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Making Ukraine's EU Accession a Win-Win: Insights From the Agrifood Sector

Post-2022 trade surges triggered political backlash, shifting EU–Ukraine agricultural relations from liberalisation toward managed trade restrictions.

Deeper integration offers mutual gains, strengthening EU food security and supporting Ukraine's growth.

Ukraine's priorities should be to accelerate legal alignment, strengthen public sector capacity, and provide targeted support where adjustment costs are highest.

Executive summary

Agricultural trade has become a central source of political tension in EU-Ukraine relations. This policy brief examines the trade relationship since Russia's 2022 full-scale invasion of Ukraine, the political tensions triggered by surging Ukrainian agrifood exports, and the long-term implications for both sides.

Ukraine faces a substantial harmonisation gap with EU law, particularly in agriculture, but successful integration would benefit both parties. For Ukraine, the European single market offers long-term competitiveness and economic growth. For the EU, Ukrainian agriculture can strengthen supply chain resilience by diversifying the bloc's import sources and enhance the competitiveness of the EU's food-processing industry.

To unlock these mutual gains, this brief identifies four core priorities: legislative alignment with the EU, capacity building, targeted agricultural finance and support, and structured cooperation with EU institutions.

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Agriculture as a flashpoint in EU-Ukraine relations

Following Russia's full-scale invasion in February 2022 and the subsequent blockade of Ukrainian seaports, the EU offered support to Kyiv by providing alternative land and waterway routes (Eruopean Solidarity Lanes), as well as extensive trade liberalisation measures.

These steps led to a sharp increase in Ukrainian agricultural and food exports to the EU, but also triggered protests by farmers in EU member states. As a result, the European Commission came under pressure to limit agricultural imports and adjust the trade regime, with trade between the EU and Ukraine being ultimately restricted. Political pressure from member states remains and is likely to continue to shape negotiations between Kyiv and Brussels in the future.

The economics of EU-Ukraine agricultural trade

Existing EU-Ukraine trade relations provide a strong foundation for Ukraine's deeper integration into the European single market, particularly in the agricultural sector.

Deepening trade relations since Russia's full-scale invasion

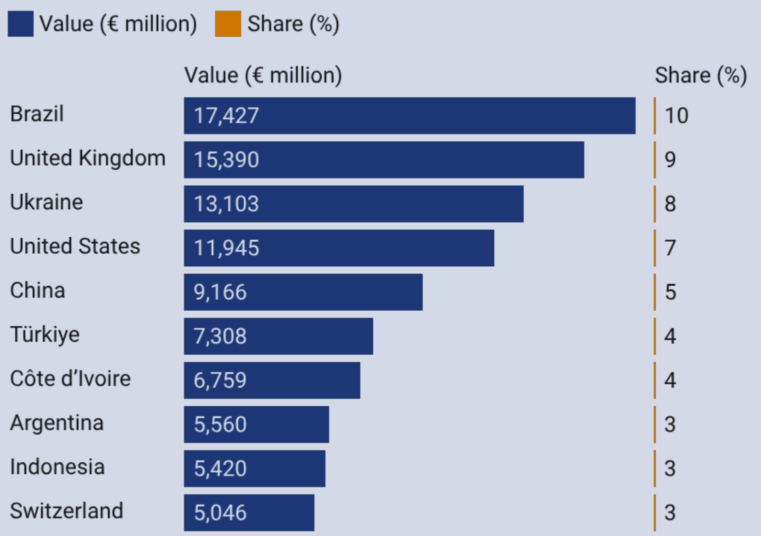
Over the past decade, the EU has become Ukraine's largest trading partner. After Russia's full-scale invasion in 2022, this integration deepened further: the share of Ukrainian exports to the EU rose from around 40 per cent before the invasion to over 60 per cent, while the EU now also accounts for more than half of Ukraine's total imports.

Within EU-Ukraine trade relations, agriculture stands out as a key sector. Domestically, agriculture accounts for about 10 per cent of Ukraine's GDP, while the broader agrifood complex makes up about one-fifth of the country's economy.

This importance is reflected in bilateral trade flows. Ukraine was the EU's third-largest source of agrifood imports in 2024, after Brazil and the UK, accounting for over €13 billion, or 8 per cent of the total (figure 1). This was an 11 per cent increase on 2023.

EU Agri-Food Top 10 Import Countries 2024

Ukraine ranked among the top three suppliers to the EU. Values in million.



