

## The Future of EU-Ukraine Trade Relations

We, as the Union of Entrepreneurs and Employers (ZPP), and the Federation of Employers of Ukraine (FEU) support boosting economic cooperation between the EU and Ukraine. As a result of the ongoing invasion, the measures put forward by the EU are crucial to support Ukraine's recovery and resilience. Considering recent developments, we have identified two potential paths: the extension of ATMs possibly with enhanced safeguards; and a selective expiration of ATMs coupled with strategic DCFTA amendments to support critical Ukrainian exports.

We analyse both paths while advocating for a flexible approach that supports Ukraine's recovery while balancing EU market interests, ensuring that our trade policies foster sustainable economic growth and regional stability.

### Recommendations

Extend the current ATM (possibly with enhanced safeguard measures in case serious disruptions to the EU market are proven) until at least the end of 2025 to allow time for negotiations on revising the Association Agreement.

Begin negotiations on revising the DCFTA immediately, prioritizing sensitive and non-sensitive sectors, so the Polish Presidency can lead these efforts in early 2025, with the Danish Presidency continuing if needed.

Develop a solution regarding application of trade defence instruments against products from Ukraine, as deployment of such instruments was suspended in the 2022 ATMs

Regularly engage in high-level dialogues between the EU and Ukraine to ensure that trade policies are aligned with broader political and economic objectives while supporting the EU-Ukraine Monitoring Group established to monitor the functioning of Solidarity Lanes and discuss outstanding trade issues.

Implement a dynamic and responsive trade monitoring system that utilizes real-time data analytics to adjust trade measures quickly in response to market fluctuations.

Support the mechanism within the ATM framework (safeguards) that allows for graduated responses based on the severity and nature of economic impacts observed.

Increase support for Ukrainian economic sectors most affected by the conflict and trade shifts by providing targeted aid, investment in infrastructure, and access to EU markets for new industries.

Encourage agricultural collaborations between the EU and Ukraine that aim at technological exchange, sustainable farming practices, and co-development of new agricultural products.

Develop and implement flexible tariff schemes that can be adjusted based on the economic performance of specific sectors within Ukraine.

Target Road and Rail Transport Cross Border Points Modernization, especially in the EU Ukraine Facility Pillar II Priorities.

Introduce a comprehensive support program specifically designed for sectors where Ukraine has significant export potential but faces high tariffs and barriers in the EU, such as agriculture and manufacturing.

Increase EU funding for infrastructure development in Ukraine, focusing on transport, logistics, and technology infrastructure that supports export-capable sectors.

Enhance trade-related mediation strategies under Article 152 of the Treaty on the Functioning of the European Union, leveraging social partners (employers' associations, trade unions, and civil society stakeholders) to resolve trade disputes and reach compromises.

Align mediation strategies with the EU's commitment to fostering social dialogue and ensure trade policy development is inclusive and balanced.

FEU and ZPP stand ready to offer their expertise and resources to help facilitate and mediate any trade-related challenges within the EU and between countries, reinforcing a collaborative approach to resolving issues.

## A Brief History of Ukraine-EU Trade Relations

In the last decade, Ukraine and the EU have built strong cooperation in terms of trade. After the Euromaidan protests in 2013-2014, Ukraine pivoted to the West by signing the Association Agreement (AA) with the EU in 2014, including the Deep and Comprehensive Free Trade Area (DCFTA).<sup>1</sup> With this agreement, Ukraine has departed on a crucial journey to integrate more into the European economic sphere, which aims to reduce tariffs, align regulatory standards, and boost trade between the two regions. When the DCFTA came into force in 2016, it offered Ukraine tariff-free access to the EU market for many goods but also committed to aligning with EU standards. The EU quickly became Ukraine's largest trading partner, with trade between the two reaching €61.9 billion by 2023.<sup>2</sup> Unfortunately, the trade cooperation between the EU and Ukraine has faced significant challenges, especially after Russia's full-scale invasion of Ukraine in February 2022.<sup>3</sup> Ukraine's economy faced significant losses due to infrastructure destruction, supply chain disruptions, and consequent trade imbalances. As a result, the EU

<sup>1</sup> European Commission. (n.d.). EU-Ukraine Deep and Comprehensive Free Trade Area. Retrieved November 28, 2024, from <https://trade.ec.europa.eu/access-to-markets/en/content/eu-ukraine-deep-and-comprehensive-free-trade-area>

<sup>2</sup> European Commission. (n.d.). Ukraine: EU trade relationships. [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/ukraine\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/ukraine_en)

<sup>3</sup> Council of the European Union. (2024). Think tank reports on the invasion of Ukraine (2022-February 2024). <https://www.consilium.europa.eu/en/documents-publications/library/library-blog/posts/think-tank-reports-on-the-invasion-of-ukraine-2022-february-2024/>

welcomed multiple measures to support Ukraine, one of the most known being the Autonomous Trade Measures (ATMs).

