

Press Release

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Brussels

EU-Ukraine Trade at a Crossroads: A Strategic Perspective

On Tuesday, 25 March 2025, Union of Entrepreneurs and Employers (ZPP) co-organised a working dinner on “*EU-Ukraine Trade at a Crossroads: A Strategic Perspective*” in partnership with the SME Connect and the European Enterprise Alliance, hosted by NIELS FLEMMING HANSEN MEP in the European Parliament in Brussels. To join us were H.E. VSEVOLOD CHENTSOV, Head of the Mission of Ukraine to the European Union; IHOR BRYZHATYI, EU-Team, Project Director and Programme Manager, Konrad-Adenauer-Stiftung; MARCIN NOWACKI, Member of the European Economic and Social Committee, President European Enterprise Alliance, Vice President ZPP; RUSLAN ILLICHOV, Director General, Federation of Employers Ukraine; JANIS AIZSALNIEKS, Team Leader for Socio-Economic policy team, Unit ENEST.D.2 – Economic and Sectoral Policies, European Commission; SVITLANA TARAN, Senior Research Fellow, European Policy Center; NAZAR BOBITSKI, Director, EU Office, Ukrainian Agribusiness Club (UCAB); MYKHAILO BNO-AIRIIAN, Special Trade Representative, Federation of Employers Ukraine.

In his introduction, **HORST HEITZ** anticipated the discussion to be about more than trade — it was about shaping a common future between Ukraine and the European Union. He highlighted that while markets and financing are important, real investment also means providing security, with Ukraine playing a crucial role in Europe’s stability. He stressed that the EU must demonstrate Ukraine will come out of this war stronger and more successful than Russia, so that its citizens feel their choice for freedom was right — and that they will truly benefit from it.

In his welcome address, **NIELS FLEMMING HANSEN MEP** highlighted the profound importance of EU-Ukraine trade relations. He reflected on a recent visit to Ukraine, recalling the devastation of war—but also the resilience of the Ukrainian people and the remarkable rebuilding efforts that followed. He underscored Denmark’s unwavering support for Ukraine, rooted in the shared European values of democracy, solidarity, and peace. Mr. Hansen emphasized that the EU’s partnership with Ukraine goes beyond economics—touching the very core of a shared future. Particular importance, he noted, should be given to supporting Ukrainian small and medium-sized enterprises (SMEs), helping them access EU markets and stay connected to global trade, especially during wartime.

H.E. VSEVOLOD CHENTSOV emphasized that Ukrainian business plays a vital role in helping diplomats and policymakers understand the real conditions, challenges, and opportunities on the ground. Ambassador Chentsov highlighted the importance of leveraging existing legal frameworks, such as the Association Agreement and DCFTA, while also building a bridge toward Ukraine’s future EU membership. Supporting the Ukrainian economy

now, he said, is critical. He pointed to Ukraine's unique position in contributing to Europe's strategic goals — including energy transition, industrial resilience, and especially food security—despite the ongoing war. He acknowledged the concerns within the EU, including those of European farmers, but urged decision-makers to look at the bigger picture and consider mutual benefits. Ambassador Chentsov concluded by calling for wise, balanced solutions, based on accurate data and shared interests. He stressed the need to resist protectionist tendencies and instead focus on cooperation, creativity, and the broader vision of economic integration between Ukraine and the EU.

IHOR BRYZHATYI highlighted that the Global Gateway initiative marks a turning point in the EU's development cooperation and trade policy. Ihor noted that while the initiative builds on long-standing financial instruments, its new strategic focus is on competitiveness, self-interest, and the creation of global trade corridors—connecting the EU with regions like Africa, Central Asia, and the Southern Neighbourhood. He emphasized that this shift reflects a broader change in EU policy priorities, balancing economic partnerships with democratic values and governance. However, he also cautioned that without greater involvement from EU Member States and businesses, the initiative risks remaining too Brussels-centric and lacking real ownership across Europe. Drawing on past lessons, Ihor pointed to Georgia as a case where trade agreements did not fully deliver on their promise, due in part to insufficient engagement with local businesses and implementation challenges. He warned that similar risks apply to new strategic corridors, including the Trans-Caspian route, unless these lessons are taken seriously. Turning to Ukraine, he stressed that the country is not just a trade partner but a future EU member state — and should be treated as such. Ukraine's integration into the Global Gateway, particularly in sectors like agriculture and infrastructure, could strengthen both EU competitiveness and global food security. He argued that Ukraine has the potential to play a central role in helping Europe counter external dependencies and reinforce its position as a global economic actor. Ihor concluded by calling for strategic investments that genuinely serve European interests and urged stronger involvement from national governments and European businesses to ensure the success of the Global Gateway and its long-term benefits for both Ukraine and the EU.

