

European Food Security & Impact of Ukraine - Lunch Debate Summary

On Tuesday, 13 February 2023, the European Enterprise Alliance and Union of Entrepreneurs and Employers held a working lunch titled "European Food Security and Impact of Ukraine" in partnership with SME Europe at the European Parliament. The opening remarks were delivered by Ivan Štefanec, MEP and President of SME Europe followed by the keynote address given by Janusz Wojciechowski, the European Commissioner for Agriculture. Taras Kachka, Deputy Minister of the Economy of Ukraine, and Trade Representative of Ukraine provided an intervention about the importance of the topic to set up the floor for the panel. The panel discussion featured Marcin Nowacki, EESC Member and President of the European Enterprise Alliance, along with Michaela Šojdrová, MEP, Nazar Bobitski, Director of the EU office, Ukrainian Agribusiness Club Association (UCAB) and Pauline Weil, Economist at Bruegel; moderated by Dr. Horst Heitz, Executive Director of SME Europe.

Ivan Stafanec, MEP, IMCO, ITRE Committees, President of SME Europe, In his welcome speech, as the host of the event, extended his gratitude to the distinguished guests, including Commissioner Janusz Wojciechowski for their valuable presence. He emphasized the critical importance of European food security, particularly amidst the challenges posed by Russia's unjust military aggression against Ukraine as well as the significance of the EU's Common Agricultural Policy (CAP) in ensuring food availability and supporting European farmers. Regarding Ukraine, Stefanec highlighted its pivotal role as the "breadbasket of Europe" and a major supplier of essential commodities to the EU. Despite disruptions caused by Russia's invasion, Ukraine remains a reliable partner in ensuring global food security. The EU's adoption of trade liberalization measures, including Autonomous Trade Measures (ATMs), underscores its commitment to supporting Ukraine in this challenging time. Crucially, Stefanec acknowledged the concerns raised by European farmers regarding the impact of unlimited imports from Ukraine, which have led to a sharp decline in the value of cereals production in the EU. MEPs' calls for a comprehensive EU food security plan and the importance of the Strategic Dialogue on the Future of EU Agriculture in shaping the EU's farming and food system carry a strategic development. Policymakers need to ensure that they implement policies to strengthen European food security while addressing the challenges faced by the agricultural sector.

"Europe is safe; there is no need for future concerns regarding food security as the EU, the biggest food exporter in the world, boasts surplus agricultural products." — Janusz Wojciechowski, European Commissioner for Agriculture.

Janusz Wojciechowski, European Commissioner for Agriculture, addressed several critical points regarding the EU's agricultural landscape and its relations with Ukraine, highlighting the significant surplus of agricultural products within the EU, boasting a surplus of over 20 million tonnes, and emphasizing the region's robust food security measures. Regarding Ukraine, Wojciechowski noted a substantial increase in Ukraine's exports to the EU post-2020, reaching a value of over €12 billion. Despite this increase, he expressed concerns about the negative balance of trade between the EU and Ukraine, which stood at approximately €10 billion in recent years, underscoring the challenges posed by Russia's influence in pushing Ukraine out of certain markets and stressing the need to support Ukraine's transport infrastructure, particularly focusing on Baltic ports and Germany. Additionally, he discussed the need for harmonized standards between Ukraine and other trading partners like Morocco to ensure fair competition for EU farmers, addressing legislative procedures affecting agricultural markets. Emphasizing the importance of European cooperation, Wojciechowski also highlighted the need to diversify export markets beyond neighbouring countries, shedding light on the complex dynamics of EU-Ukraine agricultural relations and the challenges ahead in ensuring fair trade practices and food security.

Taras Kachka, Deputy Minister of Economy of Ukraine – Trade Representative of Ukraine, discussed various challenges impacting Ukraine's agriculture, including security concerns and disruptions in global trade patterns. He highlighted logistical issues faced by traders, particularly regarding port blockades, which led to market turbulence and increased reliance on Romanian ports. Kachka emphasized the importance of security support from the EU and emphasized positive relations with Romania. He also noted the evolving dynamics in the Black Sea region and the ongoing efforts to align with EU standards. There is a necessity of support in adapting to EU policies and caution against speculative practices. Furthermore, he underscored the significance of strategic partnerships for ensuring food security and maintaining a balanced trade approach, especially amidst invitations to join the EU. Overall, Kachka shed light on the intricate challenges within Ukraine's agricultural sector, advocating for informed decision-making to sustainably navigate trade dynamics and ensure long-term stability.