## The Role of the EU Autonomous Trade Measures (ATM)

As a response to the invasion, in 2022 the EU implemented ATMs as temporary trade liberalization measures to support Ukraine's economy. According to the ATMs all import duties, quotas, and trade defence mechanisms on Ukrainian goods entering the EU were suspended. Even though the ATMs were initially set for one year, it was suspended twice, in June 2023 followed by June 2024 as the invasion evolved. Consequently, The EU recorded 56% of Ukraine's trade in goods which presents the ATM's role in maintaining this vital economic link.<sup>4</sup> As we approach the expiration of ATMs in 2025, there is a critical decision to be made by the EU that involves extending the ATMs with enhanced safeguards as a temporary measure until the end of 2025, providing the necessary time to finalize and implement amendments to the DCFTA which will have profound implications, supporting Ukraine's economic recovery while addressing the internal dynamics within the EU.<sup>5</sup> The current focus lies on amending the Deep and Comprehensive Free Trade Area (DCFTA) to establish a sustainable long-term trade framework. At the same time, extending the ATM framework with enhanced safeguards until the end of 2025 provides a necessary transition period for properly implementing the DCFTA amendments. These two interconnected scenarios – ATM extension with safeguards and DCFTA amendments – form the foundation of a balanced strategy to support Ukraine's recovery while addressing the EU's internal concerns. For Ukraine, the continuation of the EU's ATMs with enhanced safeguards can provide essential support for its economic recovery and serve as a transitional measure toward deeper integration into the EU. For the EU, this decision balances the need to protect fragile sectors, such as agriculture, while ensuring sustained economic support for Ukraine during the implementation of DCFTA amendments.

As the EU prepares to make this critical decision under the Polish presidency of the Council of the EU, two possible scenarios have emerged: (1) the extension of ATMs with enhanced safeguards Until the End of 2025, (2) amendments to the Deep and Comprehensive Free Trade Area (DCFTA) agreement.

### Scenario 1: Extension of ATMs with Enhanced Safeguards

The implementation of temporary trade measures (ATMs) has proven effective in rendering the export of sensitive Ukrainian goods both predictable and manageable. By allowing greater oversight and regulation of trade flows, these measures have successfully mitigated potential market disruptions. However, as a temporary solution, extending the ATMs with enhanced

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<sup>4</sup> European Commission. (n.d.). Ukraine: EU trade relationships. [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/ukraine\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/ukraine_en)

<sup>5</sup> EUNews. (2024, April 9). New understanding and the first go-ahead on the extension to the EU duty stop for Ukrainian imports. <https://www.eunews.it/en/2024/04/09/new-understanding-and-the-first-go-ahead-on-the-extension-to-the-eu-duty-stop-for-ukrainian-imports/>

safeguards until the end of 2025 provides critical stability while the EU and Ukraine finalize the necessary trade arrangements under the DCFTA.

Extending these measures until the end of 2025 would provide a crucial interim solution to maintain stability for Ukrainian exports. This extension offers the EU and Ukraine a necessary timeframe to focus on revising the DCFTA under Article 29 of the Association Agreement. It ensures that critical trade relationships remain intact, avoiding disruptions while longer-term trade arrangements are negotiated.