MARCIN NOWACKI co-presented a joint paper created in cooperation between the Federation of Employers of Ukraine and ZPP. Marcin highlighted the rapid evolution of EU–Ukraine trade relations, especially under the Deep and Comprehensive Free Trade Area (DCFTA) and the temporary autonomous trade measures (ATMs) introduced in 2022. He noted that in 2023, the EU became Ukraine's largest trading partner, accounting for 56% of its total trade in goods, with bilateral trade reaching nearly €62 billion — more than double the volume since the DCFTA's implementation in 2016. He presented data showing significant growth in EU exports to Ukraine and a strong, positive trade balance in favor of the EU. This, he argued, demonstrated that open trade was beneficial for both sides. The joint paper outlined three future trade scenarios: extending ATMs, extending ATMs with safeguards, and targeted DCFTA amendments under Article 29 — the last of which is currently under active discussion as the existing ATMs are set to expire in June. Marcin acknowledged market fluctuations in 2022–2023, including the reopening of Black Sea routes and safeguard measures by certain member states. Nonetheless, he stressed that Ukrainian and EU businesses alike were calling for a stable and predictable trade environment. He welcomed the Commission's approach to categorizing products by sensitivity and encouraged swift, transparent negotiations to avoid gaps in regulation. He concluded by reaffirming that Ukraine is a reliable trade partner, and that Poland—Ukraine's largest EU trading partner—remains committed to supporting closer economic integration. The priority, he said, is to ensure that trade remains steady, business-driven, and politically stable.

RUSLAN ILLICHOV noted that despite the war's devastating impact—over 300 businesses destroyed and more than 2,000 relocated from eastern to western Ukraine — Ukrainian industry remains resilient, active, and committed to cooperation with European partners. Ruslan stressed that Ukrainian businesses are not only surviving but investing and working hard to remain strong contributors to Ukraine's economy — and, by extension, to European stability. He underlined that free trade with the EU is not about privilege or profit, but about sustaining wages, paying taxes, and funding Ukraine's defence. A strong Ukrainian economy also strengthens the European Union. While agriculture has dominated much of the trade debate, Ruslan urged policymakers to look beyond it. He emphasized that Ukraine is both a consumer and importer of European agricultural technology and equipment, making the trade relationship a win-win. More importantly, Ukraine sees itself as a future industrial partner in European supply chains, ready to contribute in sectors such as pharmaceuticals, machinery, and automotive production. Ruslan concluded by calling on European institutions to think beyond short-term trade issues. He emphasized Ukraine's readiness to become a reliable manufacturing hub for Europe, urging continued dialogue and closer cooperation across all sectors of the economy — not just agriculture.

JANIS AIZSALNIEKS emphasized that the EU must continue to do everything possible to support Ukraine, even if not all outcomes are immediately within reach. He welcomed the discussion as timely and important, particularly in the context of Ukraine's ongoing EU integration process. Representing DG Enest of the European Commission, Janis shared that his team is deeply engaged in the screening process of Ukrainian legislation for EU accession. Half of the legal chapters have already been reviewed, with the process set to conclude by October. He praised the Ukrainian government's strong commitment and structured approach to aligning with EU law, a process that began with the DCFTA and is now accelerating. He highlighted the strategic importance of Ukraine's forthcoming industrial strategy, which is expected to be presented at the Ukraine Recovery Conference in Rome. The Commission is working closely with Ukraine on this, including in areas such as SME development and industrial policy. Janis noted the EU's significant financial support to Ukraine, with €135 billion mobilized, including €2 billion for infrastructure like border crossings and trade routes—essential to ensuring trade continuity, especially during Black Sea disruptions. He reaffirmed that the EU remains Ukraine's top trading partner, with stable and growing trade relations. Regarding the Autonomous Trade Measures (ATMs), he explained that while the Commission supported their extension, political discussions led to a shift towards permanent arrangements under Article 29 of the DCFTA. These reciprocal changes would reduce the need for annual renewals and provide long-term stability. He also pointed to underused opportunities within the DCFTA, such as the potential for a visa-free regime for industrial products. Ukraine is making significant progress in aligning with EU standards on consumer protection, conformity assessment, and market surveillance, bringing this goal closer to reality. Further areas of cooperation include public procurement, services, and digital integration. He noted that Ukraine is on track to join the EU roaming area and is also working toward joining SEPA (Single Euro Payments Area), which would streamline payments and improve financial integration. Finally, Janis stressed the importance of improving the business environment in Ukraine as a foundation for attracting investment and embedding Ukraine into EU value chains.

