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 imported to 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.

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.
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.

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.