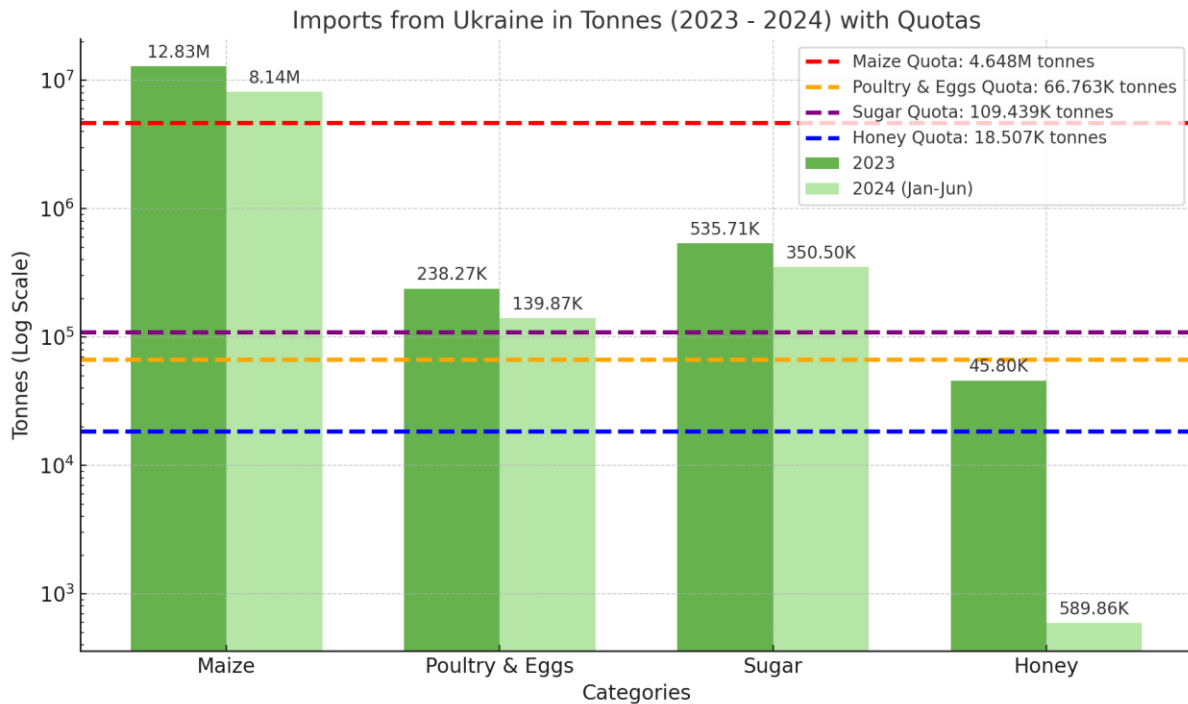
A proactive approach to balancing the protection of critical EU markets, particularly in the agricultural sector, with economic support for Ukraine involves extending the Autonomous Trade Measures (ATMs) with additional safeguards. Extending these measures until at least the end of 2025 would allow time for negotiations under the Polish and Danish Presidencies.

While extending the ATMs, it is essential to address concerns from certain EU member states about the influx of agricultural products from Ukraine. Safeguards must strike a balance, ensuring they are not excessively restrictive, as this could hinder Ukraine's recovery. Member states should base their arguments on concrete evidence, avoiding political or populist rhetoric.

The Polish Presidency could spearhead discussions on such safeguards, with the Danish Presidency continuing the efforts, if necessary, thereby ensuring stability and clarity for both parties involved.

Although the EU has implemented automatic safeguards in the ATMs that are intended to enter when imports of specific products—like poultry, maize, and honey—beyond predetermined criteria, this strategy has not been without controversy. Based on typical import quantities between 2022 and 2023, these standards have generated a lot of controversy about how they would affect farmers in the EU, especially in member states with large agricultural sectors like Poland and Romania. It is suggested that these protections be strengthened in addition to being maintained under the current circumstances. To enable speedier reactions to market disruptions, this would include lowering the threshold levels for triggering protections. Furthermore, other sensitive goods like apples or berries that are essential to the economy of some EU members may be added to the list of goods covered by automatic safeguards. On the other hand, these improvements to protective measures can counterproductively jeopardize the more general objectives of economic assistance and market integration. Structuring the requirements for tariff-free entry of Ukrainian goods into the EU market, these measures run the risk of turning into protectionist hurdles instead of stabilizing aid and it will reduce the competitiveness of Ukrainian manufacturers, making it harder for them to enter the EU market, which is vital for them to survive in the face of continuous hostilities and severe economic conditions.

Figure 1: Imports from Ukraine in Tonnes (2023 - 2024) with Quotas



Source: Eurostat, data retrieved from [Agriculture Data Portal – EU trade dashboard](#)

As shown in Figure 1, import volumes of maize, poultry, sugar, and honey have significantly exceeded their quotas under the ATMs. This underscores the need for calibrated safeguards to manage market disruptions effectively while supporting both EU producers and Ukrainian exporters. The urgent safeguard mechanisms under the current ATMs, triggered during surges in exports of products like honey, sugar, and eggs, have proven effective in maintaining market balance and protecting EU producers.

Since the EU renewed Autonomous Trade Measures (ATM) with Ukraine in June 2024, safeguards have limited sugar imports, stabilizing wholesale sugar prices at approximately €855 per tonne. This demonstrates how enhanced safeguards can regulate trade flows and minimize disruptions to EU producers. Extending these safeguards temporarily will ensure stability while long-term trade solutions are developed under the DCFTA framework.

By maintaining safeguards, the ATM framework will enhance trade predictability and stability, minimizing adverse effects on European producers while ensuring a controlled and balanced trade environment. This temporary measure supports smoother trade relations and safeguards market integrity, benefiting both the EU and Ukraine during this transitional period.