SVITLANA TARAN emphasized that Ukraine's status as an EU candidate country requires a forward-looking approach to trade relations. She noted that further trade liberalization and gradual integration into the EU Single Market are not only expected but inevitable—and that the process must be made as smooth and sustainable as possible. Svitlana highlighted concerns about the expiration of the Autonomous Trade Measures (ATMs) in June 2025. While several proposals are on the table, she firmly argued against reverting to pre-invasion

trade conditions or introducing new restrictions—particularly on agricultural products — that would undermine progress. She reminded the audience that reciprocal liberalization under the DCFTA had already been under discussion prior to the war, and that a formal review was initiated in line with Article 29 of the agreement. She acknowledged that while some safeguards were introduced over the past two years to balance support for Ukraine with EU farmers’ concerns, it’s now time to move forward. Reviewing and revising outdated tariff quotas, increasing volumes, and adjusting review periods — possibly shortening them from five years to two — could all contribute to a fairer and more future-oriented trade framework. Svitlana also addressed ongoing unilateral trade restrictions by several neighboring EU Member States, calling them inconsistent with the Single Market principles and Commission competence. While recognizing their concerns, she called for compromise and mutual understanding, underlining that Ukraine, too, is learning to work constructively in finding balanced solutions. She emphasized that the EU has greatly benefited from its growing trade relationship with Ukraine, and pointed out that countries like Poland have seen significant trade surpluses in recent years. With complementary export structures, she argued, there is strong potential for building resilient and mutually beneficial supply chains—particularly in the agri-food sector. Svitlana concluded by expressing hope for constructive engagement from the European Commission and Member States on the revision of Article 29, affirming Ukraine’s readiness to present proposals and start consultations swiftly.

NAZAR BOBITSKI emphasized that Ukraine’s agricultural trade with the EU brings not only benefits to Ukraine, but strategic value to the European Union itself. He underlined that UCAB’s mission is to broaden the debate beyond a narrow “farmer-to-farmer” focus and highlight the wider economic synergies agricultural trade creates—particularly for EU downstream, export-driven industries. Nazar shared two concrete examples — poultry and sugar — where EU–Ukraine trade liberalization under the Autonomous Trade Measures (ATMs) produced mutual gains. In poultry, Ukrainian feed grain supplies enabled Poland’s poultry sector to recover strongly post-pandemic, with Ukraine providing nearly a third of its corn and notable shares of wheat and soy. In sugar, Ukraine filled a critical supply gap caused by adverse weather and declining EU production, helping stabilize prices and support continued growth in EU confectionery exports, especially from countries like Germany. He stressed that these examples prove Ukrainian agricultural imports can be a strategic asset — not a threat — if viewed through a broader, long-term lens. The medium- to long-term potential of Ukraine–EU agricultural integration, he argued, is substantial. By aligning supply chains from production to processing and export, the partnership could help establish the EU as a global price-setter in agriculture, strengthen food security across its southern neighbourhood, and serve as a counterweight to destabilizing influences from revisionist powers like Russia. Nazar concluded by calling for a bold and strategic vision from the EU. He urged the European Commission and Member States to invest — through the Global Gateway and trade agreements — in the infrastructure and networks that enable sustainable, secure, and mutually beneficial agri-food trade from Ukraine to global markets. This, he said, is not just an economic imperative, but a geopolitical one.

MYKHAILO BNO-AIRIIAN emphasized that EU–Ukraine trade discussions must be approached from a more strategic, long-term perspective. He began by referencing earlier remarks on Georgia, using it as a cautionary example of how, without deep and sustained economic integration, countries can regress politically and economically toward authoritarian influence. Mykhailo pointed out that Ukraine has undergone a fundamental shift in its trade orientation. While Russia was once its top trading partner, today more than 50% of Ukraine’s exports go to the EU — a reflection of a profound reorientation in business culture, values, and market alignment. He stressed that this shift is not just about numbers, but about embedding Ukraine’s economy within a European framework of rules, values, and

innovation. He warned that the current narrative around trade - focused narrowly on a few agricultural products like sugar, poultry, or wheat — risks overshadowing the broader potential of the partnership. Mykhailo called for a reset in how EU–Ukraine trade is perceived and discussed. He cautioned against letting political groups or national interests reduce the future of an entire country and its entrepreneurs to narrow debates over commodity volumes. Instead, he advocated for a strategic partnership focused on stability, predictability, and long-term integration across sectors — including industry, machinery, and even defense production. He closed by emphasizing that Ukrainian businesses are not asking for privilege, but for clarity and reliability. In a country where uncertainty is a daily reality, predictable trade relations are essential. He urged the European Commission and Member States to move beyond short-term calculations and engage in building a deeper, more resilient partnership— one that reflects the shared challenges and opportunities of today’s rapidly changing global environment.