



# **Redrawing the Economic Map of the EU: The Hidden Costs of Embracing Ukraine**

**RUSLAN BORTNIK**

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Author(s):

Ruslan Bortnik

Copy editor(s): Lillian Aronson

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**Ruslan Bortnik**, Senior Research Fellow, HIIA

## **REDRAWING THE ECONOMIC MAP OF THE EU: THE HIDDEN COSTS OF EMBRACING UKRAINE**

The EU–Ukraine trade relationship is at a critical crossroads. What began as a bold wartime liberalization—suspending tariffs to offer Ukraine an export lifeline—has now given way to a cautious return of quotas and safeguards amid mounting political pressure from EU border states. This shift highlights the complex balancing act between solidarity and protecting the interests of the EU population. As Brussels negotiates a revised framework, the debate underscores a broader question: Can Ukraine’s economic integration withstand political realities without sacrificing the European Union’s vital agricultural sector or unity? It serves as a reminder that Ukraine’s accession would demand a major EU overhaul—one whose shape and price tag remain uncertain.

### **WARTIME LIBERALIZATION: HOW THE EU ENABLED UKRAINE’S SURVIVAL AND WHAT COMES NEXT**

The EU–Ukraine [Deep and Comprehensive Free Trade Area \(DCFTA\)](#) in force since 2016 granted Ukraine reciprocal market access but included strict quotas limiting the tariff-free import of many agricultural products to protect EU farmers. In response to Russia’s full-scale invasion, the European Union unilaterally suspended all tariffs on most Ukrainian exports through Autonomous Trade Measures (ATMs), a [“visa-free trade” regime](#) introduced in June 2022. This wartime liberalization allowed Ukraine to redirect grain, oilseeds, and other commodities to EU markets since the Black Sea routes were closed due to the bombing of Ukrainian ports. By 2024, the EU share of Ukrainian exports jumped from about 30–40 percent prior to the war to [roughly 55–60 percent](#).

For Ukraine, this was a [lifesaver](#). Goods intended for Asia and Africa flooded European markets. For example, 40 percent of Ukraine’s 2024 sugar exports went to the EU—up from almost none before the war. But the surge of cheap imports quickly alarmed farmers in Poland, Hungary, Romania, Slovakia, Bulgaria, and other border states. Farmer protests, blocked borders and roads, and repeated “[emergency brakes](#)” on sensitive items (eggs, poultry, sugar, honey, etc.) followed throughout the next two years. The European Commission extended the zero-tariff regime twice—in June 2023 and June 2024—but also [imposed thresholds](#) that triggered automatic import limits on seven key products once 2021–2024 averages were exceeded.

By early 2025, it was clear the [ATMs](#) would not be extended again. Poland, which held the presidency of the Council of the European Union at the time, publicly urged ending the visa-free trade regime. Others joined the chorus: In February, the agriculture ministers of Hungary, Bulgaria, Romania, and Slovakia sent a [joint letter](#) to the European Commission demanding a return to pre-war import quotas, strict sanitary controls, and minimum prices on Ukrainian agricultural products. They argued that Ukraine’s low-cost production undercut local markets and urged embedding safeguards in any new trade pact. Polish Prime Minister Donald Tusk finally [announced](#) on May 20 that the mechanism would end as of June 5, though [stressed](#) Poland’s continued military support for Ukraine.

On June 6, the EU [reinstated quotas and duties](#) on Ukrainian agricultural imports, effectively winding down the regime of ATMs. A Council regulation [set annual import quotas](#) at seven-twelfths of the 2021 levels (the “pre-war” base year) for the remainder of 2025. Previous annual quotas were divided into monthly quotas, sharply reducing import volumes. For example, the European Parliament reported that Ukraine’s maize quota [was cut](#) from 4.7 million tons to about 0.65 million, sugar from 109,000 tons to around 40,700 tons, and poultry from 57,100 tons to 40,000 tons. Many other sensitive products reverted to their DCFTA ceilings. The EU [retained](#) zero tariffs on iron and steel until 2028, but most agricultural products now faced limits.

## BALANCING SOLIDARITY AND PROTECTIONISM: QUO VADIS UKRAINIAN GOODS?

These were envisaged as transitional measures until a new multiannual trade agreement could be concluded. Indeed, on June 30, the European Commission and Ukraine [announced](#) an agreement in principle to revise the DCFTA's liberalization rules. Both sides were committed to finalizing the legal text by late July and seeking Council approval thereafter. EU Trade Commissioner Maroš Šefčovič lauded the agreement as a success, [saying](#) that it establishes a “long-term, predictable and reciprocal framework” benefiting both sides. The [updated pact](#) is anchored on three key pillars:

- **Standards Alignment:** Ukraine will progressively adopt EU standards on animal welfare, pesticides, and food safety by 2028, dovetailing with its broader EU [accession commitments](#). This will help level the playing field: higher Ukrainian production costs should temper price advantages. The deal also includes a [review mechanism](#) to reassess market impacts after two years and adjust terms as needed.
- **Safeguards and Quotas:** Market access quotas on certain staples are expanded, but a robust [emergency brake](#) allows any member state to impose measures if Ukrainian imports disrupt its domestic market. Under the preliminary deal, sensitive quotas for eggs, sugar, and honey rise nearly fivefold as compared to 2016 levels, while poultry and maize quotas roughly double. Other agricultural products see moderate increases, and a few non-sensitive items (e.g., mushrooms, grape juice, dairy products) enjoy full tariff-free access. Crucially, quotas for most meats (beef, pork, lamb) remain unchanged, reflecting farmer concerns.

These terms are a compromise between full liberalization and the old DCFTA quotas. On the one hand, Ukraine can export more than it could under the 2016 agreement in place before the war. The deal's incremental quota increases mean that it retains roughly €3.5 billion in annual agricultural exports that would otherwise be at risk. On the other hand, the new

rules are stricter than those under the visa-free trade regime. Relative to the expired regime, Ukraine [could lose](#) between €1.5 billion and €3 billion per year, up to [70 percent of projected 2025 GDP growth](#). About one in seven Ukrainians work in farming—so reduced exports could significantly affect revenue and, by extension, funding the war effort. Ukraine must now pivot partially to higher value-added processing—exporting refined sunflower oil, for instance, rather than seeds—to offset lost trade volumes. Kyiv has already [outlined strategies](#) to boost domestic added value and seek alternative markets for surpluses.

## **IMPLICATIONS FOR THE EUROPEAN UNION: IS IT PREPARED FOR UKRAINE’S INTEGRATION?**

For the European Union, the revised regime aims to protect domestic farmers, especially in Central and Eastern Europe, without closing the door on a key partner. Limiting imports may raise food prices slightly—benefiting producers—but could also constrain supply, since the bulk of Ukrainian exports are complementary rather than staples where EU is self-sufficient. After all, the trade ties between Ukraine and the EU are significant: By 2016, the volume of trade was already [€26 billion](#), and it reached €67 billion in 2024. The reinstatement of quotas, however, means that limited quantities of Ukrainian products can still be imported without paying duties.

The new agreement, EU officials emphasize, is fair and realistic under current geoeconomically strains. They have [described it](#) as a “forward-looking and balanced” endorsement of Ukraine’s path to the EU, emphasizing a shared future rather than punishment. As one European Parliament trade committee member [warned](#), delaying or watering down the deal could send a “bad signal” to Kyiv. But by securing safeguards, Brussels aims to ensure Ukrainian imports remain [complementary, not overwhelming](#), to European markets. Brussels has signaled that Ukraine remains economically trusted on its EU path, even if full liberalization is politically out of reach.

The issue of liberalization has highlighted how national interests shape EU policy. Poland’s strong stance effectively forced the timetable—

as one analyst [noted](#), the Polish presidency of the Council of the EU “paused negotiations” until after Poland’s May 2025 election, since both main candidates vowed to defend farmers. Hungary similarly [lobbied hard](#). The government argued the flood of Ukrainian sugar, wheat, and poultry was undercutting Hungarian producers and led the [push for strict quotas](#) limiting tariff-free imports, even floating the idea of setting minimum import prices. The eventual deal reflects their input: Hungarian officials [hailed](#) the safeguards and standard-alignment clauses as a victory for EU farmers. Since final approval requires a [qualified majority](#) (at least 55 percent of states representing 65 percent of the population), even a few dissenting governments have the power to block if domestic pressure remains high.

Moreover, many political issues concerning the rule of law, human rights and, more recently, the fight against corruption, complicate Ukraine’s path to the EU and demonstrate differences in political mentality. In particular, the recent attempt by the Ukrainian government to deprive special anti-corruption structures of independence has not only [caused concern](#) on the part of the EU but has also led to a temporary [suspension of aid](#). Criticism rose that Ukraine is drifting towards authoritarianism and the systemic corruption combined with the power competition around it is not only a major obstacle on the way to the EU but also a threat of national unity which [causes more harm](#) to Ukraine than the Russian attacks.

Unfortunately for Ukraine, these issues highlight the fact that despite a decade of rapprochement and declared commitments to the goal of Ukrainian EU membership, the European Union has yet to “digest” Ukraine and its economy. It has not yet been able to find an organic, non-conflictual place for Ukraine within the European market. While the short-term goal of protecting farmers has been achieved, the long-term goal of integrating Ukraine’s economy into the Single Market remains far from reach. The episode complicates Ukraine’s path to EU accession: It shows that the EU can meet Ukraine’s economic needs, as it did during the beginning of the war, but reminds Europeans that Ukraine’s accession would require deep internal reform in the EU, the contours, costs, and political willingness of which are still unclear.



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