The maize category exemplifies the importance of maintaining stable tariff-free access for high-demand products, with imports exceeding the established quota of 4.648M tonnes in 2023. Enhanced safeguards can help manage such trends without disrupting access for Ukrainian exporters. Similarly, poultry and eggs show strong demand within the EU, with imports



exceeding the 66.763K tonnes quota in both 2023 and early 2024. The sugar category reflects a similar trend, with imports surpassing quotas in 2023 and remaining high in 2024.

Although honey exports also exceed quotas, their overall impact on Ukraine's export revenue is less significant compared to other goods like maize and poultry. These trends underline the importance of calibrated safeguards in maintaining market stability. According to the data, quotas are critical tools for shaping the EU-Ukraine trade relationship, ensuring that sensitive products remain controlled while supporting Ukraine's recovery and integration into the EU market.

Ukrainian agricultural exports, particularly in the poultry and sugar sectors, are not in direct competition with European producers. Instead, they primarily compete with imports from Brazil and Thailand, which are leading suppliers of agri-food products to the European market. This highlights the stabilizing role that Ukrainian exports play in the EU market.

Brazil, a dominant force in global agri-food exports, accounted for approximately 11% of the EU's total agri-food imports in 2024.<sup>6</sup> Known for its cost-effective production and well-established export networks, Brazil remains a key competitor in the European market. Similarly, Thailand, a top global exporter, continues to strengthen its position as a major food supplier to Europe. Against this backdrop, Ukrainian exports provide competitive alternatives to these third-country imports, helping to moderate prices for European consumers while diversifying the market's supply sources. Importantly, this stabilization occurs without exerting unnecessary pressure on local EU producers.

While the ATMs and their safeguards have been designed to shield EU producers from market saturation, they also present challenges. These measures, if over-relied upon or overly restrictive, risk distorting trade ties and damaging internal market dynamics. This could result in higher consumer prices and fewer options available in the market. Moreover, the constant adjustments required to accommodate transient market movements may contribute to uncertainty for traders and investors.

Maintaining ATMs (possibly with enhanced safeguard measures in case serious disruptions to the EU market are proven) represents a complex but necessary interim solution. Extending these measures temporarily ensures stability while allowing both the Polish Presidency in the first half of 2025 and the Danish Presidency in the latter half to lead critical discussions on revising the Association Agreement under Article 29. This extension supports Ukraine's immediate recovery and integration into the European market, ensuring that vital trade relationships are preserved during this transitional period.

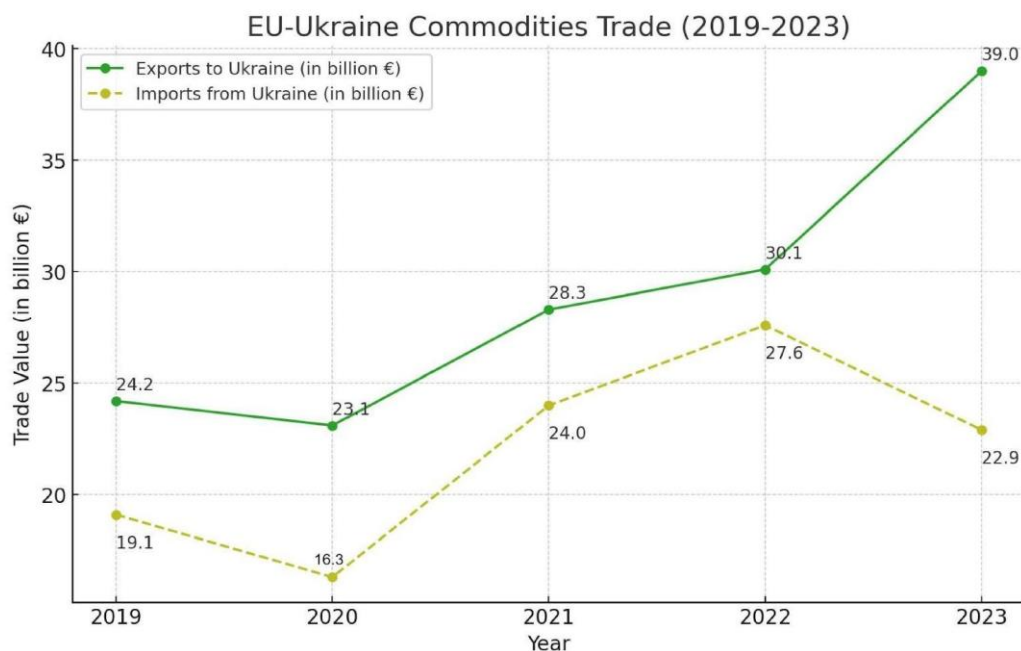
However, this approach has limitations. While it helps stabilize Ukraine's economy and provides temporary support for its integration into the European market, it does not fully align with the EU's long-term commitment to Ukraine's sovereignty and economic recovery.