"Failing to address the economic and social challenges jeopardizes Ukraine's integration momentum and risks losing crucial social support. Monitoring and mediating activities along the Ukraine border, especially regarding agriculture and carriers, are vital for maintaining stability." — Marcin Nowacki, Employers' Group of the EESC, President of European Enterprise Alliance.

Marcin Nowacki, President of the European Enterprise Alliance (EEA) and a member of the EESC Employers' Group, highlighted crucial aspects of the EU's policy toward Ukraine. He emphasized the need for transparent and predictable trade policies between Ukraine and the EU, urging against sudden trade blockades and recommending revisions to the embargo on Ukrainian agri-food products. In addressing EU food security, he advocated for a shift away from restrictive climate policies, stricter mechanisms to combat animal diseases, and mandatory compliance with EU production standards for imported food. Nowacki also stressed the necessity of a careful review of EU trade agreements and support for organized forms of farming to bolster small farms' market position. Additionally, he highlighted the importance of developing transport infrastructure on the eastern flank of the EU, emphasizing increased state border capacities and investment in warehousing, storage, rail, and port infrastructure in Poland to facilitate goods redistribution from Ukraine, backed by EU financial support.

Michaela Šojdrová, MEP, CULT, AGRI Committees, echoed the urgent concerns of farmers grappling with the repercussions of climate change and the European Green Deal's stringent regulations on fertilizer usage. She deliberated extensively on Ukraine's internal agricultural policies, particularly its ongoing accreditation process, highlighting the need for swift interventions to mitigate unfair competition and uphold EU standards. Notably, there was also an emphasis on the imperative of proactive measures to safeguard the livelihoods of farmers amidst the influx of imports from Ukraine. A collective call for a thorough examination of the Commission's proposed strategies to address these challenges effectively is a necessity. Moreover, It is significant to engage in constructive dialogues to foster collaboration and ensure equitable conditions for all farmers. The exchange of insights and perspectives paved the way for innovative solutions and actionable steps to protect the interests of European agriculture while promoting sustainable practices. As the discussions progressed, Mep Šojdrová articulated the expectations from the Commission, urging it to take decisive actions that align with the best interests of farmers and uphold the integrity of the agricultural sector.

Nazar Bobitski, Director of EU office, Ukrainian Agribusiness Club Association (UCAB) presented significant points regarding Ukraine's macroeconomic outlook for 2024. He highlighted the country's grim economic situation, citing a record-high NBU currency reserves at the beginning of the year but a concerning balance of payments deficit reaching the worst levels since the 2008 financial crisis. He also raised concerns about the 2024 national budget deficit and the potential consequences of inadequate financial support, including significant currency devaluation and economic shocks. Moreover, Bobitski underscored the importance of preserving access for Ukrainian agri-food products to the EU market, highlighting their critical role in Ukraine's trade balance and economic stability. He also discussed the challenges posed by Russian aggression, including production losses and environmental damage. Looking ahead, a need for Ukraine to align with EU agricultural policies while ensuring a level playing field for Ukrainian agroproducers and promoting sustainability principles.

Pauline Weil, Economist, Bruegel presented research into the macroeconomic situation two years into the Russian aggression against Ukraine. She emphasized the significant role of the UK and Russia in the globally traded food supply, highlighting challenges in both production and logistics arising from the aggression. Weil expressed global concern over historically high food prices, noting the potential for heightened food insecurity, reminiscent of events like the Arab Spring. However, she mentioned that prices have eased since April 2022 due to strong harvests, declining shipping costs, and more affordable energy and fertilizer prices. Weil discussed the impact felt at local levels in the UK, EU, and Ukraine, particularly the disruptions in grain exports from Ukraine through the Black Sea. She highlighted the EU's financial support package and measures to address import restrictions, emphasizing the enduring local impacts and the need to address competition distortions amid trade liberalization in the food sector.

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