

OPEN APPEAL
Nongovernmental Organizations and Unions of Producers of the
Ukraine AgriFood sector

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Nongovernmental Organizations and Unions of Producers of the Ukraine AgriFood sector is highly concerned about the situation that has developed with the ban on the import/transit of Ukrainian food to certain EU countries.

For more than a year now, Ukrainian farmers have been experiencing almost the biggest challenges in the entire history of independent Ukraine. Russia's unprovoked full-scale war against Ukraine questioned the survival of all sectors of Ukraine's economy, including agriculture. Starting from February 24, 2022, the domestic agricultural industry constantly suffers financial and physical losses: blocked ports, destroyed production facilities, and mined Ukrainian fields, where equipment and employees are occasionally blown up. This list is not exhaustive, as the war adds new risks to the activities of agricultural producers every day.

As a result of the hostilities, a large part of Ukrainian fields are potentially mined, which inevitably entails a reduction in cultivated areas and a decrease in the harvest. In addition, export limitations led to a reduction in the available funds for Ukrainian farmers. Not having such subsidy support as in the EU countries (the pre-war level of subsidies in the profit of the Ukrainian agricultural industry averaged up to 2% compared to almost 40% in the EU countries) and taking into account the catastrophic drop in the profitability of the sector, domestic farmers are already experiencing shortages in working capital and inputs for carrying out the sowing campaign and further fieldwork. All this will inevitably affect the results of the 2023 harvest. So, if in 2021 the Ukrainian agricultural sector harvested about 109 mln t of grains and oilseeds, in 2022, farmers harvested only 71 mln t; this year, the harvest forecast is even more disappointing and is expected at the level of 59 mln t. Such data indicate a sharp decline in the development of the agricultural sector, but also the economy of the state as a whole. It will also lead to the continuation of the global food security crisis.

In the spring of 2022, the world realized the importance of the Ukrainian agricultural sector: our country exported millions of tons of agri-food products annually, which fed more than 400 mln people worldwide. Already in May 2022, the shortage of Ukrainian grain on the international market led to a peak increase in grain prices for the last 25 years, and the FAO grain price index broke a record value (173.5) in the entire history of observations, creating conditions for a sharp drop in prices on the domestic market of Ukraine due to high stocks. The possibility of famine in developing countries of Africa and Asia, and therefore a new wave of migration to European countries, led to the initiation of Solidarity Lanes by the EU and the

Black Sea Grain Initiative with the support of partners from the UN and Turkey. Still, in March 2023, about 50% of exports were provided by EU Solidarity Paths.

The Ukrainian agricultural sector is grateful to international partners for their support in the implementation of initiatives because, as a result of Russia's war against Ukraine, these export routes are the only opportunities for Ukrainian farmers to sell their products abroad, support their livelihoods and continue to guarantee global food security. Without the full-fledged operation of these export routes, not only the further destruction of the global value chains and product supply, which causes financial losses to both Ukrainian and foreign manufacturers. It also exacerbates the problem of food shortages and brings back the potential risk of famine in poor countries.

That is why Ukrainian farmers express their concern about the decision of the Governments of Poland, Hungary and Slovakia to ban the import of agri-food products from Ukraine. Such a decision also provokes similar actions in other EU countries neighbouring Ukraine. Currently, some discussions are ongoing in Romania and Bulgaria. **The introduction of restrictive trade measures by EU countries contradicts many international agreements, including WTO trade rules, EU rules on the common market, and the Association Agreement between Ukraine and the EU, and also undermines the postulates of Solidarity Lanes introduced by the EU.**

Eastern EU markets have never been key for Ukrainian grain or other agricultural products, given these countries' high level of agricultural production. And therefore, **the circumstances that have developed today are exclusively situational, caused by the Russian war and the closure of the Ukrainian ports of the Black and Azov seas.** We understand that during the war, the volume of exports to the EU neighbouring countries of Ukraine increased significantly (especially given the unstable operation of the "grain corridor"), which had a particular impact on their market. Nevertheless, the vast majority of products go in transit to other countries, and this is the main interest of the Ukrainian agricultural sector. At the same time, the consistency and predictability of the trade policy are essential because, before the full-scale invasion, Ukraine established mutually beneficial cooperation with the EU countries regarding trade in agri-food products. A sudden complete ban on imports harms previously established relationships, contracts and rhythmic supply of certain agricultural products.

Considering the complex socio-political situation that has developed in neighbouring EU countries, **we call on our European colleagues to open dialogue with the involvement of representatives of European institutions to find compromise solutions that do not conflict with EU rules and regulations. At the same time, the introduction of unilateral bans on import and transit will create additional pressure on Ukrainian farmers and lead to a deepening of the global food security crisis. Any speculations about introducing a ban on the transit of Ukrainian agri-food products are unacceptable** since the economic well-being of European farmers depends on them and the survival of Ukrainian farmers and consumers of Ukrainian products worldwide.

At the same time, we appeal to the representatives of the European Commission with a request to facilitate the removal of strict restrictions on trade between the eastern EU countries and Ukraine. Also, considering the uncertainty regarding the end of the war and the restoration of the entire operation of Ukrainian seaports, Ukrainian agrarians are requesting to contribute

to developing the logistics infrastructure of the eastern EU countries. Logistics carriers, agricultural producers of these countries and processing enterprises in the western EU countries will benefit significantly from implementing logistics projects in the east of EU members.

Leading public organizations and associations of producers of the agro-food sector of Ukraine once again express their respect to you and expect a positive solution to this situation. We are sure that an open, constructive dialogue with our EU partners and good neighbours will lead to agreement on the format of further mutually beneficial cooperation and will only strengthen us in the fight against aggression from the Russian Federation.

Sincerely Yours

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