



16th meeting of the EU-Ukraine Civil Society Platform
Brussels, December 10, 2024

CURRENT CHALLENGES AND PROSPECTS at the stage of revival of the agrarian sector of Ukraine

Keynote

The agrarian sphere remains the key issue of UA-EU integration as in political as well as in economic essence.

State of play

Previously we reported that by the beginning of 2022 Ukrainian agrarian sector was divided into three parts just equal by gross income: i) big agroholdings, ii) traditional agrarian enterprises, iii) farms and other households owned by the rural people. The war influences the situation much, right now we are not able to predict precisely how the agrarian sector will look like finally. But some trends concerning the land resources, employment and representation of interests at the political level are clear right now.

Since the beginning of the war farmers were not protected against being called to the war. They left families, business and some of them are now fallen. Till now the state has not made any attempt to protect the ownership for their land and to release their farms from taxation and debts. Families continue the business and new producers sometimes emerge but the scale of losses remains unknown. Middle agrarian business as well experience huge difficulties but the nature of it is rather different. The main problem here is the reservation of the labour forces. Right now, there are hot discussions on parameters of reservation. The state tries to put a level of average salary 20 000 UAH to have a right for reservation, but salary in the agrarian sphere depends on the seasons and barely reaches 15 000 UAH. It means that in spring 2025 middle enterprises will lose employees and will be forced to stop activity. The land resources of farmers and such enterprises look like to be annexed by agroholdings, which have sufficient resources for fast enlarging their land banks. There are strong anticipations among the wide public that the state and international community will help war veterans to start modern agrarian business within rural areas. But from a perspective of the current situation, it looks doubtful.

At the 14th CSP meeting we reported that voices of small and middle agrarians are not heard at the EU level and agroholdings try to present their own position as the voice of the whole Ukrainian agro sector. The same situation we faced even during preparation to the 16th CSP meeting. There are lots of myths around CAP policy and eurointegration of agrarian sector in Ukraine. Agroholdings traditionally speak and act from a position of strengths in the eurointegration issues. The situation burdened by the fact that Russia pays much attention as to eurointegration process in Ukraine as well as to Ukrainian agrarian sphere. We anticipate that they will try to deep our natural problems as much as possible here.



After the war

At the 14th CSP meeting we reported that it would be reasonable to develop ‘common EU-UA’ agrarian policy composed of two parts: 1) common EU-Ukrainian policy aimed to guarantee world food security under the UN umbrella for agroholdings and traditional enterprises and 2) development of the CAP-like national plan for householders and farmers. And these two, just different, parts have common issues: a) a need to get compliance with the EU and international standards (land usage, food safety, recycling, green and digital transition etc.); b) enabling development through capitalization on the best practices (modern technologies, farming, food production, rural development, local non-agrarian businesses etc.).

The AUU Analysis Center is a sectoral think tank, which is ready to propose decisions for both of these issues. The cluster of fair food business operators (FairFood-Ukraine) is developed in accordance with the WOT TBT approach for nontariff barriers and plays as a digital umbrella enabling as preparations and assistance for getting compliance with rules and standards as well as giving space to declare to customers and business partners compliance, approved by the authorized entities. As well, we have developed an approach concerning capitalization on the best EU and international practices and are ready to implement it under another digital umbrella (Rebuild Business Joint Platform).

On the other hand, civil society is to be equipped with its own digital umbrella supporting all aspects of its existence and activities. This umbrella should be inclusive, well-structured and protected from invasions of the state officials. The concept of social partnership, US CPS and its working groups in line with a well-developed structure of subgroups is to play as a core for such an umbrella. In the WG3 US CSP we have some digital developments for civil society as well.

How to overcome?

Right now, we see a big gap between the current situation and the desirable way of development mentioned above. At the same time, support available from the EU under the EC Communication ‘Ukraine Relief and Reconstruction’ and then supplied by resources according to the ‘Ukraine Facility’ plan makes us optimistic and inspires us to fight for correct usage of these instruments. Unfortunately, we see evident attempts of the state officials, including during the 16th CSP meeting, to ‘put a hand’ on resources allocated for business (Pillar II) and for civil society (Pillar III). Firstly, this trend appeared in Lugano in July 2022 as state agencies presented a package of reconstruction projects, then we saw it in London in June 2023, in Berlin in June 2024 and there is a high probability that the same situation will take place in Rome in 2025. Ukrainian civil society monitors the situation tightly. And we would ask our EU partners to keep a hand on this tendency as it is just dangerous and may result in the appearance of new oligarchs and a bunch of ‘pocket’ NGOs instead of development of modern SMEs, including owned by veterans, and full-scaled inclusive civil society.

On the way to a preferable future, it would be reasonable to escape mistakes that are evident by now. Unfortunately, we have experience with the Ukrainian-German Fund, which was established in late 90s and announced financing agrarian producers at a very low rate. However, as going through the national banking system the rate for agrarians was aligned with ‘the market situation’ and established at the level up to 30%. We tried to deal with this situation and finally refused to participate in the UGF activities as it was supporting not agrarian sphere but banking system. Today there is no sign that this situation has been changed. It concerns execution of the Pillar II of the ‘Ukraine Facility’ mechanism. So, Ukrainian business is to be permitted to work with the EU banks and other financial institutions directly.



The danger exists also for the execution of the “Ukraine Facility” Pillar III. Not only NGOs close to the state officials pretend to use all allocated resources, but the fake business organisations and other NGOs aimed to discredit eurointegration and to make the way to the EU as hard as possible. Unfortunately, right now such organisations have enough resources to support international communication and for fundraising. Development of the digital umbrella supplemented with a range of research instruments, guarantees inclusiveness, capitalization of best public practices and special attention for vulnerable groups would contribute to solving this problem.

‘Take aways’ from the message

1) By the end of war development of the national agrarian policy oriented to the EU values, rules and standards seems to be in problem due to strengthening the segment of big producers at the expense of destroying middle producers and small farmers. Increase of their influence at political level is anticipated as well.

2) There are two directions for the post-war reconstruction, which are common for agrarian entities of any size: achieving compliance with the full range of modern EU and international standards and capitalization on the best EU and international practices. Due to the Pillar II of the “Ukraine Facility” instrument this movement is possible to start right now.

3) There are a number of dangers on the way for appropriate usage of the Pillar III of the “Ukraine Facility” capacity for development of inclusive civil society and independent business, which need attention from the EU partners and tools to deal with.

Final remark

The EU undertook huge efforts to support Ukraine on the way to true democracy and sustainable markets. But now there is a strong need to get assurance that the process is going in the right direction.