UKRAINIAN AGRICULTURE

FROM RUSSIAN INVASION TO EU INTEGRATION

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- ***A snapshot***

  Ukrainian agriculture into perspective

- ***What challenges?***

  Getting them right

- ***What opportunities?***

  Now and in the future, in Europe and around the world

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A snapshot:

- **Large area** (41.3 m ha // EU → 157.4 m ha)
- ***“Big volume, low value, export-oriented”***
- **Medium-sized farms → main players**
- **Public Policies →** Low € but support for exports

A snapshot:

- **UA ➔ 41.3** m. ha of agricultural // **32.7** m. ha **arable**

  68.5 % country

  ! 26.5 m. ha arable **under UA control**

- **EU ➔ 157.4** m. ha agricultural **// 98.1** m. ha arable

  If MS ➔ UA **20% of EU** agric. , **25%** arable

  Currently ➔ FR 17.4 % SP 15.2 % agric.

- **!!! Risks:** Wind and water erosion, droughts

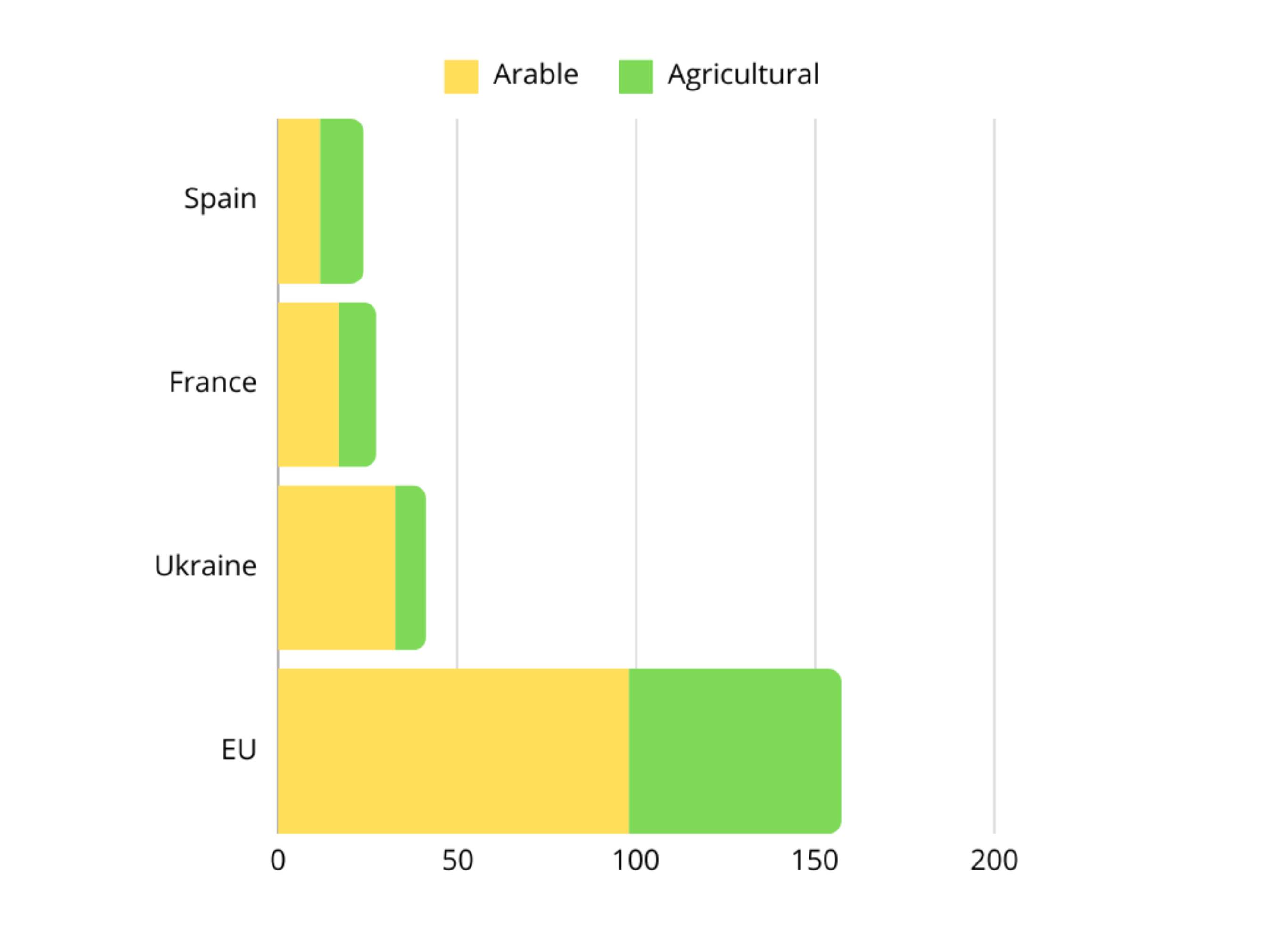

Figure 1 – Comparison of shares of agricultural and arable land in EU, UA, FR and SP
Author: A. Albaladejo Román (EPRS). Data sources: State Statistics Service of Ukraine, Eurostat

A snapshot:

- ***"Big volume, low value, export-oriented"***

Maize (42mt) Wheat (32mt) Sunflower (16.4 mt)

Livestock? (Poultry 1.4 mt) Processed foods? ➔ Taxes/Business climate

Agri exports: **27%** in **2013** ➔ **41%** in **2021** !! Important for UA economy

Low value = 39% Spain's exports

Export **markets** ➔ EU from 2013 (Spain) + China, India, Egypt

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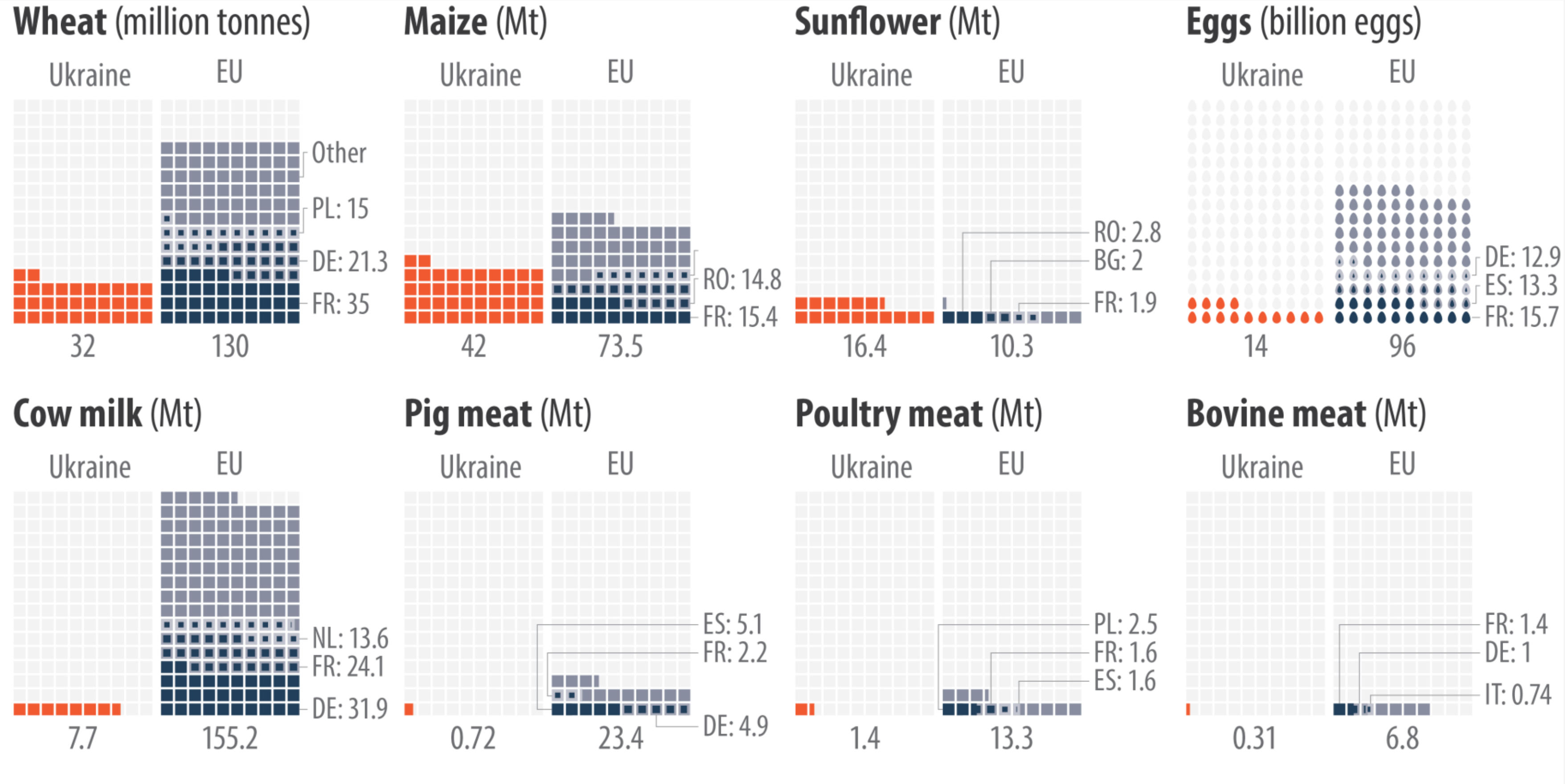

