larger Ukrainian farms.

Administrative capacity and adoption of EU standards

EU membership requires adopting EU legislation, and developing the capacity to properly apply, manage and monitor all relevant EU programmes. With regard to food safety, veterinary and phytosanitary policy, the Commission's 2023 progress report [considered](#) Ukraine to be **'moderately prepared'**, due to this being the most comprehensive area in the EU-Ukraine AA. In its latest [report](#) on the implementation of the AA, the Ukrainian government estimated convergence with EU legislation of 82 % for sanitary and phytosanitary measures and 70 % for the agricultural sector. Adopting EU legislation also requires building **administrative capacity** to monitor and implement it, especially at local and regional level. CAP funding in particular depends on paying agencies to manage and control payments. Since 2014, Ukraine has made great advances in **decentralisation**, but further progress is [needed](#). Efforts to strengthen the rule of law and fight **corruption** will also impact Ukraine's ability to attract and manage EU funding as well as foreign investment. KSE

[estimates](#) that the long-term cost of building and supporting the necessary Ukrainian agricultural public institutions would reach US\$5.02 billion.

Potential benefits from enlarged EU agriculture

Shared economic opportunities

EU accession has an immediate and **positive impact on the economy of new Member States**. Taking the example of [Poland](#), a decade after its 2004 EU accession the country's GDP had grown by almost 50 %. Purchasing power also increased dramatically, nearly doubling disposable income. Polish agriculture also became [more efficient and productive](#), with yearly +10.1 % increases in agricultural income. With a population of over 40 million, Ukraine could become a **fast-growing market** for EU agri-food producers. Furthermore, despite the size of Ukraine's agri-food industry, many sectors remain underdeveloped due to the focus on exporting raw agricultural products with low added value. Single market access and regulatory convergence with the EU would make these sectors safer and more attractive for **EU capital and enterprises**. This would also increase the sustainability and added value of Ukraine's agriculture, making it less reliant on export-oriented monocultures. Finally, the economic opportunities of EU integration would help Kyiv cover the [estimated US\\$56.1 billion cost of rebuilding Ukraine's agriculture](#).

Greener, fairer agriculture

EU enlargement has often been accompanied by CAP reforms to accommodate new Member States (see Box 4). CAP reform has already been [suggested](#) as a way to integrate Ukraine's large agricultural lands into the EU, especially [reforming area-based payments](#), which have resulted in a [minority](#) of EU farms receiving the majority of CAP subsidies. Already, the perspective of EU membership is encouraging more sustainable agricultural policies and higher animal welfare standards in Ukraine. As part of the AA, Ukraine started aligning its agricultural and environmental legislation with the EU's *acquis*, a process which the accession process will intensify.

Increased European food and soil security

Reducing import dependencies in critical sectors is [considered](#) a way to achieve [EU strategic autonomy](#) and food security. Despite being one of the most food-secure regions in the world, the EU is heavily dependent on imports of [animal feed](#) and [fertilisers](#), which strongly influences [consumer prices](#). Ukraine is an [essential supplier](#) of feed grains and vegetable protein meals to the EU feed and livestock sector. Kyiv's EU membership would help reduce this strategic dependency, particularly for [soybean](#), as Ukraine's production is [nearly double](#) the [EU's output](#) of this [crucial crop](#).⁹ Furthermore, some [studies](#) have emphasised the geostrategic significance of an enlarged EU, which would produce around a third of the world's wheat, surpassing Russia, and contributing to [global food security](#). Finally, Ukraine contains a third of the world's most fertile soils. The adoption of EU standards by Ukrainian agriculture would help preserve these strategic soil reserves and strengthen [EU soil security](#) in view of the [critical risks](#) to food production faced by the EU.

Position of the European Parliament

Following Russia's full-scale invasion, the European Parliament [called](#) on the EU institutions to work towards granting EU candidate status to Ukraine. In its March 2022 [resolution](#), Parliament called for the establishment of food corridors to and from Ukraine following Russia's blockade of Ukrainian Black Sea ports. In its latest [resolution](#) on Russia's war of aggression against Ukraine, Parliament welcomed the European Council's decision to open accession negotiations with Kyiv, emphasising that it would be a merit-based process. Parliament also called for Ukraine's gradual integration into the EU's single market and sectoral programmes, including funding, without waiting until accession. Finally, Parliament has reiterated its support for renewing the suspension of import duties and quotas on Ukrainian exports, while urging the Commission to address possible market disruptions affecting Member States.

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ENDNOTES

- ¹ Humus results from the microbial decomposition of plant and animal matter present in soils. It is an important source of nutrients for crops and pastures.
- ² Including forestry and fishing.
- ³ The importance of agriculture for the economy is considerably higher in Romania and Bulgaria, contributing [4.5 %](#) and [3.9 %](#) of GDP, and [20.9 %](#) and [16.6 %](#) of employment, respectively.
- ⁴ Eurostat's [glossary](#) defines 'industrial crops' as crops which are normally not sold directly for consumption because they need to be industrially processed prior to final use.
- ⁵ This decline can be explained partly by rural households being less dependent on their own livestock for subsistence and income, as was the case in Soviet times and following Ukraine's independence.
- ⁶ FAO's statistical [definition](#) of 'family farm', used by Eurostat, is as follows: 'A family farm is an agricultural holding which is managed and operated by a household and where farm labour is largely supplied by that household.'
- ⁷ The UN [defines](#) the 'Build Back Better' approach as: 'The use of the recovery, rehabilitation and reconstruction phases after a disaster to increase the resilience of nations and communities through integrating disaster risk reduction measures into the restoration of physical infrastructure and societal systems, and into the revitalization of livelihoods, economies and the environment.'
- ⁸ Russia and Ukraine fire thousands of artillery shells each day, with up to [60 000](#) Russian rounds fired in a single day. Some shells fail to detonate due to faulty manufacturing or improper storage. The failure rate for North Korean artillery provided to Russia could be [as high as 20 %](#). For Russian cluster munitions, the failure rate could reach [40 %](#).
- ⁹ Farmed animals require protein in their diets. Soybean has very high protein content and optimal nutritional characteristics, making it the preferred protein crop for the EU livestock sector. EU soybean self-sufficiency is [3 %](#).

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