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<sup>6</sup> European Commission. (2024, February 26). Positive EU agri-food trade balance confirms competitiveness of EU exports. [https://agriculture.ec.europa.eu/news/positive-eu-agri-food-trade-balance-confirms-competitiveness-eu-exports-2024-02-26\\_en](https://agriculture.ec.europa.eu/news/positive-eu-agri-food-trade-balance-confirms-competitiveness-eu-exports-2024-02-26_en)

Enhanced safeguards must remain narrowly focused to avoid prioritizing the short-term interests of EU producers at the expense of broader economic integration and cooperation. The temporary nature of this extension underscores the importance of using this time effectively to prepare for a more comprehensive solution under the DCFTA amendments.

Figure 2: EU-Ukraine Commodities Trade (2019 -2023)



Source: Eurostat

Figure 2: EU-Ukraine Commodities Trade (2019-2023) illustrates the dynamic nature of EU-Ukraine trade relations over the past five years. Notably, EU exports to Ukraine increased significantly in 2023, up by nearly 29.6% from the previous year. This highlights the EU's role as a crucial trading partner, supporting Ukraine's economic stability during challenging times. At the same time, the 17% decrease in imports from Ukraine in 2023 compared to 2022 underscores the challenges faced by Ukrainian producers and the need for immediate and adaptable trade mechanisms and preservation of acceptable trade volumes.

This data provides clear evidence of the importance of extending ATMs with robust and adaptable safeguards to address real-time economic dynamics in case of difficulties with the DCFTA amendments negotiations. Such safeguards ensure a balanced approach to trade that benefits both the EU and Ukraine. Temporarily extending the ATMs with enhanced safeguards until the end of 2025 guarantees tariff-free access for Ukrainian goods during this critical period of economic recovery, providing stability and predictability in trade relations.

Additionally, maintaining safeguards during this interim period will help balance the interests of EU producers and consumers, particularly in sensitive sectors such as poultry and sugar. For instance, unrestricted Ukrainian exports in these sectors could apply downward pressure on prices, potentially saving consumers hundreds of millions of euros by offering more affordable products. This strategy supports market stability and enhances consumer welfare, especially amid ongoing economic challenges such as inflation and rising production costs.

The extension of ATMs (possibly with enhanced safeguard measures in case serious disruptions to the EU market are proven) is an essential short-term measure. However, this temporary extension must be used effectively to prepare for a more sustainable and comprehensive trade framework through DCFTA amendments. While ATMs provide immediate relief, they must act as a bridge toward long-term economic integration and market stability between the EU and Ukraine.

## Scenario 2: Selective ATM Expiration and DCFTA Amendments

To preserve beneficial trade conditions for key Ukrainian exports, this middle-ground strategy suggests selectively terminating the Autonomous Trade Measures (ATMs) while implementing adjustments to some Deep and Comprehensive Free Trade Area (DCFTA) clauses.

