

Tiit Riisalo
Minister of Trade
Estonia

Brussels, 26th November 2024

RE: Letter regarding the upcoming negotiations for further liberalizing trade with Ukraine through article 29 of the Association Agreement with Ukraine

Dear Minister Riisalo,

Our seven organizations firmly believe that in these challenging times of war, it is crucial to support Ukraine. However, we must also ensure that European farmers and manufacturers do not bear an undue share of the burden resulting from trade liberalization.

As representatives of key agricultural and manufacturing sectors from all 27 EU Member States, we wish to express our concerns regarding the upcoming negotiations aimed at further liberalizing trade with Ukraine through Article 29 of the EU-Ukraine Association Agreement.

Following the adoption of the Autonomous Trade Measures (ATM) currently in place, the European Commission indicated that after June 5, 2025, it intends to revert to the terms of the Association Agreement rather than propose a new ATM. We welcome this decision, as predictability is essential for both EU and Ukrainian operators. However, the Commission also signaled its intention to broaden and accelerate trade liberalization through Article 29.

Given the significant negative impact that trade liberalization with Ukraine has had on our sectors since 2022 (see document enclosed for more details), we respectfully present the following key considerations, which we believe should inform the EU's position in these negotiations:

- Supporting Ukraine is essential, and we recognize the importance of trade liberalization. However, the current tariff-rate quotas (TRQs) and tariffs in the Association Agreement were carefully negotiated in 2014 with the potential impact of the Ukrainian agricultural sector on the EU market in mind. Despite the war, Ukraine's agricultural capacity remains largely unchanged. We therefore urge a cautious approach to further liberalization, considering that EU agricultural and manufacturing sectors cannot shoulder the entire burden of EU support for Ukraine.



- While the current ATM includes an emergency brake mechanism for certain products, we emphasize that this alone does not provide a sustainable situation for the EU agricultural sector. The threshold levels required to trigger the emergency brake are too high; for instance, the threshold for sugar is more than 13 times the TRQ level set by the Association Agreement. Moreover, several critical products under severe pressure from Ukrainian imports, such as common wheat and barley, are not covered by this mechanism. Additionally, products that are currently liberalized under the ATM, though not yet under pressure, may become vulnerable given Ukraine's capacity to rapidly adjust its production structure, as seen in the expansion of sugar beet cultivation from 200,000 hectares to 300,000 hectares within two years.
- Article 29 of the Association Agreement offers the possibility to revisit and potentially expand liberalisation at any time if both parties agree. However, the opposite —rolling back liberalization if its impact becomes unmanageable— is not possible. We urge caution to avoid over-liberalization now that may have irreversible consequences.
- Proposals to include a progressive increase (phasing-in) of imports TRQs for sensitive products should be avoided given the unpredictability it represents and the great uncertainty of the timing of Ukraine accession.
- It is also essential to consider trade with Ukraine within the broader context of other current or future trade agreements and their cumulative impact on the EU agricultural sector (e.g., MERCOSUR, Thailand, India). Current dynamics with China, as well as potential shifts in trade policy following recent political developments in the U.S., must also be factored into the EU's approach.
- The effects of full liberalization on some Member States have led to protective measures to safeguard national markets, which, while understandable, risks fragmenting the EU single market. Without a trade agreement that addresses these national challenges, the integrity of the EU market could be further weakened, and competitive distortions may arise.
- Finally, further opening-up of the EU market should go hand in hand with the alignment of the EU acquis. This should be a prerequisite and be monitored with thorough controls both in Ukraine and at the border.

Over the past year, farmers and manufacturers across the EU have raised deep concerns about the impact of Ukrainian imports and trade imbalances. As new trade agreements are imminent, these concerns are now being echoed through protests and border blockades in several Member States. This sector-wide distress underscores the urgency for an EU response that carefully considers the elements outlined above as part of its approach to trade liberalization with Ukraine under Article 29 of the Association Agreement.

We remain at your disposal to discuss these proposals further and to contribute to ongoing discussions on the evolving trade relationship between the EU and Ukraine.

Sincerely,



On behalf of the following associations:

AVEC – Association of Poultry Processors and Poultry Trade in the EU countries

CEFS – European Association of Sugar Manufacturers

CEPM – European Confederation of Maize Production

CIBE – International Confederation of European Beet Growers

COPA-COGECA - The united voice of farmers and their cooperatives in the European Union

EUWEP - European Union of Wholesale with Eggs, Egg Products, Poultry and Game

iEthanol – European Industrial and Beverage Ethanol Association

Cc:

- Piret Hartman, Minister of Agriculture, Estonia
 - Agricultural Permanent Representatives to the European Union
 - Trade Permanent Representatives to the European Union
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