

# Russia's war on Ukraine: EU-Ukraine trade in agri-food products

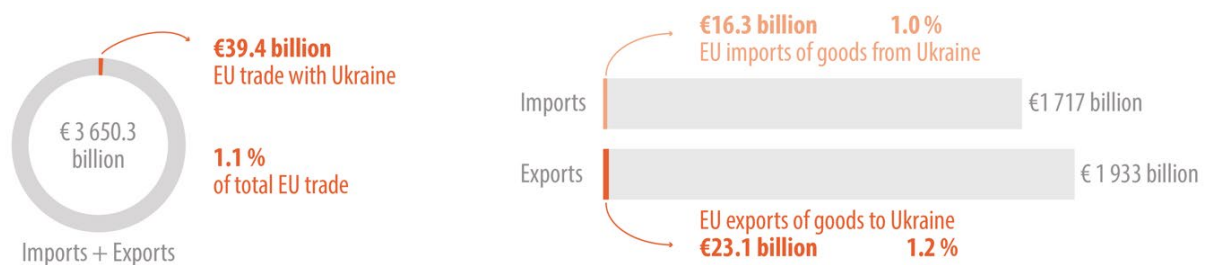
Up until the 2022 Russian invasion, Ukraine was exporting more than 40 % of its goods to the EU, making the EU the country's leading trading partner. The principal goods imported by the EU were raw materials, chemical products and machinery. With regard to the agri-food sector, Ukraine supplied almost half of the cereals and vegetable oils and a quarter of the poultry meat consumed in Europe. While the full impact of the Russian invasion on Ukraine's agri-food trade has still to be assessed, some possible scenarios have already emerged.

## Background

The EU accounted for more than 40 % of Ukrainian trade in 2019, making it Ukraine's main [trading partner](#). Ukraine, on the other hand, represented only around 1.1 % of EU total trade, importing machinery and transport equipment, chemicals and manufactured goods.

Ukraine exports mostly raw materials, chemical products and machinery to the EU. These exports rose by 48.5 % between 2016 and 2019, amounting to €24.2 billion in 2019, with total trade worth €43.3 billion in the same year.

Figure 1 – EU trade in goods with the world and Ukraine (2020)



Data source: [Eurostat Comext](#) and authors' calculations.

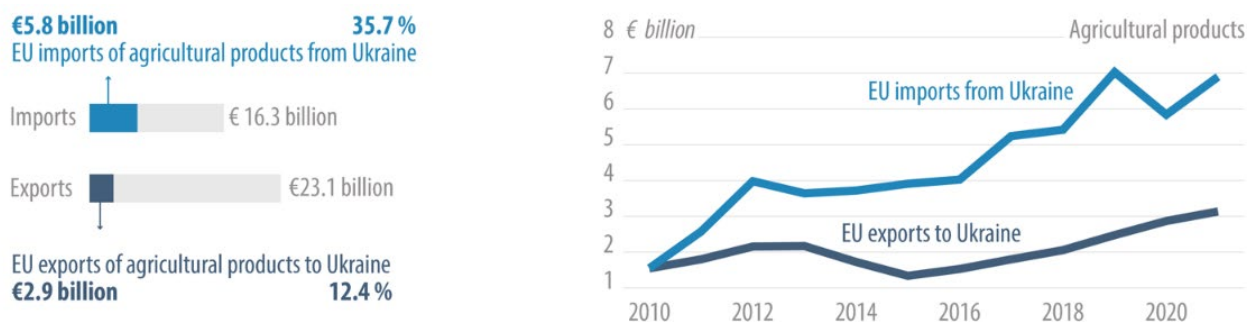
[Ukraine](#) has been a [member](#) of the World Trade Organization (WTO) since 2008. In 2014, the EU and Ukraine signed an association agreement, including a deep and comprehensive free trade area ([DCFTA](#)). The agreement formally entered into force in 2017, after a one-year provisional application period. The pandemic led to a significant [drop](#) in both exports and imports between the EU and Ukraine in 2020.

## Agricultural sector

In 2019, the [agricultural sector](#) contributed almost 10 % to Ukraine's gross domestic product (GDP), accounting for 18 % of the country's jobs and 44 % of its export value.

The specific soil composition ([chernozem](#)) and landscape in Ukraine are optimal for agricultural production, in particular for crops. Around 80 % of the total utilised agricultural area in Ukraine is used for to grow cereals, oilseeds, vegetables and other annual crops. Ukraine's agricultural producers benefit from a value added tax exemption or reduction on exported goods, used as leverage to encourage production and trade. In the period between 2000 and 2019, production of cereals rose from 23.8 million tonnes to 74.1 million tonnes, and oilseed production rose from 3.7 million tonnes to 22.2 million tonnes.