### Amending the DCFTA

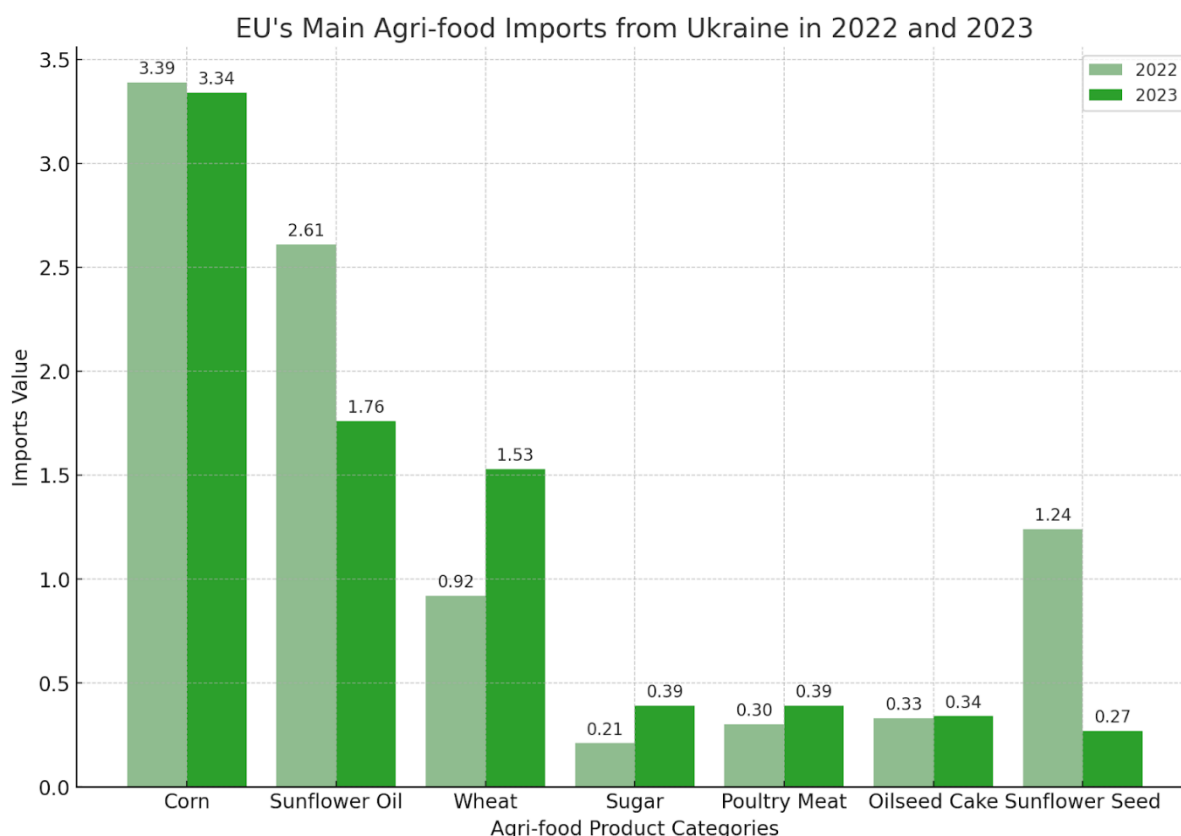
The DCFTA's Article 29 offers a flexible framework for focused amendments by permitting changes to the agreement without requiring a full revision. A middle-ground approach would involve a selective expiration of ATMs alongside targeted amendments to the DCFTA.

Amendments should be negotiated under Article 29 of the DCFTA, starting immediately, to ensure sufficient time for agreement by the end of 2025. The Polish and Danish Presidencies will play vital roles in leading these negotiations. In such a case, the EU and Ukraine might pinpoint those goods for which Ukraine has robust export capabilities, and which do not pose a direct risk to delicate EU markets. The DCFTA might be amended for these particular products to either keep the current tariff exemptions in place or gradually reduce them. This would make the transition easier for Ukrainian companies and guarantee their continuous access to the EU market.

Reduced trade barriers will continue to help non-sensitive industries like machinery and electrical items, which made up large shares of EU exports to Ukraine in 2023. As a result, the EU's internal market remains protected while crucial industries in Ukraine continue to receive the assistance they require to recover and expand. Additionally, it helps achieve the strategic objective of raising long-term competitiveness by bringing Ukrainian sectors up to European standards. However, the situation is more complex for sensitive agricultural goods, where trade dynamics require careful management to avoid market disruptions and ensure a smooth transition under a revised DCFTA framework.



Figure 3: EU's Main Agri-food Imports from Ukraine in 2022 and 2023



Source: Eurostat, data retrieved from [EU trade with Ukraine – latest developments](#)

The significant decrease in imports of sunflower oil (32.6%) and sunflower seeds (78.2%) underscores the vulnerability of these markets to tariff adjustments. Conversely, the sharp increases in imports of wheat (66.3%) and sugar (85.7%) highlight growing demand within the EU, which could face disruptions if tariffs are reintroduced during the transition to a revised DCFTA framework.

When revising the free trade agreement, it's important to carefully consider the limitations (quotas) for certain products, particularly those that are sensitive. This should involve taking into account today's trade status quo, in particular Ukraine's supply history from 2022 to 2024 and the prospective integration of Ukraine into the European Union in the near future. Among these, the supply of Ukrainian poultry has acted as a stabilizing factor, preventing even steeper price increases for European consumers by ensuring adequate market supply. This highlights the importance of maintaining predictable trade mechanisms, particularly for high-demand products, during the transition to a revised DCFTA framework. The ideal features should reflect the outcome of thorough consultations and mediation processes involving key social partners. Additionally, a separate issue concerns possible resumption of application of trade defence instruments, which were suspended following the decision on temporary trade measures (ATMs), particularly for metallurgical products. Trade in these goods during 2022–2024 has not shown a significant increase in exports to the EU. Moreover, due to ongoing, extensive

shelling, Ukraine's metallurgical industry has suffered substantial losses in production capacity. As such, growth of exports to the EU is unlikely in the immediate future. Therefore, if the ATMs are lifted, it would be prudent to continue the suspension of the application of such trade defence instruments.

The decision not to renew the ATMs carries significant political and economic risks. The EU's support for Ukraine since the start of the invasion has been a cornerstone of its foreign policy, reinforcing Ukraine's sovereignty and economic stability. A perceived withdrawal of this support, especially during the transition to a revised DCFTA framework, could undermine the EU's political standing and weaken Ukraine at a critical time.

