EU-Russia trade in agri-food products

Up until Russia’s invasion of Ukraine in February 2022, the EU and Russia were important trade partners trading in a wide variety of goods, including agri-food products. Russia was the fifth largest importer of EU goods in 2020, despite the disruption of trade relations caused by the first Ukraine crisis in 2014. Furthermore, Russia is a major global exporter of several commodities, including sunflower oil, wheat and barley.

Background

The Russian Federation is one of the EU’s main trading partners, with the total volume of trade estimated at €173.7 billion in 2020 (Figure 1). Russia was the fifth importer of EU goods in 2020, while the EU is the first supplier to the Russian market, providing machinery and transport equipment, chemicals, manufactured goods, and agricultural products and raw materials, for a total value of €79 billion. Russia’s exports to the EU were led by fuel and mining products, agricultural products and raw materials, chemicals, and iron and steel, totalling almost €95 billion.

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

Data source: Eurostat Comext and author’s calculations.

The 1997 bilateral partnership and cooperation agreement (PCA) is the general framework for EU-Russia trade relations. Negotiations for a new EU-Russia agreement, initiated in 2008, were suspended in 2014 owing to the first Ukraine crisis. In 2012, Russia joined the World Trade Organization (WTO), and EU-Russia trade relations have since been defined by the multilateral WTO rules. Since Russia’s illegal annexation of Crimea in March 2014, the EU has progressively imposed restrictive measures towards Russia; these led in the same year, as retaliation, to a Russian ban on selected agricultural products from the EU and some third countries, namely Australia, Canada, Norway and the United States. Although overall EU trade with Russia has continued, and even increased, from 2017 onwards, trade flows in agri-food products have decreased, as shown in Figure 2. On 24 February 2022, Russia launched an unprovoked attack on Ukraine, followed by a full-scale invasion. EU countries have since adopted unprecedentedly tough sanctions.

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

Data source: Eurostat Comext and author’s calculations. The term ‘agricultural products’ refers to the WTO definition and includes Chapters 1-24 (excluding fish and fish products, Chapter 3) of the Harmonised System, and a number of headings in Chapters 33, 35, 38, 41, 43 and 51-53. It does not contain tariff codes CN 3302.10.40 and CN 3302.10.90.
Agri-food trade figures
Trade with the Russian Federation represents 3.7% of overall EU exports in agri-food products, and 1.4% of overall agri-food imports. The main products imported from Russia, in terms of overall value, are residues and waste from the food industries, including oilcakes and feed components (32.3%), oilseeds (19.1%), animal or vegetable fats and oils (9.9%), beverages (7.0%), cereals (6.5%), and other products (25.2%). Concerning exports from the EU to Russia, the main categories are beverages (21.2%), edible preparations (9.3%), residues and waste from the food industries (8.0%), oilseeds (7.4%), live trees and other plants (7.3%), cocoa (7.3%), and other products (39.5%).

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

In terms of categories of products for which a significant part of EU agri-food trade is linked to Russia (see Figure 3, share of dependency), figures show that almost 19% of ‘other feed and feed ingredients’ imported to the EU come from Russia, as well as almost 8% of sugar (other than beet and cane), and slightly more than 6% of imported wheat. As for EU exports, more than half of total EU exports of soya beans are exported to Russia, as are more than 20% of total EU exports of cocoa beans, oilseeds, eggs and honey, and cut flowers and plants. With regard to agri-food global exports, Russia is a major producer and exporter of sunflower oil (28.6% of global exports), wheat (18%), barley (15.4%), and corn (2.3%).

The impact of the Russia-Ukraine war in agri-food markets is still being evaluated; judging from both countries’ share in main agri-food commodities and fertilisers, it is expected to be considerable.