Figure 2 – Comparison of Ukrainian and EU production of selected agricultural products.
Authors: A. Albaladejo Román and S. Chahri (EPRS). Data sources: State Statistics Service of Ukraine, Eurostat

A snapshot:

- **Structure**

Big differences with EU: Collectivisation, post-USSR policies

8.600 Medium-size (200-2000 ha) **dominate grain production**

Small farms (under 100ha) ➔ fruit/vegetables

22 very large (50 000 ha) !!10 with more tan 100 000 ha

Oligarchisation? ➔ Only control 12% cultivated area

A snapshot:

- **Public Policies**

Little funding– Under-developed sectors

↓ Reprioritisation following Russian invasión

Taxation

Challenges:

- **Demining, reconstruction recovery**

  $32 billion → **demining** 1/3rd of Ukraine?

  $56.1 billion → **reconstruction** ($9.4 bln) **recovery** ($46.7 bln/10-years)

  'Build Back Better'

- **EU Budget and CAP payments**

  Cost → **€96.5** bln?? **€53.2** bln?? **€0**??

  Is **CAP reform** needed? → Accession Treaty, Phase-in, Capping...

  Historical predecents → Southern and Eastern enlargements

Challenges:

- **EU Budget and CAP payments**

Historical predecents ➔ EU agricultural land increase following Southern and Eastern enlargements

1986 EC= 97.4 m ha // Spain + Portugal = 34.4 m ha ➔ **35.3 % increase**

2004 EU = 130 m ha // 10MS = 38.5 m ha ➔ **29.6 % increase**

2024 EU = 157.4 m ha // UA = 41.3 m ha ➔ **26.2 % increase**

Sources: Eurostat, European Commission

Challenges:

- **Administrative capacity**

    Convergence and implementation **EU *acquis***

    Manage and control payments

    Preventing corruption

- **Political opposition to EU Enlargement**

    Bringing stakeholders on board

Opportunities:

- **Economic recovery**

  Agriculture ➔ **11% GDP //** 10% employment*

  13 million Ukrainians in rural areas

  Poland 2014 = ↑ **50% GDP growth**

- **Opportunities for EU businesses**

  Market of **40-30 million consumers**

  Growing purchasing power

  Underdeveloped **food industry**

- **Food, Feed and Soil security**

  'No Spanish jamón without Ukrainian grain'

  EU **Protein** deficit ➔ UA soybean = 2 x EU production

  Soil security ➔ UA 25% world's *chornozem*

  Sustainability

- **Geostrategic implications**

  MENA region (political stability ➔ subsidized calories)

  Sub-Sahara **Africa** (2.5 billion by 2050 / 40% world by 2100)

  Russia ➔ Weaponisation of food // EU would surpass (1/3 wheat)

  China ➔ Protein deficit // EU leverage

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Thank you!

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