A sudden elimination of ATMs without a transitional framework could increase expenses and erode economic resilience of Ukrainian manufacturers, making it challenging to maintain market share in the EU. Smaller producers would be disproportionately affected, while restricted access to the European market could deter foreign investment in Ukraine's manufacturing and agricultural sectors. A phased approach through DCFTA amendments is essential to mitigate these risks.

## Strategic Initiatives for Strengthening EU-Ukraine Trade Relations

### 1. Invest in Transport and Rail Infrastructure for Strategic Expansion

Prioritize investments in Poland's transport and rail infrastructure to facilitate the efficient movement of Ukrainian agricultural commodities through the Polish border. Position Poland as a central EU and global trade hub by modernizing rail networks, increasing transport capacity, and establishing dedicated agricultural trade corridors. This infrastructure improvement will strengthen the supply chain and reduce bottlenecks, making it easier for Ukrainian goods to reach broader EU and global markets.

Extending the Autonomous Trade Measures (possibly with enhanced safeguard measures in case serious disruptions to the EU market are proven) to support Ukraine's recovery necessitates concurrent investment in transport and rail infrastructure to overcome logistical challenges at EU borders. As a critical transit point, Poland would benefit substantially from infrastructure enhancements, easing the flow of Ukrainian agricultural commodities into the EU and mitigating current supply chain bottlenecks. In early 2024, only around 5% of Ukraine's agricultural exports transited through Poland, a figure limited by logistical constraints.<sup>7</sup> The European Commission and partners recently allocated €1 billion, including €250 million specifically for Poland-Ukraine border improvements, to facilitate secure 'Solidarity Lanes' and ensure Ukraine's exports bypass Black Sea route limitations.<sup>8</sup> Further collaboration between

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<sup>7</sup> Government of Ukraine. (2024, February 23). Denys Shmyhal: Ukraine proposes a plan of mutual understanding to Poland. <https://www.kmu.gov.ua/en/news/denys-shmyhal-ukraina-proponuie-polshchi-plan-vzaiemoporozuminnia>

<sup>8</sup> European Commission. (2022). Statement by the European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/statement\\_22\\_6825](https://ec.europa.eu/commission/presscorner/detail/en/statement_22_6825)

Polish and Ukrainian railways aims to expand transport capacity and streamline intermodal routes.

Projected infrastructure improvements could drive substantial trade efficiency. For instance, modernizing key rail corridors could increase rail freight capacity by up to 50%, based on estimates by Polish infrastructure planners.<sup>9</sup> Polish intermodal rail freight, "Europe and the Silk Road" report notes that to maintain its current market share, Poland's rail freight volume must increase by 60% to 80 billion tonne-km, a volume comparable to 1990.<sup>10</sup> Additionally, these developments could catalyse regional job creation, with new logistics hubs along major trade routes potentially generating thousands of jobs. These investments would not only support Ukraine's economic resilience but also establish Poland as a central EU trade hub, benefiting all parties involved.

However, the full effect of the infrastructure upgrade on the Polish economy will be felt only on the condition of no more disturbances of the traffic on the Polish-Ukrainian border as a result of Polish farmer protests.

## 2. Implement a Real-Time Trade Monitoring and Adjustment System

Develop a dynamic trade monitoring system leveraging real-time data analytics to monitor agricultural trade flows between Ukraine and the EU. This system will allow for rapid adjustments to tariffs, quotas, and logistical operations in response to market fluctuations. Such responsiveness will ensure more effective trade policy alignment with economic conditions, preventing imbalances and supply shortages. A real-time trade monitoring and adjustment system would be vital to accompany an extended ATM framework with enhanced safeguards. This system would enable EU policymakers to adapt quotas, tariffs, and logistics in response to real-time market data, helping to prevent the destabilization of sensitive EU markets from surges in Ukrainian agricultural imports. Recent fluctuations in Ukrainian exports of maize and poultry highlight the necessity of responsive adjustments, as demand-driven spikes have occasionally strained EU local markets, particularly under the ATM framework.