Source: European Commission (DG AGRI), Monitoring EU agri-food trade (2025)

Created with Datawrapper

From full liberalisation to managed trade

After the 2022 invasion, the EU fully liberalised trade with Ukraine by introducing a duty free trade regime in the form of Autonomous Trade Measures (ATMs) and temporarily removed remaining tariffs and quotas, including on a range of agricultural products. These measures complemented the already existing Deep and Comprehensive Free Trade Area (DCFTA), which combines tariff liberalisation with the regulatory alignment of Ukrainian standards with those of the EU.

The products affected had represented about 35 per cent of Ukraine's agricultural exports to the EU in 2021. As a result, when the remaining tariffs and quotas were lifted, Ukraine saw significant export growth to its neighbours in the EU, which became critical logistics and transit hubs.

However, this surge in imports triggered protests and blockades by farmers in several EU countries. The protesters objected to the influx of Ukrainian agricultural goods, arguing that it was shrinking their market opportunities and depressing prices, thereby reducing their revenues.

At a glance: EU–Ukraine Agrifood Trade Framework

Deep and Comprehensive Free Trade Area
The DCFTA has structured EU-Ukraine trade since 2016. It gradually reduces tariffs and quotas while requiring Ukraine to align its regulations and standards with those of the EU, especially within the agriculture sector.

Autonomous Trade Measures
After Russia's invasion in 2022, the EU introduced the Autonomous Trade Measures (ATMS). These measures temporarily removed all remaining tariffs and quotas, leading to full trade l iberalisation and a sharp increase in Ukrainian exports to the EU.

Revised DCFTA
Following the expiry of the ATMs in June 2025, the EU and Ukraine returned to a revised DCFTA. While slightly more liberal than before the war, it reimtroduced quotas and safeguard mechanisms, marking a shift from full liberalisation towards more restricted trade.

Coupled with effective lobbying in Brussels, these pressures ultimately led to the ATMs being terminated in June 2025.

At the same time, Ukraine and the EU negotiated an upgraded DCFTA, which was launched in October 2025. It represents a more liberalised version of the original pre-war DCFTA agreement, with increased quotas for the seven most contentious products: eggs, sugar, wheat, maize, poultry, honey, and apple juice.

The agreement also includes safeguard mechnisms and conditions that limit Ukraine's full market access. Safeguards allow the EU to temporarily restrict imports if they disrupt domestic markets or put pressure on sensitive sectors.

Meanwhile, Ukraine's continued access to the EU is tied to the gradual alignment of Ukrainian legislation with EU law and rules on food safety, animal welfare, and pesticide use.

Trade effects of the revised DCFTA

Under the new DCFTA, Ukraine's exports to the EU are expected to fall by about €979 million ($1.14 billion, Dollar values were converted into euros using the ECB reference exchange rate of 26 May 2026) compared with the period when the ATMs were in force (2022-2025). This drop is driven largely by a € 768 million ($894 million) reduction in wheat exports.

However, Ukraine can offset part of this loss by reorienting its exports to non-EU markets, limiting the overall negative effect on exports to around €217 million ($253 million) – or approximately 0.6 per cent of Ukraine's total exports across all sectors in 2024.

In 2025, Ukraine slipped to fourth place among EU agrifood import sources. Total agrifood imports fell by 19 per cent to €10.6 billion ($12.3 billion), the largest reduction of all EU import partners. This fall was driven mainly by a sharp drop in cereal imports, particularly maize and wheat. As a result, Ukraine's share of total EU agrifood imports declined from 8% to 6%.

Meanwhile, the EU is also losing out.
The revised DCFTA is unlikely to be mitigated by increased EU supplies, and the bloc will experience a net welfare loss of almost €69 million (almost $80 million). This is not critical, but combined with losses for Ukraine from less liberalised agricultural trade, it suggests that deeper EU-Ukraine

integration in agriculture is a win-win strategy. Ukraine's further integration with the EU offers significant potential for both sides' agriculture and food sectors.

Mutual gains and economic potential

Ukraine is expected to become a substantial supplier of staple agricultural commodities to the EU, supporting the union's highly competitive food-processing sector while strengthening supply resilience through greater diversification of import sources.

Against a background of growing global demand for food, Ukrainian agriculture can make a major contribution to the international competitiveness of the EU's food processing industry – the largest manufacturing sector in the EU in terms of jobs and added value. This would benefit EU economic growth and employment.