Figure 2 – EU trade with Ukraine: Agricultural products (2020)



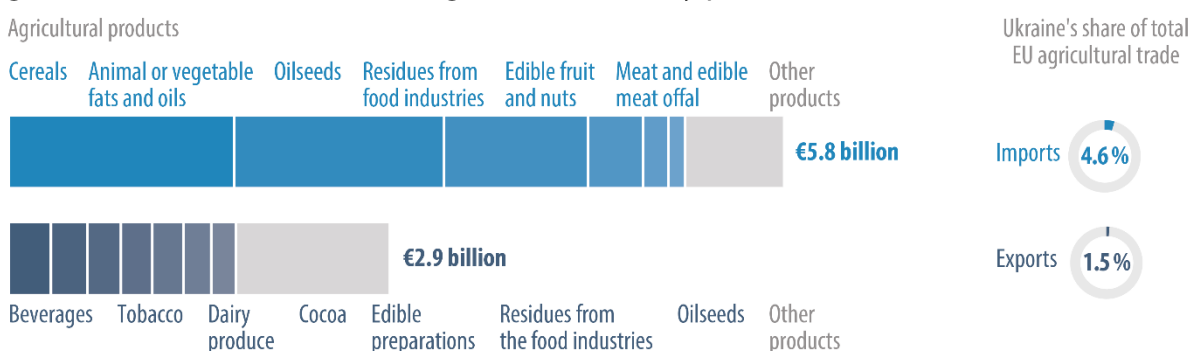
Data source: [Eurostat Comext](#) and author's calculations.

### Agri-food trade figures

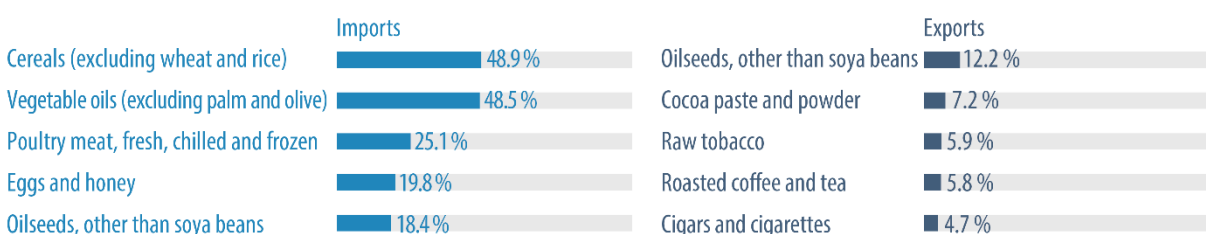
Of the 1.0 % of EU goods originating in Ukraine, 35.7 % are agricultural products. Agricultural products imported from Ukraine represent 4.6 % of all agri-food imports into the EU. When it comes to exports, the EU sells 1.2 % of its commodities to Ukraine, 12.4 % of which are agricultural products.

The main products imported from Ukraine are cereals, animal and vegetable fats and oils, oilseeds, food industry residues and waste, edible fruits and nuts, and meat and edible meat offal. The main exports from the EU to Ukraine are beverages, tobacco, dairy products, cocoa, edible preparations, food industry residues and waste, and oilseeds.

Figure 3 – EU trade with Ukraine: Agricultural trade by product (2020)



#### Agricultural products: EU import dependency



Data source: [Eurostat Comext](#) and author's calculations.

Regarding **EU imports**, Ukraine supplies almost half of the EU's cereals and vegetable oils, and more than a quarter of its poultry meat. As for **EU exports**, Ukraine buys oilseeds, cocoa paste and powder, raw tobacco, roasted coffee and tea, and cigars and cigarettes. Ukraine's **global agri-food exports** in 2020 were dominated by sunflower seeds, corn, wheat and meslin (a mixture of wheat and rye).

The impact of Russia's war in Ukraine on the agri-food market is still being evaluated; however, some [possible scenarios](#) have already been considered, for instance in terms of: [grains and fertilisers](#); the [food price index](#) (from the Food and Agriculture Organization of the United Nations); [oilseeds](#); and [global food security](#). According to news agency [Reuters](#), Ukraine introduced export licences on 6 March 2022 for its key agriculture commodities of wheat, corn and sunflower oil, as well as for poultry and eggs.