## 3. Strengthen Agricultural Collaboration and Technology transfer

In a scenario where selective ATM expiration occurs, strengthening agricultural collaboration and technology transfer between the EU and Ukraine becomes essential for Ukraine's long-term competitiveness. Ukraine's agricultural productivity has significant room for improvement, especially in staple grains like wheat and maize. Analyses show that Ukraine's wheat yields average about 4.06 tonnes per hectare, while in the EU, countries like France and Germany

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<sup>9</sup> European Parliament. (2023). Briefing: Improving use of rail infrastructure capacity (Publication No. EPRS\_BRI(2023)754599). Retrieved November 28, 2024, from [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754599/EPRS\\_BRI%282023%29754599\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754599/EPRS_BRI%282023%29754599_EN.pdf)

<sup>10</sup> Railweb. (n.d.). Polish rail freight: Europe and the Silk Road. <https://www.railweb.ch/en/polish-rail-freight-europe-and-the-silk-road/>

achieve higher yields—often between 7 and 8 tonnes per hectare. Similarly, maize yields in Ukraine range from 5 to 6 tonnes per hectare, compared to EU averages of around 7-10 tonnes per hectare, depending on the country.<sup>11</sup> These productivity differences stem from challenges such as limited access to advanced technology, inconsistent crop rotation, and inadequate input supply, particularly fertilizers.

Strategic partnerships with the EU could support sustainable practices, including climate-resilient agriculture, which could help bring Ukraine's production closer to EU standards and enhance market access. Studies show that public R&D investments in agricultural productivity yield substantial returns, with annual rates ranging from 6.5% to 15.2%, depending on the calculation methods.<sup>12</sup> Reports such as the State of Food and Agriculture and the Global Food Policy Report highlight how tech transfers like precision farming, pest-resistant seeds, and improved irrigation have enhanced productivity globally. The FAO reports that precision agriculture, for example, can increase crop yields by up to 30% while reducing water and fertilizer use by 10–20% which presents the economic and environmental justification for investing in agricultural technology and innovation, as even modest improvements in agricultural practices could have significant benefits for Ukraine's productivity.<sup>13</sup> Additionally, enhancing infrastructure for transport and logistics would facilitate timely, cost-effective exports from Ukraine, which is critical for achieving competitive yields and higher farm-gate prices. Such collaborative efforts in R&D modernized agricultural techniques, and infrastructure would ensure a smooth transition for Ukraine's key sectors, enabling them to thrive within the DCFTA framework while aligning with EU environmental objectives.

#### 4. Engaging Leading Ukrainian and Polish Social partners in trade discussions

Engagement with prominent social partners from both Ukraine and Poland like leading employers' organizations is essential for establishing robust trade frameworks and facilitating effective mediation. By integrating the insights and expertise of Ukrainian and Polish organizations, including their respective employee representatives, we can foster a collaborative dialogue that enhances mutual understanding of the economic landscapes and the specific challenges faced by businesses in both nations.

This collaborative approach can significantly contribute to finding viable compromises regarding trade agreements between the EU, Ukraine, and Poland. Engaging these

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<sup>11</sup> Joint Research Centre. (2021). Agricultural markets in Ukraine: Outlook 2030 (JRC126768). [https://publications.jrc.ec.europa.eu/repository/bitstream/JRC126768/agricultural\\_markets\\_ukraine\\_2030.pdf](https://publications.jrc.ec.europa.eu/repository/bitstream/JRC126768/agricultural_markets_ukraine_2030.pdf)

<sup>12</sup> Vollaro, M., Raggi, M., & Viaggi, D. (2021). Public R&D and European agriculture: Impact on productivity and return on R&D expenditure. *Bio-based and Applied Economics*, 10(1), 73–86. <https://doi.org/10.36253/bae-9928>

<sup>13</sup> Funds for NGOs. (n.d.). Precision agriculture: Harnessing technology to boost farm yields. <https://www.fundsforngos.org/proposals/precision-agriculture-harnessing-technology-to-boost-farm-yields/>

associations allows for the identification of common interests and growth opportunities, ultimately creating a more favourable environment for bilateral and multilateral trade.

Moreover, the involvement of employee organizations in the mediation process ensures that the concerns of those directly affected by trade policies are adequately represented. This inclusion is vital for developing sustainable and equitable solutions that align the interests of businesses with the needs of the workforce.

**In Conclusion, taking into consideration both scenarios, the immediate priority should be to extend the current ATM until the end of 2025, allowing sufficient time for negotiations.** This extension, with the same restrictions and volumes, would enable the Polish Presidency to play a key role in leading the negotiations in the first half of 2025. Starting negotiations under Article 29 immediately will ensure that both the Polish and Danish Presidencies have the time needed to finalize a comprehensive trade regime by the end of 2025. This coordinated effort will secure Ukraine's continued access to the EU market while balancing EU member states' interests.

Together, the Union of Entrepreneurs and Employers and the Federation of Employers of Ukraine emphasize how important it is that the EU and Ukraine maintain a cooperative and beneficial relationship. Encouraging Ukraine's economic resilience while simultaneously supporting EU strategic goals is critical as we navigate the complexity of today's geopolitical challenges. We fervently support customized trade policies that protect EU economic stability while guaranteeing Ukraine's access to vital markets.