At the same time, EU firms active in food processing or in the supply of agricultural inputs – such as grain storage and port facilities, agricultural machinery, animal housing, and manure-treatment systems – might benefit from the rebuilding of Ukraine's agrifood sector.

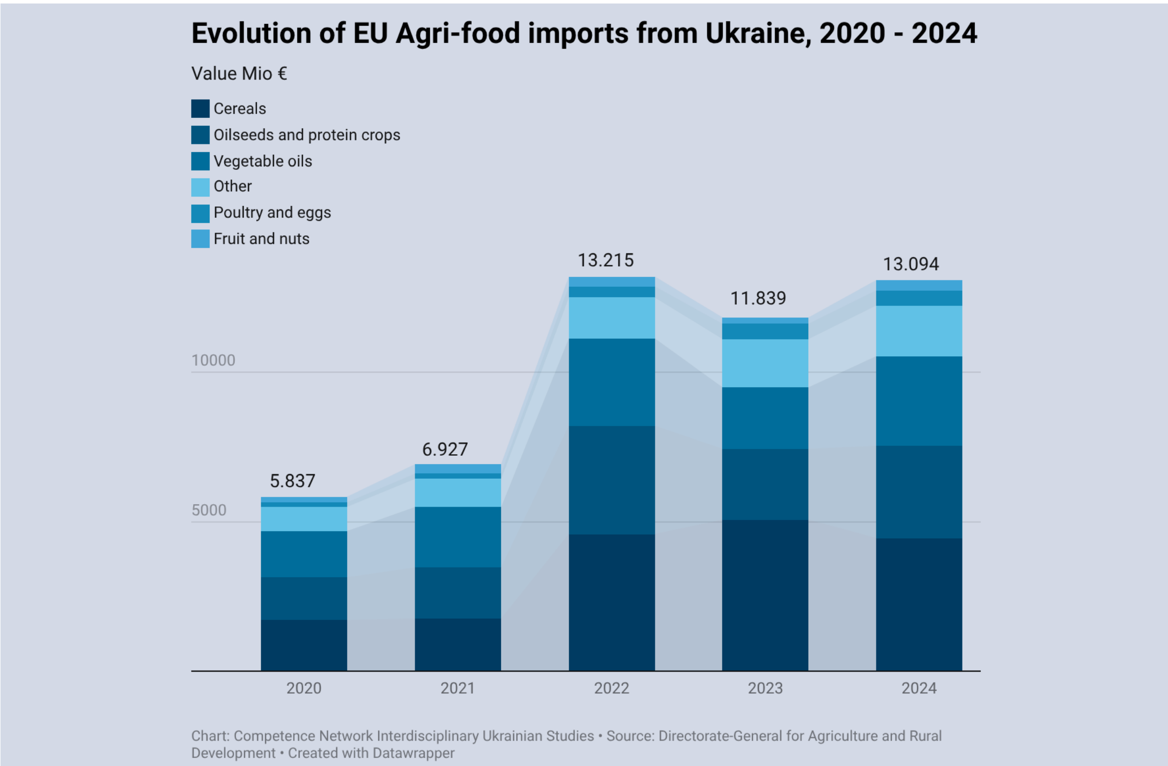
Ukrainian agrifood imports can further enhance EU food security by diversifying the bloc's supply chains. In the longer term, an enlarged EU could thus become a major agricultural player on the world stage and contribute to global food security. For this to happen, not only Ukraine but also the EU needs to invest political and economic capital.

Ukraine's EU harmonisation gap: the challenge of agriculture

Alignment with EU law

Ukraine was granted EU candidate status in June 2022, and accession negotiations formally began in June 2024, accelerated by Russia's full-scale invasion. Central to the EU accession process is a candidate country's alignment with the EU acquis – the body of EU law that governs accession. The process is structured into thematic blocks of acquis chapters, known as negotiation clusters.

Ukraine's overall level of alignment remains limited, and progress across policy areas continues to be uneven. While the country has advanced in the clusters on security and external relations, it remains at an earlier stage in others, particularly agriculture and transport. To keep the goal of closing accession negotiations by the end of 2028 realistic, Kyiv will need to significantly accelerate the pace of harmonisation.



Within Ukraine's accession process, legal alignmentin the agricultural sector is among the most demanding chapters.

The EU's Common Agricultural Policy

Within the acquis, Ukraine will need to adopt and enforce the EU's agricultural legislation, which encompasses the Common Agricultural Policy (CAP) as well as market regulations and standards in areas such as farming practices, animal and plant health, food safety, environmental protection, and animal welfare. Collectively, these elements define the functioning of the European single market for agrifood.

A major challenge lies in the CAP itself. By the time of its accession, Ukraine must be capable of implementing an administratively complex and financially demanding policy framework that continues to evolve. Yet beyond the technical hurdles, the CAP is politically contentious because of its fiscal implications for the EU.

The largest share of CAP payments to farmers is those made per hectare. Given the scale of Ukraine's agricultural land, the country's accession is expected to increase the CAP budget by one-fifth, or €8–14 billion ($9–16 billion) under current rules. This would imply a significant redistribution of funds towards Ukraine, which would be politically highly contentious among other member states.

Public capacity as the binding constraint

Closing Ukraine's EU harmonisation gap is a huge challenge that will require a rapid transformation of the country's economy and additional costs from the private and public sectors. Ukraine's public-sector capacity in agriculture is extremely weak in the face of the challenges ahead.

Relative to its agricultural output, Ukraine considerably underinvests in public services and infrastructure, which according to EU benchmarks should be about €3 billion annually. This is significantly more than Ukraine currently spends. Building up public-sector capacity might become a major bottleneck in Ukraine's EU integration.

The country will require significant additional public investment in competent authorities, administrative capacity, and public infrastructure to implement and enforce the EU's agricultural legislation effectively.

Compliance with EU standards is expected to increase Ukraine's production costs by up to 10 percent, depending on the sector.

While this implies additional costs for producers, evidence suggests that the benefits of access to the European single market and the long-term gains associated with compliance with higher EU standards outweigh these adjustment costs. This creates strong economic incentives for farmers to invest in upgrading their production practices to meet EU standards.

However, these benefits are unlikely to be distributed evenly. Ukraine's small farmers face greater risks and limited investment space because of intrinsic disadvantages compared with larger farms, so they require more focused and tailored public support strategies and instruments to address the challenges of EU integration.

Conclusion

Ukraine's legislation is far from aligned with the EU acquis, and the harmonisation gap is particularly wide in the agriculture sector. Yet successful integration of Ukraine's agriculture sector into the EU is expected to unlock substantial long-term benefits for both sides that outweigh the transitional costs.

Achieving this will require sustained efforts not only from Ukraine but also from the EU. While Kyiv must accelerate its reforms and strengthen its administrative capacity, Brussels will need to provide consistent political support, financial assistance, and a credible pathway for integration. The following priorities are crucial for achieving this:

- **Legislative alignment**
  Ukraine should gradually align its agricultural legislation with the EU acquis, ensuring consistency across all market and product sectors. A clear, time-bound road map should guide both producers and regulatory bodies to outline sequencing, milestones, and interim compliance targets.
- **Capacity building**
  Ukraine should reinforce its public authorities and modernise its market surveillance, data, IT systems, and human capital to meet EU standards. The EU, as well as Ukraine's other international partners need to anticipate this

modernisation in their budgets and when planning their activities in Ukraine.

At the same time, Kyiv should provide training, advisory support, and transitional financial assistance, particularly to small farms, to enable compliance with and adaptation to the EU acquis.

- **Agricultural finance and support**
  Given the scale of Ukraine's reconstruction and recovery, the challenges of EU integration, and Ukraine's limited fiscal space, agricultural support will need to be carefully prioritised and complemented by external finance and support.

  In this context, inefficient or non-growth-oriented instruments currently used in Ukraine, such as coupled subsidies or input compensation schemes, should be phased out. Instead, support measures should include:

  Mobilising finance for the transition
  This includes leveraging private finance, complemented by core agricultural services and targeted, temporary public support – particularly for small farms– to offset the costs of compliance and modernisation.

  Broad-based public expenditure
  This type of spending, rather than being product-specific agricultural support, should be complemented by a free-trade policy, for example avoiding export taxes on agricultural commodities used to subsidise domestic food processing.

- **Cooperation and knowledge sharing**

  Finally, Kyiv should strengthen its collaboration with EU institutions and member state agencies through twinning programmes, such as institutional partnerships between public authorities to support the implementation of EU standards; joint research; and expert exchanges. These steps would enable Ukraine to leverage best practices, accelerate learning, and build long-term institutional resilience.

DAAD Deutscher Akademischer Austauschdienst
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